



August 6th, 2014

Mr. James Rajotte, M.P.
Chair, Standing Committee on Finance
House of Commons
Sent to: finapbc-cpb@parl.gc.ca

Subject: Standing Committee 2014 Pre-Budget Consultations

Dear Mr. Rajotte,

The Bell Pensioners' Group (BPG) welcomes the opportunity to provide comments in connection with the pre-budget consultations leading to the 2015 federal budget, with particular reference to the theme of *Supporting families and helping vulnerable Canadians*.

We applaud the Government for making this a key theme of its pre-budget consultations. However, we are concerned by the potential for a significant disconnect, or even contradiction, between the objectives of this priority, and the Government's actions on another policy front: the creation of a framework for the introduction of the Target Benefit Pension Plan (TBP) for federally regulated private sector employers.

While target benefit pension plans represent a potentially helpful addition to the Canadian pension landscape, especially for companies without any form of pension plan, BPG is very concerned about the current lack of clarity with regard to the final form of the framework, particularly where it concerns the transition from a defined benefit plan to a target benefit plan. **The proposed target benefit pension plan framework *must* ensure that all Canadian employers honour their existing commitments to pensioners and employees.** What does this mean? Simply that employees and pensioners already in a defined benefit private sector pension plan, who have deferred their wages to plan for their retirement, must not have after-the-fact changes forced on them. Any changes to existing private sector pension plans must be based on individual, informed consent. In the absence of such consent, defined benefit plans should remain in operation for those who do not choose to convert.

This is not as difficult as it might seem. Bell Canada introduced major changes to its pension plan (phasing out its defined benefit pension plan and replacing it with a defined contribution plan) with minimal disruption because it honoured the commitments made to existing employees and pensioners by giving them the choice to remain in their defined benefit plan or move to the new defined contribution plan.

Ironically, rather than helping vulnerable Canadians, a TBP framework that does not explicitly contain such provisions could actually make more Canadians vulnerable, by jeopardizing the retirement incomes of those who legitimately thought their defined benefit pension plan had prepared them reasonably well for their future.

In addition to being inconsistent with broad Government of Canada priorities, leaving pensioners vulnerable in this way is just not fair to people who have played by the rules, paid their taxes and planned for their retirement.

We all know what fair looks like. An Ipsos Reid survey released June 20th, 2014 found that while a substantial proportion of Canadians (44%) recognize the difficulty employers may have in providing pensions for their employees and pensioners, many more – more than nine in ten Canadians (94%) – agree that employers should live up to the commitments they have made to pensioners and employees. And Canadians are clear that they expect their Government to make sure this happens: 92% agree that in developing a new pension framework, the federal government should ensure that companies honour the commitments made to pensioners and employees.

With many provinces either having already introduced, or now looking at the possibility of introducing, target benefit pension plans, it is even more important for the federal government to provide meaningful leadership. Indeed, the legislative framework and regulations governing TBPs have the potential to affect the financial security of millions of Canadians. Some 2.9 million Canadians are covered by private sector registered pension plans, the vast majority of which are defined benefit pension plans. Including their families, approximately **six million Canadian voters** could be affected by the manner in which these changes are implemented.

We are bringing this issue to your attention precisely because it affects the financial security of so many Canadians. We urge your committee to give it serious consideration as you determine how best to protect vulnerable Canadians; because, without a secure source of income, otherwise independent and self-reliant pensioners become part of this group.

BPG would be pleased to appear before your Committee hearing in Ottawa.

Thank you for your consideration.

Yours sincerely,



Daniel McDonald
President, Bell Pensioners' Group

BPG represents the interests of the approximately 33,000 retirees who receive a defined benefit pension from Bell Canada's federally regulated pension plan and is a founding member of the Canadian Federation of Pensioners.

www.bellpensionersgroup.ca