
**BARGAINING UPDATE nº 4** • CENTRAL BARGAINING TABLE • MAY 25, 2015

# PENSION PLAN IN EXCELLENT HEALTH — UNJUSTIFIED ATTACKS

The Government and Public Employees Retirement Plan (RREGOP) is just getting better and better. This is what clearly comes across in the update of the actuarial valuation conducted by the Commission administrative des régimes de retraite et d'assurances (CARRA) (*Pension Plan and Insurance Administrative Commission*) released last April 29. Today, the plan is capitalized at 98.4%, and is thus fully capable of meeting its present and future commitments.

Of course, the contribution rate did increase in 2014. But it's important to underline that this increase was a direct consequence of the 2008 financial crisis, when the participants' fund, which is managed by the Caisse de dépôt et placement du Québec, lost 25% of its value. Five years later, this deficit was completely absorbed, and the contribution rate has stabilized.

Why is the plan in such good health? Because the union organizations have always acted prudently and responsibly in administering the plan. The last round of bargaining, in 2010, is an excellent example of the foregoing. The Common Front negotiated changes to the plan designed to stabilize the contribution rate and created a stabilization fund. It should also be added that the cost of managing the RREGOP is particularly low (0.19%), in comparison to other similar plans (2.5%). Add to that the fact that risks and costs are shared half-and-half between the employer and the participants.

### SERIOUS RISK OF AN EXODUS

When one examines the data disclosed in this actuarial valuation, nothing justifies the substantial demands being made by the Government regarding the pension plan. RREGOP's rules and provisions (the pension calculation period, actuarial penalties, age of retirement) are the result of collective choices, designed to ensure a decent retirement for public sector employees. This has given rise to an equilibrium between contribution rates and the benefits provided by the plan. Its current full capitalization is resounding proof of this balance.

Are the government proposals motivated by a desire to ensure the sustainability of the plan? Everything seems to point to this not being the case. The measures proposed by the Treasury Board are simply short-term attacks on the benefits being paid out. Already, the RREGOP is not the most generous of plans (average pension annuity was $19,000 in 2013). The three measures proposed by the Treasury would result in reducing people's annuities and impoverishing the State's retirees. Is the real goal being pursued by the Treasury Board not really that of wresting $200 million per year from retirees? In addition, postponing the age of retirement would be the equivalent of obliging workers to remain on the job longer. In a context of the hardships people endure in working in the health and education sectors and in the public service, the risks of an exodus are serious. The increase in the volume of calls made to the CARRA and to union offices all over is moreover a very worrisome sign. While we're in the midst of major workforce shortage problems and hence currently undergoing a major renewal of the workforce, our public systems can't afford to deprive themselves of our most experienced employees.

### COMMON FRONT PREOCCUPIED ABOUT THE RREGOP'S FUTURE

As responsible union representatives, the Common Front is dedicated to making the pension plan ever more sustainable. Indeed, we worked towards this goal during the last round of bargaining and we're still working in this direction today on the various parity committees where we sit and where, usually, Government and the Unions propose an assortment of measures to improve the plan. Never were the proposals being made today by the Treasury Board discussed around the table of these committees.

We take the pension plan's sustainability to heart. The Common Front is ready to work with the Government to continue to ensure the foregoing. However, we do believe that innovative solutions can be envisioned without jeopardizing the financial security of the State's future retirees. ■

## COMMON FRONT RALLY

### AT THE LIBERAL PARTY CONVENTION

**MONTREAL**
**Sunday, June 14**
**10:30 to noon**

**Place Jean-Paul-Riopelle**
**(Angle Bleury et Viger)**