

Wendy Lyon
CLC Summer School
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Pension Administration for New Trustees – Ontario
Report to COPE 491

It was a brave move by me to attempt the impossible with this course, by bringing all three of my kids along. Aged 12, 10, and 8, the four of us set out by car to attend what was a promise of some valuable education on Pensions. The drive was a loooong one, made longer by kids who were tired of the drive, however, as soon as we arrived at the Unifor Family Education Centre in Port Elgin, we were greeted first by a towering windmill which we could see from up close. An amazing display of labour's view on green energy, it made for much discussion and was a welcome distraction while finally unloading the bags from the car.

The hospitality was excellent, the accommodations were more than comfortable. It was really helpful to know right away that we had a fairly large room including a bedroom with a fold down bed and desk with a door. Also two double beds and a half wall to separate the living area and kitchenette. The bathroom area was user-friendly for families as well with its door to separate the Tub/toilet area from the sink area so that someone could still brush their teeth while someone else was using bathroom. This alone saved us some bickering.

I had visited Port Elgin in the past, but in the 15 or 20 years since I last attended, the place has grown and been updated quite a bit. There are walkways between the buildings so if there is inclement weather, you would not need to go outdoors. A giant sports field is available for use, Tennis, soccer, football, baseball, shuffleboard, bicycles, playground and a field house with abundant equipment and washrooms with running water! There is a lovely short walk to the beach, and also well-manicured pathways around the property. There are water fountains, memorial ornaments, live fish (coy I believe), a fire pit for gathering. This is all just the outdoors.

Inside you will find a fully equipped gym, a cafeteria of abundance, a daycare centre, classrooms, an assembly area, and much more. There was rumour that the chef who works there now was from a nearby town of Southhampton, and was previously working at a fancy restaurant and was a well know chef. I don't know the real story, but I can say that the food was delicious, and not likely from a can. I think it was all made fresh on site.

I have only two complaints about the entire stay and they are that smoking happens close to the entrances unfortunately, and also that the location is not closer to Ottawa.

We began our course on Sunday evening and worked hard until Friday Morning. Before Starting class on Sunday night we had an opening assembly where there were various speakers including MP Irene Mathyssen. She shared with us some of the NDP message about the upcoming election and her own work on various issues. A spiritual leader shared the story of

her own journey with us and encouraged us to find spirituality in our learning ahead. It was a nice way to leave the stressful car ride behind and begin a stress free week where all would be looked after in order to focus on the learning.

In class we introduced ourselves and learned that we had an amazing group representing a variety of different workplaces and pension plan types. Some were from CUPW, WUCC, CLC, Teacher's, there was a COPE 343 Sister, and others. One plan was winding up, another person was there without belonging to a plan yet having trustee status on another plan, one person was a trustee to her plan only if and when their plan was in a surplus status. There were various levels of education and experience, there were comments as to how amazing the instructors were at using clear language and describing the topic in such a way that made learning easier.

Monday began with instructors Sylvia Sioufi and Kevin Skerrett, both from CUPE National Office. Sylvia offered her expertise as an educator with her vast knowledge on pensions, and Kevin provided us with expert pension knowledge and his experience and education with the financial system. Both were well spoken and working together we benefitted greatly over the week. We watched a video with Bill Robb interviewing Dr. Linda Murray on Power and Class. We discussed it and did an exercise on Power, Justice, Allies, and History. It was an effective exercise which helped us to see the power (positive or negative) of our own beliefs about class, and how to identify and work together with allies in order to achieve justice. Afterwards, we mapped our own pensions by creating flip chart papers to display in the room. It was a humbling exercise in that it helped to point out not only how different our plans were, but also how little we each actually knew about them. It was helpful though, to learn where to find the correct information and fill in the blanks or adjust the information over the week. We learned about types of plans, pension trends, pressures/possibilities.

Tuesday we reviewed Salary cap (CRA Maximum), leaves ½ days, integration with CPP and how that would be less beneficial than a non-integrated plan, termination benefits, hybrid plans, etc. We went over the basic pension formula (2% x earnings x years of service) and discussed why it is so beneficial to maintain this calculation if a plan has it. Some offer lower percentages than others. You will be happy to know that in the CEPP we have the full 2%. Also there are different variables to the earnings...some are "career averages" some are "best five years" and there are others, however our CEPP uses the best of them all which is "best 3 years".

Here is an example of a calculation with the basic pension formula.

2% x Best 3 Years x 35 years of service

2% x 50,000 x 35 yrs = \$35,000

Therefore if you had this 2% formula, earned an average of \$50,000 and worked 35 years before retirement without reduction, you would expect to receive \$35,000 a year in retirement. This is in line with an expectation that a person would receive approximately 70% replacement

of his/her working salary in retirement with a defined benefit workplace pension plan. You can see how this number of \$35,000 can diminish rather quickly when you factor in not only reductions for early retirement but also imagine yourself 20 years into retirement when the dollar of today holds less value. Your 70% salary replacement would be worth less...perhaps 40-50%? Having an indexed plan would boost that number constantly each year to maintain the initial replacement percentage of 70%. Indexation is a costly feature of a plan and one that our CEPP does not have at the moment.

