



The Canadian Federation of Pensioners
Advocating on Behalf of Pensioner Groups & Their Members

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Proposed Amendments to the Pension Benefits Regulation

The Canadian Federation of Pensioners (CFP) is pleased to have been included in the distribution of your June 2009 letter to pension stakeholders and we welcome this opportunity to comment on the proposed amendments to the Manitoba Pension Benefits Regulation.

CFP was created in December 2005 as an umbrella not-for-profit and volunteer run organization to advocate on behalf of retirees receiving pensions from private defined benefit pension plans (DB plans). Our current active member groups and correspondence groups represent over 150,000 DB plan retirees.

We have reviewed both the proposed regulations as well as the Pension Benefits Act. We do not have any comments regarding the proposed regulations as they appear to be in line with the Act. Therefore our comments below should be thought of as items for careful consideration in making future changes to the Pension Benefits Act.

An over-riding issue that CFP has with the proposed regulations is that DB plan retirees have little recognition and few rights. Active members and former members seem to have more recognition and status within the regulations and the Act. This needs to be reconsidered because the maturing of DB plans means that the pensioner population is increasing to the point that it often equals or exceeds the number of active members in a plan. In addition, retirees cannot rely on active members or anyone else to adequately represent and protect their interests. Retirees, as key stakeholders, should be able to request a plan sponsor to form a pension advisory committee the same as active members can.

There is another concern as well. Retirees as a stakeholder group have no choice but to rely on their pension income with no recourse should their pension plan ever have to be wound-up while in a solvency deficit position. Retirees cannot go back to the work to replace reduced pension income.

The real issue being alluded to above is the need to improve the long term financial security for DB plan retirees. The current financial and economic crises has lead to a situation similar to what happened in 2005 whereby the great majority of DB plans have

significant solvency deficit positions. Assuming that DB plans will recover from the latest solvency funding crisis at some point, it begs the question as to how long will it be before they have significant solvency deficit again. Anytime a DB plan has a solvency deficit, it creates stress and fear with retirees as they worry about their long term financial security. This should not be allowed to continue and CFP, along with others, are advocating that the bar on DB plan funding levels needs to be raised.

The above are just some of the DB plan issues that CFP has also identified in recent submissions and presentations to pension legislation reviews and consultations undertaken by Ontario, Alberta and British Columbia, Nova Scotia, and Finance Canada after Manitoba had completed its review. CFP would be pleased to participate in any future reviews or consultations undertaken regarding the Manitoba Pension Benefits Act and related regulations.

Sincerely,

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