# Pension Review Panel

**Full Disclosure;**

From the outset , we want this panel to recognize that retired plan members deserve a clear cut commitment to full disclosure of pension funding status on a basis which clearly reports the extent of risks to the security and value of their monthly incomes. This disclosure should occur on an annual basis in statements mailed directly to retired members with their pension cheques for the month of July. We recognize that financial statements and actuarial reports which form the basis of annual disclosure require time to prepare however in this modern world of rapid communications there is no substantial excuse for a lag of more than 6 months between the effective date of such statements and their delivery date.

**Representation**

Over the last number of years the most common issue amongst employers employees and pensioners has been the distribution of funding surpluses. The battles have been most acute in the case of plan windup, and on this front we have obtained a measure of success in recognition for pensioners interests. In practical terms it is difficult to distribute surplus in the case of windup without the agreement of the three parties to the pension fund-the employer the employee and the pensioner. We believe that this principal should be extended to ongoing plans.

During the 80's and 90's when funding surpluses were common, a great bulk of those surpluses was used to fund contribution holidays and , in many cases, benefit improvements for active plan. Yet no one could argue today that pensioners have received a fair share of those surpluses in overall terms. And in the new reality of funding deficits, we are very much aware that retired plan members face the same percentage reduction of benefits as active members , in the event their plane is wound up. There is a lack of balance in the system. Unions are strongly committed to defending the rights of their retired members and many have negotiated regular inflation adjustments to their fixed pensions. But we also recognize that a union has a legal duty to represent its active membership, and it is that membership which votes on a new contract.

It is now commonplace to observe that shifting demographics mean a steadily increasing number of retirees and, in many important industries, shifting markets mean significantly reduced numbers of active workers. When these two factors converge on a single pension plan, the tension between job security issues for employees and pension security issues for retirees may be incapable of resolution.

We are compelled to recognize that, in these cases, it is difficult for a union to be an effective voice for the interests of its retired members. The interests of pensioners must be defended by stronger funding rules and , we believe, by direct representation in pension administration.

With respect to representation, we encourage you panel to consider the recent changes to Quebec legislation and to incorporate those into its own recommendations. Quebec rules require the appointment of one pensioner representative and one employee representative to a pension committee responsible for the administration of the plan and the investment of the pension fund. Each of these representatives is accompanied by a non voting representative.

With respect to funding rules, we believe it is essential to prohibit contribution holidays without a three party agreement amongst employer, the employees, and the pensioners. We also believe that unfunded pension liabilities should be given “fully secured creditor status” in bankruptcy legislation. And where these measures are not sufficient to fully protect pensions, any balance of unfunded liabilities should be fully insured. The modest protection offered by the pension benefits guarantee fund in the Province of Ontario is not sufficient in this regard and we would prefer to see a fully insured proposal guaranteed by the Province of Nova Scotia.

Everett Baker, President
Nova Scotia Federation of Union Retirees’.

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