



**Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
Québec Budget 2021/2022**

By: Canadian Federation of Pensioners

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Submission

The Canadian Federation of Pensioners is pleased to provide this submission to Quebec's 2021/2022 Pre-Budget consultations.

The Covid-19 pandemic has revealed many cracks in the societal foundations that were supposed to protect our seniors. Now is the time to repair those cracks. This must include addressing the lack of pension protection for defined benefit pensioners. Retirees and future retirees in Quebec have the right to age with dignity and financial security.

We have seen pensioners pay the price for inadequate regulation of pensions and insolvency. Companies such as Nortel, Sears, MABE, White Birch, GCM and many others have largely abided by regulations and yet left pensioners facing significant losses in income for the rest of their lives.

The Canadian Federation of Pensioners believes that there are solutions that can better protect pensioners without imposing a burden on the government or taxpayers. The CFP advocates pension security similar to what has been in place in Ontario for more than forty years. It would be fair for Quebec retirees to have similar type of protection that Ontario retirees enjoy.

To protect the future financial security of pensioners, the following must be considered:

1. Pensions are deferred wages. They are earned while working, payable after retirement.
2. Pensioners have earned the pension their former employer committed to, through their working years.
3. Government has an important responsibility to ensure that pensions are paid as promised. It is the governments who establish the rules by which pensions are regulated, specifying in particular how pensions are to be funded.

Also, like the FADOQ which supports the introduction of pension insurance plan, we fully agree with their following statement:

“In Quebec, such a plan would allow pensioners to maintain their standard of living and continue their contribution to the economy. In addition, this type of measure would reduce the use of government support services.”

It should not be forgotten that without pension insurance, Quebec taxpayers must **pay all indirect costs incurred because of company bankruptcies**, such as:

- Dramatic decrease in the purchasing power of pensioners. This directly reduces their economic contribution to Quebec.
- Premature move to long-term care homes for seniors, for low-income pensioners.
- Medical expenses that are no longer covered by private insurance.
- The cost of supporting Quebec's social services, including combating psychological distress due to financial insecurity.

For your information, during our discussions with Retraite Quebec concerning the pension insurance project in Quebec, at no time did they indicate how much the Government is paying in health and social services due to the fact there is no such pension insurance plan in Quebec.

More and more pensioners in Quebec are asking the following question:

- By comparing Ontario with Quebec, on an equal income basis, why in Quebec, where we pay more income tax and sales taxes, do we have no protection on our DB pensions when a business goes bankrupt?

Finally, why in the public sector, which is responsible for Retraite Québec, are there five (5) pension committees (RREGOP, RRPE, RREM, RRMSQ et RRAPSC), but no pension committee for the private sector? This committee could offer private sector retirees the opportunity to be consulted with a view to improving the current schemes and suggest ideas to encourage workers to be covered by a pension scheme. With our aging population, the need to secure a good pension is critical to living out their senior years in financial security.

Recommendations

- Establish a commission to set up a pension insurance plan, similar to that of Ontario or any other type of system to secure defined benefit retirees suffering a reduction in pension.
- Create a pension committee for retirees from the private sector, so that they can be consulted.