

CLC'S "RETIREMENT SECURITY FOR EVERYONE" CAMPAIGN

WHAT'S IN IT FOR ME? WHO'S IN OUR WAY?

1. SUMMARY

The CLC's "Retirement Security for Everyone" campaign is taking place at the perfect time. Canadians want leadership to fix our pension system.

There are several urgent for pension reform. Today:

- 61.5% of Canadians (or 11 million people) have no workplace pension;
- A third of Canadian workers (aged 24 - 64) today have **zero** personal retirement savings;
- Average public pension and Canada Pension Plan (CPP) benefits amount to about \$1,000 per month;
- Unions are under attack by right-wing pundits and employers who want weaker pensions;
- 1.6 million seniors today live on less than \$11,000 per year (that is 35% of all seniors receiving public pensions);
- Average RRSP wealth for workers nearing retirement (aged 55-64) is roughly \$60,000 (or \$250 per month), but only 31% of Canadians hold any RRSPs;

These facts reveal how broken our pension system is given years of bad advice. For too long, pension reform has been stalled by "pension experts" from banks and life insurance companies. For decades they demanded public pensions and CPP benefits be kept low so RRSPs could make us rich.

As even bank economists are now admitting, this approach has failed. We need to double CPP benefits, boost low-income (GIS) public pensions so no senior lives in poverty, and introduce federal insurance to protect our hard-earned pension benefits.

This Fact Sheet explains why this plan will benefit all working Canadians. In doing so we answer two important questions:

- What's in it for me?
- Who's in the way?

2. **WHAT'S IN IT FOR ME?**

Union members with good pensions

This campaign will protect your pension, free up more money at the bargaining table, and lead a political campaign to get “retirement security for everyone”.

If unions lead the charge to raise the floor of our pension system, we minimize efforts to whip up anger against "rich union pensions". We tell Canadians that the labour movement is on their side, unlike greedy Toronto bankers and life insurance companies (more on them below).

Unions with decent pensions can't expect to tread water in the current political environment. It is too easy to whip up anti-union anger on pensions. That was the story recently for public sector workers in Windsor and Toronto, for autoworkers in the summer of 2009, and increasingly for public sector workers who are in the cross-hairs of right-wing ideologues. We must go on the offence, and demand retirement security for everyone. That is the only way to protect the pensions you currently have.

Also, many union members are unaware of problems with their existing pensions that can be improved through better CPP benefits. Unlike the CPP, most workplace pensions aren't protected against inflation or portable across jobs. In the private sector, unions face the constant fear of losing pensions in bankruptcy, something that would never happen to the CPP.

Our plan to double CPP benefits comes at no extra cost to public sector union members with decent pensions. In fact, given most pensions are “integrated” with the CPP, union members will pay no more in pension contributions. They will simply get more of their pension from the CPP, which will stabilize the pension system for everyone.

Paying more CPP also means freeing up cash that would otherwise go into your workplace pension. That means more money for collective bargaining, a welcome thing given what unions face at the table.

Non-union workers

The CLC plan for pensions will help average Canadian workers without union protection. Don't believe our critics – this campaign is not focused on protecting union pensions.

In particular, our plan to double CPP benefits would raise the floor of our pension system from \$11,000 per year to \$22,000 per year. Every Canadian would benefit given 93% are members of the CPP. CPP benefits are portable

across jobs, insured against inflation, and protected against market slumps. Few workplace pensions can match what the CPP delivers.

Low-income seniors

Our plan to boost the incomes of poor seniors has several benefits. First, we ensure that no senior, current or future, will ever retire into poverty. Second, we help low-income seniors offer economic stimulus to our fragile economy, given any additional pension will be spent on essential needs. This is an important demand that will strengthen our commitment to Canada's seniors.

Equality-seeking groups

Studies indicate that equality-seeking Canadians (e.g.: women, people of colour, First Nations, people with disabilities) receive below average pensions. This is due to job discrimination and non-nonsensical rules that prevent these workers from earning a decent pension to finance a dignified retirement.

Given this, our plan to double CPP benefits and boost low-income public pensions would be of substantial help to equality-seeking Canadians. It is labour's way of spreading the wealth, and ensuring no worker or retiree is left behind.

Small business

Some think small business is opposed to CPP premium increases as our campaign proposes, but that isn't true at all. Many small businesses have responded positively to our plan to double CPP benefits, and that's because the CPP offers the best value for money.

The CPP is cheap to finance, portable across jobs, and protected against market slumps. Small business owners will benefit personally from CPP expansion, and they will have another incentive to retain valuable employees.

Even the Canadian Federation of Independent Business (CFIB), the self-declared voice of small business and constant critic of labour, has endorsed CPP reform as a goal. Their plan differs from ours, but they realize the CPP is the best available tool to boost the pensions of small business owners and employees.

3. WHO'S IN OUR WAY? (A: Toronto's banks and insurance companies!)

Toronto's bankers and insurance companies have fleeced our pension system for decades. They have lobbied to keep public pensions and CPP benefits low so they could sell RRSPs.

They urged us to "fend for ourselves", and then sold us defective products with high fees and no insurance against market slumps.

They will fight us because we are intruding on their business, but that intrusion is long overdue. We need a pension system that works for workers, not bankers.