



TEAMSTERS CANADA RAIL CONFERENCE

CONFÉRENCE FERROVIAIRE DE TEAMSTERS CANADA

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Brothers and Sisters;

The following are the TCRC's foremost concerns in the present review of the Federal Pension Benefits Standards Act (1985)

1. The present Federal Pension Benefits Standards Act (PBSA) 1985 should be strengthened to better protect employee pensions rather than weakened to favour corporations.
2. At the present time the PBSA (1985) allows a corporation to defer paying a pension plan deficit for up to five years and in addition up to ten years with certain restrictions. Proposed changes would allow corporations to defer pension deficits for ten years without any restrictions whatsoever. Employee representatives, including unions, ideally want to maintain the present legislation. However, if the legislation is changed we are requesting that all pension plan members must authorize any deferment of pension plan solvency deficit payments beyond five years.
3. Often when a pension plan is wound up a company is going out of business. If this is the result of a bankruptcy payment of debtors has precedence over payment to a pension plan which has a deficit. Changes should be put in place that will give pension payments preference over payment of all other debts. In addition to this proposed changes would allow a plan sponsor to defer a deficit for five years after a pension plan is wound up. We are against allowing a plan sponsor to have five years to repay a pension plan deficit. Simply put, it may be hard to locate a plan sponsor after five years. If a pension plan is in deficit all monies held by a corporation should be used to repay a pension plan deficit at the time of the pension wind up.
4. It is imperative that we have stronger legislation that would strictly limit plan sponsors taking contribution holidays especially when a plan has a deficit. The financial goal of every pension plan should be to reach fully funded status as soon as possible.
5. Presently the Income Tax Act limits the level of pension surplus threshold to 110%. The Income Tax Act should be changed to allow at least 120% pension surplus threshold. This would provide a financial cushion should the plan incur future funding problems.
6. The government should consider limiting the amount that pension plans are allowed to invest in equities and other risky financial ventures.

Yours in solidarity,

Mike Wheten