Urban Operations and RSMC
Negotiations
2023-2024

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TWO-TIER PENSIONS: JUST SAY NO!

Canada Post has presented two more major rollbacks at the bargaining table that would widen the gap of newer workers' second-tier status, the rollbacks apply to both RSMC and Urban Units.

First, the Employer wants all workers who are not in the Pension Plan currently to work 2,000 hours as a regular employee before being eligible for the group benefits and pension plans. Canada Post stated that any current temporary hours would not apply toward the 2000 hours.

Second, after you have worked as a Temporary or OCRE for years, then worked another year or two as a part-timer with no benefits, the Employer wants all new Pension Plan members to move to a Defined Contribution instead of the Defined Benefits method current CUPW members are entitled to. Canada Post also wants to cut the amount of their contribution for new members in half.

Defined Contribution (DC) plans are no substitute for Defined Benefit plans. Under a DC plan, workers are not guaranteed a secure pension income amount for retirement; instead, workers' retirement income depends on the state of their contributions, investments, interest rates and the stock markets. Under a DC plan, the risk for funding retirement shifts from the Employer entirely to the worker.

The current Pension Plan is Healthy

The Employer justified its attack on Defined Benefit by pointing to the Pension Plan's solvency deficit that existed 3 years ago, but a deficit does not exist today. In the Pension Plan "Solvency" refers to the amount the Plan would owe to members if the Plan were to wind up (cease to exist) immediately. At the end of 2022 the solvency test showed a **$2.48 Billion surplus** in the Plan.

When a Pension Plan faces a solvency deficit, by law, the employer must make special payments to make up for the shortfall. However, the Government of Canada started giving Canada Post a "temporary" relief from these special payments in 2011 and after multiple extensions the "temporary" relief continues until the end of 2024 or the next extension.

The Union has long argued that the "solvency" test is not the best way to judge the Canada Post Pension Plan. The Union believes the Pension Plan should be permanently exempt from the solvency test and special payments.

In the past, Canada Post has joined the Union in appealing to the Government for such an exemption, but now the Employer is using the flawed solvency test to go on the attack against newer workers and the plan.

Going Concern Surplus

Based on the Going-Concern test, meaning the Plan will continue in its current form for the foreseeable future, the Pension Plan had a **$6.5 billion surplus** at year-end 2022. As Canada Post admitted in its message on the Pension Plan's 2022 year-end results, based on this going-concern valuation,

> *"the DB component of the Plan continues to have more than enough assets to meet its obligations to Plan members over the long term."*

Since May 2023, current members of the Plan have been making their contributions to the Pension Plan, but, because of the surplus position of the Plan, Canada Post has automatically not been required to match your contribution; so, they have not paid any regular payments in almost a year and have been relieved by the government from making most of the special payments required by law.

Putting an end to future workers' contributions to the defined benefit plan will undermine the Going Concern test. This puts everyone's pensions at risk, not just new employees on a defined contribution plan.

We have blocked the Employer's efforts to create a two-tier pension system in the past. Again, we need to make sure the Employer hears us loud and clear: Say NO to two-tier pensions!

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In Solidarity,

J Simpson

Jan Simpson
National President

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