MGEU Manitoba Government and General Employees' Union

Changes to Manitoba Pensions – Q & A

The MGEU supports the continued stability of pension plans and understands the importance of a secure retirement for members and their families. Recently, the provincial government announced recommendations to weaken pensions in Manitoba, and MGEU members, understandably, have questions about what this will mean for their retirement future. Many have also asked how they can speak out against these changes. In response, our union has prepared these answers to some common questions about the potential pension changes, and about what we can all do to oppose them.

Q. What has prompted all of the recent discussion surrounding pensions in Manitoba?

A. Every five years, the Pension Commission of Manitoba reviews the legislation regulating pensions (Pension Benefits Act), and presents their recommendations to the Manitoba Government. Recently, the government revealed a list of recommendations for reforms which, if enacted, would weaken retirement security for many MGEU members by eroding pension benefits for current and future retirees.

Q. What recommendations were presented by the Pension Commission to the Minister of Finance?

A. The commission is looking to introduce new pension plan designs that will provide less income security in retirement and shift the financial responsibility away from the employer onto employees. Currently, plans such as the CSSB pension plan, are jointly funded by employer and employee contributions. The changes would see significant financial responsibility shifted from employers onto the backs of workers.

Q. What are these new pension plan designs called and how do they differ from what we currently have in Manitoba?

A. The commission has proposed the introduction of **Target Benefit Pension Plans** and **Shared Risk Pension Plans**. These plans differ from more secure **Defined Benefit** (DB) pension plans, like the CSSB plan, because they do not provide a guaranteed benefit. Target Benefit or Shared Risk Pension Plans are managed in a way that aims to deliver the targeted benefit level, but benefits may be reduced for current or future retirees if there are any funding shortfalls. Workers and retirees take on more risk, while employers have less responsibility for ensuring adequate pension benefits for their employees. These plans are also more costly to run than DB plans as they require more frequent and complex actuarial services.

Q. Who benefits the most from a Target Benefit Pension Plan or Shared Risk Pension Plan?

A. The employer or plan sponsor benefits from this model as a significant amount of financial risk is shifted to employees. That is why the MGEU strongly opposes the conversion of Defined Benefit pension plans to Target Benefit or Shared Risk Pension Plans for its members.

Q. Why is the government introducing enabling legislation for Target Benefit and Shared Risk Pension Plans?

A. The government claims that their intent is to provide flexible pension plan options to Manitobans. In reality, this type of legislation creates a path for employers to weaken and abandon secure pre-existing Defined Benefit pension plans, like the CSSB plan. This was the case in New Brunswick when their public employees' Defined Benefit pension plan was converted to a Shared Risk plan that could reduce benefits for current and future retirees. There are currently three outstanding legal challenges against the New Brunswick Shared Risk model as members do not feel they were fairly consulted, nor were they provided with accurate details of the plan when it was presented.

Q. Were these kinds of pension changes part of the government's platform during the 2016 election?

A. No. During the 2016 election campaign the MGEU asked the Liberal, PC and NDP parties if they would make changes to any of Manitoba's public pension plans, if elected. The PC Party's response to MGEU members was simply, "No."

Q. As a member of the Civil Service Superannuation pension plan (CSSB), can my pension change without bargaining?

A. Yes. The CSSB plan is established by a law passed by the provincial legislature: the Civil Service Superannuation Act. At any time, the government can use its majority in the legislature to change the pension plan by amending the Act. The MGEU would press for consultation with employees and the union before any changes are made, but effectively the government – as we've seen with other recent Bills – could provide little consultation before proceeding.

Q. As a member of a jointly-trusteed pension plan – such as the Healthcare Employees' Pension Plan (HEPP), Winnipeg Civic Employee Benefits Plan (WCEBP), or Community Agencies Benefit Plans (CAB) – can my pension change without bargaining?

A. Jointly-trusteed pension plans are structured differently than the CSSB plan. Both employer and Union/employee/retiree representatives hold seats on the board of these pension plans. The board jointly makes decisions that impact the plan, which effectively allow for joint consultation, and each trustee has a fiduciary responsibility to the pension plan.

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<u>Q. What would the MGEU do if Target Benefit / Shared Risk enabling legislation is passed?</u>

A. The MGEU does not support Target Benefit/Shared Risk pension legislation in Manitoba, and is actively opposing these proposals during the government's ongoing consultation. If the government passes this kind of legislation, our union would push for consultation with workers, and request that any changes to a pension plan be subject to approval from both the members and the unions involved. We would also seek for the plan to be fully funded – that is, the employer would have to fund 100% of their share into the plan before any transition could occur. The CSSB, for example, is currently 90% funded.

<u>Q. What can I do?</u>

A. To stop these changes, it is important that members and concerned Manitobans to speak out during the current government consultation process. Otherwise, the Pension Benefits Act will be changed in a way that erodes the retirement security that we have worked hard for. The best thing you could do is to submit your opinions directly to the Office of the Superintendent – Pension Commission at pensions@gov.mb.ca or write to the following:

Office of the Superintendent – Pension Commission
Room 1004-401 York Avenue
Winnipeg MB R3C 0P8

We need to tell the Pension Commission:

- that we do not agree with the introduction of Target Benefit and Shared Risk Pension Plan legislation;
- that we expect employers to share equal responsibility for funding secure pensions for their employees;
- that we disagree with any changes that will weaken the pension we have worked hard for and planned our retirement on; and
- that we expect the Premier to keep his commitment that no changes would be made to public pension plans.

Please note: the closing date for submissions is **<u>February 21, 2018.</u>**

<u>Talk to your Pension Plan about these changes</u>

Members should consult with their respective pension plans to discuss the implications that potential changes to the Pension Benefits Act could have on their pension plan. The pension boards have an obligation to communicate any changes or proposed changes with plan members.

For more information about the CSSB plan, visit cssb.mb.ca
For more information about the HEPP plan, visit hebmanitoba.ca
For more information about the CAB plan, visit cabplan.org
For more information about the WCEBP plan, visit wcebp.com