



**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
FRATERNITÉ INTERNATIONALE DES OUVRIERS EN ÉLECTRICITÉ**



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TO ALL IBEW FIRST DISTRICT LOCAL UNIONS

Greetings:

Earlier this week the Federal and Provincial Finance Ministers reached an agreement in principle to increase the Canada Pension Plan (CPP). This historic move will benefit working Canadians across the country and improve the CPP for the next generation, this is something we all should be proud of.

The Canadian Labour Congress (CLC) first undertook this bold initiative back in 2009, and with the help of affiliates like the IBEW, spent time lobbying Federal and Provincial elected officials over that duration to improve the CPP.

Keep in mind that this deal was reached in principle and is expected to be ratified when the Premier's meet July 20-22 in Whitehorse, YT. I would encourage our IBEW sisters and brothers from coast to coast to take a minute and visit the CLC microsite www.abetterplanforall.ca and send a message to policymakers that you support the expansion of the CPP.

This extra push by working Canadians over the next four weeks will ensure that the aggressive lobbying of groups like the Canadian Federation of Independent Business (CFIB) will not dissuade the Premier's from signing onto this agreement.

I have attached a more detailed letter from CLC President Hassan Yussuff on the CPP expansion.

I appreciate your assistance in this matter.

Best wishes.

In solidarity,

Bill Daniels
International Vice President

BD/mw

Encl.

cc: First District Representatives
System Council #11
IBEW CCO



A Better Plan for All: A historic agreement on universal CPP expansion

1. What's the news story?
2. What Canadian unions asked for
3. What Finance Ministers agreed to
4. What happens now?
5. Responding to critics

1. The Canada Pension Plan is in the news. What's the story?

Federal and provincial finance ministers have reached an historic agreement in principle to increase Canada Pension Plan (CPP) benefits by one-third. In addition, the cap on CPP pensionable earnings will be increased to allow middle-income earners to save on a greater portion of their income. The increase will be phased-in over seven years starting January 2019.

This decision is expected to be ratified by Canada's Premiers in July 2016.

Every Canadian benefits from an expanded CPP, whether they are a member of a union or not.

Expansion will mean a lot for the more than 11 million Canadians who currently have no workplace pension plan. It will make a particular difference for women, who experience high rates of seniors' poverty, and young people, who will experience the full benefit of the phased-in expansion over the course of their working lives.

The CLC ran a seven-year campaign to strengthen the CPP on behalf of all Canadians and this is the second significant pension victory the labour movement has secured since defeating the Harper Government in 2015. This spring, the Trudeau government rescinded the Harper's decision to deny GIS/OAS benefits to retirees between the ages of 65 and 67.

Taken together, these two announcements will dramatically improve the lives of Canadian retirees but, as always, there is much more to be done.

In the meantime, it is important to publicly celebrate improvements to retirement security in Canada and prevent pension opponents from undermining these changes.

2. What did Canadian unions ask for?

Unions were calling for a phased-in, fully-funded, universal doubling of future CPP retirement benefits.

As with any negotiation, we knew that the end result would likely look different from our initial demand.

3. What the Finance Ministers agreed to:

On June 20, the Finance Ministers announced the first substantive change to our public pension system since its creation by Lester B. Pearson in 1965.

- **CPP replacement rate will increase by about one third**, from the current 25% to 33.3% of pensionable earnings.
- **The ceiling for pensionable earnings will increase** from a yearly maximum of \$54,900 in 2016 to \$82,700 in 2025.
- **Seven-year phase-in, starting in 2019** (changes to the CPP cannot be implemented sooner than two years plus the balance of the year in which the agreement takes place).
 - Replacement rate to increase gradually over first five years.
 - YMPE cap to be raised in the last two years.
- **Enhanced portion of employee contributions will be tax-deductible.**
 - Currently, employee contributions qualify for a federal non-refundable tax credit of 15 % in addition to provincial and territorial tax credits set at varying levels. Tax deductibility is an improvement, particularly for modest-income workers.
- **Working Income Tax Benefit (WITB) increase** to assist low-income earners participating in the expanded CPP. Unions have long called for an improvement of the WITB, since currently, a full-time, full-year minimum wage earner would not qualify for the WITB.
- **The expansion of the CPP will be universal**, reflecting a fundamental principle of fairness for Canadian unions.

So, by 2023, an extra \$47 a month in CPP premiums will mean just over \$4,300 more in annual retirement benefits for workers earning the current YMPE of \$54,900 (see attached tables for more detailed numbers).

4. What happens now?

Since the deal is not yet signed, the “A Better Plan for All” campaign will continue until the Premiers’ meeting July 20-22 in Whitehorse. Affiliates can share the digital campaign content (videos, memes, and blog posts) to raise awareness and encourage their members to use our website <http://abetterplanforall.ca> to sign our petition and send messages to policymakers supporting CPP expansion.

Canadian unions will also keep pushing for changes to OAS/GIS and programs like CPP Disability, as well as improvements in wages and working conditions that make it easier for everyone to save for retirement.

5. Responding to critics

The CPP is a job-killing payroll tax

The CPP is a savings plan, a way for working Canadians and their employers to save for retirement. The fact is that an increase in CPP benefits will lead to long-term economic growth because people with better pensions are able to spend more in their communities in retirement. During the seven years that the last CPP contribution increase was phased-in, employment rose and the economy steadily grew — and, that time, benefits to workers weren't even increased.

Private savings like RRSPs are better

The CPP is the most effective way for most Canadians to save for retirement. It follows you from job to job, no matter where in the country you work. Even if you're self-employed or have to take an absence from work in cases such as parental leave, the CPP is there for you. The CPP is far more secure than private investments than RRSPs, is guaranteed to pay out until death, and offers far lower contributor and administrative costs than individual savings or private pension plans.

What about the Ontario Retirement Pension Plan?

The Ontario government always maintained the CPP was superior to a patchwork, province-by-province approach. The Canadian Labour Congress agreed that expanding the CPP would be fairer and more effective in the long run and urged Ontario to prioritize CPP expansion over ORPP implementation.

Unlike the ORPP, which would have excluded some workers with existing pensions, CPP expansion will have universal coverage. In addition, the CPP maintains the added benefit of portability from job-to-job across the country.