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Dear **(Your MP)** and Mr. Menzies,

I am writing in regard to the federal government's current review of the Pension Benefits Standards Act (PBSA) 1985. As a stakeholder in a defined benefit pension plan regulated under the PBSA I am concerned about any changes to these standards that would diminish the protection provided to my pension benefit presently provided by this act. In fact, if anything the government should be strengthening these regulations to limit the ability of these funds to incur deficits and the requirement to repay any deficit that exists. I understand that a number of employers' have made submissions to the government in part requesting that the regulations be changed to allow pension funds up to 10 years to repay a liability/insolvency that exists in a fund. I believe a change such as this would dramatically weaken these regulations which **should** have as their primary purpose to protect these pension benefits upon which many working Canadians rely.

At a recent Town Hall meeting in Cranbrook, BC, CP Rail CEO Fred Green indicated that about 40% of the CP Pension Fund was invested in Equity Markets admitting that this is the primary cause of the present \$1.5 billion deficit in the fund. A member of the audience asked how the Pension Fund might have fared over the last number of years had the fund pursued a less risky investment strategy with a lower exposure to Equity Markets and more reliance on conservative investment in government bonds for example. Mr. Green stated that had the fund pursued that strategy the fund would have required a capital infusion of approximately \$30 – \$40 million a year over each of the past 15 years, admitting that this would be less than the liability this plan has faced in

the previous five years and considerably less than half of the liability that it is presently confronted with in the next five years as a result of the current investment strategy.

My labour organization (Teamsters Canada Rail Conference) manages a Long Term Disability Plan on behalf of members of our workgroup. Traditionally this fund has adopted a conservative/low risk investment plan and accordingly has experienced modest growth consistently since it was established, even during the past five years including the recent collapse of the equity markets. In short while the investment plan followed by this fund has not resulted in a contribution holiday for the plan members, as has been the case with many of these pension funds during the times of market growth, this LTD fund is solvent and growing and able to meet the purpose for which it was established. I believe it is reasonable for us as employees to have the same expectations of the pension funds we have established through our employer and to respectfully request that the government protect our stake in these funds.

The employees do not decide how the moneys they commit to this pension fund through their wages are invested, it is the employer that determines how these moneys are invested. It appears for the most part these funds are invested with the gamble of achieving high returns as a means of reducing the capital the employer has to put into the fund. Given that it is the employees money they are using in the hope of achieving this objective the rules should not be changed to in effect reward this obviously risky strategy, if anything the rules should be changed to limit the level of risk that can be taken by these funds.

The commitments made that define our pension benefits are in effect deferred wages, generally it is fair to say that as employees we have foregone wage increases to achieve the conditions defined in our pension plan. As such it is reasonable to expect that the employer will meet the terms of the contract they have made with us as employees and that these benefits will be protected with the employees interest at the forefront. This is good business for communities such as Cranbrook and for the economy in general.

I would appreciate hearing your views on this important matter and learning how you will protect the interests of myself and other affected constituents.

Sincerely,