

**COPE 491's Update**  
**Canadian Union of Public Employees Employees' Pension Plan**  
**September 14, 2016**

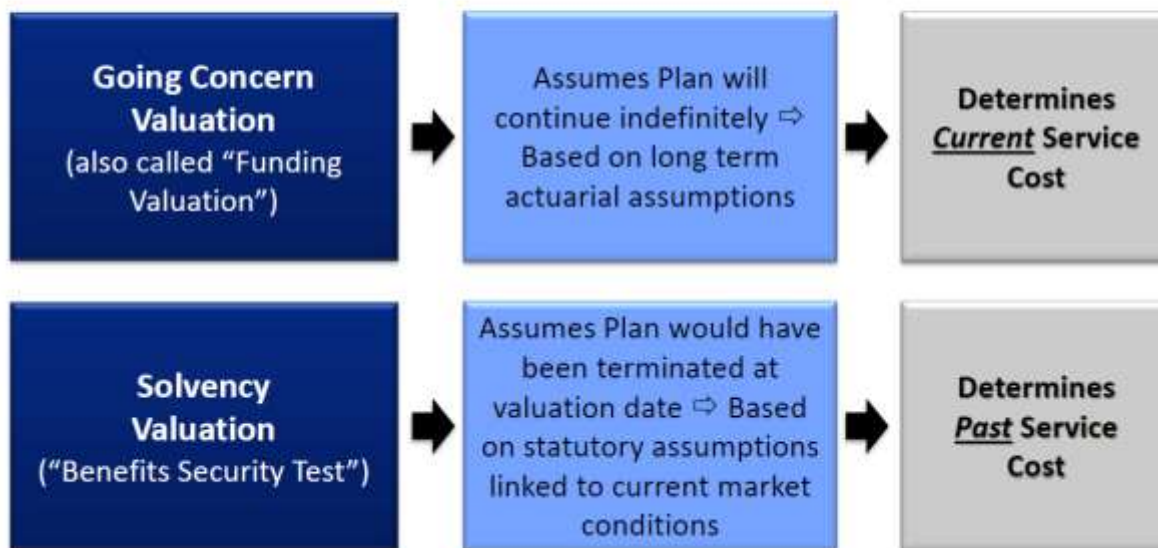
The JBT settlors and counsel have had several meetings to discuss the pending solvency deficiency of the Canadian Union of Public Employees Employees' Pension Plan (CEPP).

**History:**

The CEPP is a defined benefits pension plan that is governed by a Joint Board of Trustees (JBT). The settlors include CSU, COPE and CUPE.

Every three years pension plans are required to file a valuation with Financial Services Commission of Ontario (FSCO). The valuation includes a going concern and a solvency concern.

## TWO DISTINCT ACTUARIAL VALUATIONS...



**Current:**

The CEPP is due to file again January 1, 2017. The current going concern valuation is doing very well and is funded at about 114%. The current solvency valuation is not doing well and is funded at about 82%. This is due to low interest rates and the plunging markets.

According to our current structure, any deficiency that needs to be paid is the responsibility of CUPE. We are facing a solvency deficiency of nearly \$129,000,000.00 and will need to be paid over 10 years. If CUPE is required to make these payments it will result in major cuts to the

organization. The resulting payments would be 25%-30% of CUPE's current payroll. This could result in layoffs and office closures.

The Settlers met with the JBT actuaries and lawyers to review various options to solve this crisis. The best option to date is to explore the possibility of a Jointly Sponsored Pension Plan (JSPP) with solvency relief. If the CEPP was granted solvency exemption, a solvency valuation would not need to be filed and the \$129 million would not be owing.

The Settlers have given approval for the Chair and Vice Chair of the JBT of the CEPP, together with their advisors, to meet with representatives of the Ministry of Finance, and, if appropriate, FSCO, to explore the benefits and process for conversion of the CEPP from a single-employer sponsored pension plan to a JSPP, **only** if it allows for solvency relief.

The Settlers understand that discussions with the Ministry of Finance and, if appropriate, FSCO will be exploratory in nature, and that **no** commitments to a conversion have been made.

When we receive more information regarding the results of these meetings, we will update you accordingly.

In Solidarity,



Karen Carle  
President COPE 491