

**March 30, 2022**

**OPEN LETTER: It's time for the Liberal government to step up and protect vulnerable pensioners**

Dear Prime Minister Trudeau and Ministers Freeland, Champagne and Khara,

We are writing on behalf of the more than 4.3 million Canadians who rely on defined benefit pensions to urge the Liberal government to take action on pension protection.

The NDP's Daniel Blaikie and the CPC's Marilyn Gladu recently introduced two bills (C-225 and C-228, respectively) to protect defined benefit pensions. These bills build on the success of the Bloc's Marilène Gill's Bill C-253 in the last parliament. While each bill is different, each seeks to mitigate the risk of pension loss by putting pensioners closer to the front of the line when a company goes bankrupt.

**Under current Canadian insolvency laws, banks eat first.**

When the assets of a failed company are divided, as secured creditors, banks get paid first. Pensioners have no rights or status in insolvency. Super priority means that pensioners and plan members would move nearer to the front of the line, improving the likelihood of receiving their full pension.

The impact of the proposed legislation is significant. Over 4.3 million Canadians depend on a defined benefit pension for their financial security in retirement. Since 1982, more than 250,000 seniors have suffered pension loss when their company has underfunded their pension and then gone bankrupt. This is what happened with large companies like Sears and Nortel, as well as smaller ones like White Birch, Atlantic Co-Op, and Cliffs Natural Resources whose pensioners suffered pension losses of 20% or more.

**Pension loss is for life and has plunged many vulnerable seniors into poverty.**

The COVID-19 pandemic has revealed that Canada's social structures don't protect seniors, and that includes their financial security. Pension protection is a concrete way to effect real change for seniors at no cost to taxpayers.

The NDP, CPC, BQ, and GPC all support protection for defined benefit pensioners. This should be a wake-up call for your government, but your government has not acted decisively to protect pensions, due to outdated thinking and inaccurate information.

By prioritizing full protection for defined benefit pensioners in the event of insolvency, companies will be compelled by banks and other lenders to seriously address their pension obligations. No longer could they rely on their pension obligation disappearing when they file for insolvency.

Bankers and corporate leaders will argue this kind of behavioural change is impossible, but a decade ago, people used the same arguments against putting a price on pollution. Today, as we work together to fight the climate crisis, carbon pricing has become a critical tool and businesses have adjusted accordingly.

Pensions are deferred wages, earned while Canadians are working and paid after they retire. Pensioners and active plan members deserve the full pension that they have earned and their employers committed to.

**Pensioners should not be acceptable collateral damage in insolvency.**

Prime Minister Trudeau: You and your government have the opportunity to chart a new course by fixing federal insolvency laws and compelling corporate actors to fully fund their pension commitments in insolvency and protect the financial security of Canadian seniors.

Pension protection legislation provides all parties with the opportunity to work together to improve the financial security of millions of Canadian pensioners. It is time for the Liberal government to lead and protect vulnerable seniors.

Sincerely,

**Canadian Federation of Pensioners**

Michael Powell  
President

**Canadian Network for the Prevention of Elder Abuse**

Benedicte Schoepflin  
Executive Director

**CanAge: Canada's National Seniors' Advocacy Organization**

Laura Tamblyn Watts  
President & CEO

**CARP**

Bill VanGorder  
Chief Policy Officer and COO

**FADOQ**

Gisèle Tassé-Goodman

President

**National Pensioners Federation**

Trish McAuliffe

President

**RTOERO**

Rich Prophet

Chair of the Board of Directors

**Contact:**

Michael Powell

(905) 441-5527

[m.powell@pensioners.ca](mailto:m.powell@pensioners.ca)