Then we welcomed guest speakers Sue Philpott, and Simon Archer from Koskie Minsky Law Firm. They did a presentation on the legal and legislative frame work. It was a really enjoyable presentation and much discussion was generated. They were both very obliging to answer any and all questions.

Wednesday we talked about Kevin's current case, Halifax Water Commission. The local is currently on strike after bargaining failed to convince the employer to stop attacking the pension. Even though the local has found ways of saving money without harming the pension, the employer continued to negotiate only if they could cut the worker's pensions.

We talked more about fiduciary duty and how the Trustees are bound by this, however the advisory committee members are not. We talked about where to draw the line with regards to confidentiality, and that while employers are pushing hard for trustees or committee members to sign confidentiality agreements, it is not necessarily in our best interest. In any case, it was agreed that never should a trustee share information that might be of an individual or personal nature. I.e. general plan health information would be ok, but discussing an individual's marital status or account balance etc. would be considered a breach of confidentiality.

In the afternoon we had guest speaker Mark Davis, an Actuary from Eckler. He provided us with an understanding of the role of the actuary. He showed us that not only are there changes in the economy which are detrimental to pension investments at the moment, however, people are also living longer than ever before which puts a strain on the investments. New mortality tables have been introduced for Canadian plans which are cause for some significant negative financial impact. There are ways to slowly adjust to these changes by gradually adjusting to the new table.

We discussed afterwards that we can question the assumptions that actuarial experts provide and just how some of the smaller numbers, when compounded can have really large consequences for our plans or specific groups of members of our plans. Using the best information available to them, actuaries prepare various assumptions. Depending on various factors there is flexibility for more or less conservatism. Pension regulation will oversee some of this flexibility. There are politics surrounding the process of the actuarial reports and we don't need to be expert number crunchers to do the best thing for our plans, but we could bring a lot of union experience to the table and analyze the timing and purpose etc. behind the reports being done. Actuaries are also bound by fiduciary duty and are obligated to work in the

interest of the plan members...not simply one party (i.e. the employer) which can at times be the case.

We can ask ourselves who will benefit from the changes proposed, and what other alternatives could there be to provide more uniform changes proportionate for all members. For instance, if a plan were to have tiers, it would be providing a different benefit to different groups. In true labour principles, we should not be allowing such changes but rather work to make improvements for all. Currently our plan does have tiers with regards to our bridge benefit. Some groups have a full bridge, while others have only a portion of the bridge benefit. Our plan also has one group that receives a surplus bonus upon retirement – set aside at a time when our plan was doing really well, while others receive none.

Thursday we heard about investment basics and board of trustees practices. We did an exercise on our own actuarial reports, and how the media is fueling some of the beliefs about pension plans today. We need to question the intent of the articles and read through some of the wording to be able to discern whether or not it is a neutral report or biased in one way or another. In one article we learned that the CIBC was recommending people purchase RRSP's rather than invest in a pension plan. This would not be more beneficial to a worker, but would bring in lots of money for the CIBC through account fees etc.

This evening we performed our class song and sat through the others. Some fine talent among the school for sure! Sister Julie Fenton's class "Facing Management" was tied with "Steward Training" for first place. The teen group also performed a skit entitled "A day in the life of the Teen Program". Then afterwards there was karaoke at the bar, even my kids participated until they were asked to leave due to a bylaw where kids must leave by a certain time.

Friday Morning was difficult to get up after a fully week, but knowing it was home day and there was much to be done, we managed to make our way to the last breakfast in the cafeteria of abundance and then a closing assembly with Barb Byers discussing the CLC Election plan and four videos before completing a short morning in class. We used the time to review the week, go over a take home activity and we did an exercise where we presented our certificates to one another. It was a nice time for all of the participants to share their experiences with one another. We had a fantastic group who all participated fully and shared the learning experience well as a group.

Before leaving, we also heard a story from one participant about how she was attending this course only a mere two months after losing her daughter to cancer. She shared her very touching story about how her daughter had achieved a lot in her short life of becoming a pharmacist and that in her three year battle with a rare cancer, the family was thankful for any and all offers of support. Our sister asked us to please share her plea to others that if and when you hear of anyone who has a family member going through cancer treatments, to please offer to help in any small way possible, making food, cleaning, driving to appointments. With so many people becoming ill with Cancer, we need to work as a collective community to help one another.

Thank you very much to COPE 491 for sending me on this educational. I gained much from it and I hope to be able to donate back some of my knowledge to our local. As we are actively in negotiations with much discussion surrounding changes to our pension plan, I am developing a confidence in being able to navigate some of the technical and political jargon a bit more in order to gain some perspective in helping to determine our best course of action. Please feel free to ask me any time if you have questions. I would be happy to discuss our plan as an opportunity for me to also continue learning and share.

Wendy Lyon
COPE 491 Member,
Ad-hoc Pension Committee Member,
Statistical Clerk-Typist,
CUPE National Office, Research Branch