Letters to the editor

Fair and reasonable pensions for all

Michael J. Murphy

I would like to comment on the letter to the editor of Jan. 15, "Setting the record straight on pensions" by Dan Kelly, senior vice president for legislative affairs with the Canadian Federation of Independent Business (CFIB).

Mr. Kelly's letter served to confuse rather than inform readers about pensions. The Canadian Pension Plan (CPP) reforms proposed by many socially minded groups - not just unions - would make sure that all working men and women in Canada can retire with a pension that would allow all seniors to live with dignity.

Mr. Kelly, on behalf of the CFIB, goes to great lengths to speak about the present unfunded liability of private pension plans, especially those held by government employees and our elected officials. He also attacks union bosses rather than argue why the CFIB is against CPP reform.

On the attack

As the saying goes, if you don't have a good argument, go on the offensive, or do as Mr. Kelly does: blame it all on big bad unions and their bosses like Lana Payne, the president of the Newfoundland and Labrador Federation of Labour.

I would like to attempt to set the record straight on CPP pensions, albeit without the vast research resources of the CFIB, by explaining to Mr. Kelly and the CFIB why unions are fighting so hard to improve CPP when it is non-union employees who would benefit the most from these improvements.

Socially-minded groups such as the Canadian Labour Congress (CLC), the big bad unions and various seniors groups have recognized for a long time that many Canadians end up retiring in poverty after a lifetime of hard work.

These groups wanted to propose a solution for all working Canadians, therefore they supported the CLC's plan to increase the amount contributed and paid out by CPP.

These proposed CPP improvements would require that both workers and employers contribute more. The end result would remain the mandatory and completely portable Canada Pension Plan that would benefit all working people in Canada.
Basic pension

With a modest increase in premiums, all workers would receive a decent retirement (about 50 per cent of their average lifetime working wage to a maximum of about $25,000 a year in today's dollars), and those who currently find themselves having to choose between heating their homes or buying groceries or the medications they require would then be able to live in dignity after working all their lives to build this country.

The Pooled Registered Retirement Plan (PRPP) or, as I like to call it, the Fooled RPP proposed by federal Finance Minister Jim Flaherty and the Conservatives is nothing more than a RRSP dressed up to look good.

The Conservatives are more concerned with helping their investment banking industry than they are with helping retirees live with some dignity.

Workers who use RRSPs or PRPPs would still have to rely on the whims of the marketplace for their retirement. Employers such as those in the CFIB would not have to contribute to the Pooled RPP and would not be on the hook for any liabilities if the market wiped out their employees' pension plans. So, who would really be fooled by backing the idea of PRPPs instead of improving CPP? Not the employers and certainly not the banks. They always gain.

I should point out that the Canada Pension Plan is a well-run plan rated as one of the best in terms of escaping the recent market crash without great losses. It is also mandatory for employees/employers and completely portable.

In addition, the amount paid out by CPP is defined by how long you worked and how much you contributed into the plan and the amount paid out is not adversely affected by sudden short-term drops in the financial markets as we have seen recently with RRSPs.

Cost-effective

The CPP guarantees a pension to working people after a lifetime of work; it is one of the most cost-effective means of supplying secure pensions to Canadians.

With the improvements proposed for CPP, working individuals who retire after a lifetime of work anywhere in Canada would be able to live their final years with some degree of dignity. Sadly, this is not the case for many seniors today.

Mr. Kelly and the CFIB say that they are "puzzled by the high degree of interest in enhancing CPP on the part of union bosses."

While I don't speak for union bosses or all unionized workers, I can say that most of the individuals that I know who are involved in labour unions are genuinely concerned for working people, whether union or non-union. After all, we do share our communities with these people, and some of these seniors are our
parents, aunts and uncles. Mr. Kelly is correct when he states that improving CPP will do nothing for unionized workers with their so-called gold-plated pension plans. In fact, unions don't know what will happen to private pension plans if CPP is improved.

However, unions are willing to take that risk and to continue to push for improved CPP even if the end result is less private pensions for their members. They are doing this so that all working Canadians can retire with a decent pension through CPP.

What puzzles me is why would the Canadian Federation of Independent Business be against CPP improvements?

After all, the extra pension money seniors would have would be spent in these businesses. The CFIB argues that these improvements would result in an unfair tax burden on business.

How can it be unfair if it applies to all businesses, big and small, from one end of the country to the other?

Would the 107,000 independent businesses in Canada have to subject employees to 1.2 million lost employment years as a result of increase contributions to CPP, or are they just trying to frighten all of us into not supporting improved CPP?

Afraid to pay their share

Perhaps these independent business owners just don't want to be part of the solution and pay their fair share towards a secure and decent retirement for those employees who spent a lifetime helping to build their businesses.

In conclusion, I hope the CFIB comes to realize what a great idea improved CPP is for all Canadians and our country. It makes much more sense to improve a plan that is already in place and working so well than to try and reinvent the wheel with dressed-up pooled RRSPs.

All this can be done without adding any cost to governments; in fact, it will help reduce provincial governments social and drug coverage costs. With the proposed improvements to CPP, young people starting their working lives today will not find themselves retiring in poverty after completing a lifetime of work building this country.

All working people will be able to retire with dignity whether or not they worked in a union or non-union workplace, or for big or small businesses.

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