

BILL C-27: NEW LEGISLATION FOR TARGET BENEFIT PENSION PLANS

Unifor members working in federally regulated sectors: Rail, Media, Telecommunications and Air Transportation – The Liberals have turned their backs on federally regulated workers and retirement security!

WHAT DOES BILL C-27 PROVIDE FOR?

The legislation would allow Crown corporations and employers in federally-regulated sectors to offer single-employer target benefit plans. It would also allow – subject to consent requirements – for the conversion of existing defined benefit (DB) pension plans to target benefit plans (TBPs). This would not only apply to future service but all past defined benefit service could be converted to target benefit service as well. Retirees' pensions may also be changed to TBPs.

WHAT IS A TARGET BENEFIT PLAN?

Target benefit plans are similar to defined benefit plans with set retirement benefits. However, target benefit plans have fixed contributions and if there is a funding shortfall, pension benefits can be cut. With a defined benefit pension, the employer must make up the funding shortfall to provide the set benefit.

WHAT ARE THE FINANCIAL REPERCUSSIONS?

Employers will want to convert defined benefit plans to target benefit plans - opening the way for possible pension cuts if the TBP funding falls into a deficit.

WHAT CAN I DO?

Write to your Member of Parliament
Write to the Finance Minister Bill Morneau
Talk to your co-workers

Questions? For further information contact:
david.leacock@unifor.org

