
CUPE WIRE

Official Publication of the Canadian Union of Public Employees, Local 38
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September 2015

Joint Pension Board Concerned Over Commutated Value (CV)

At the June meeting of the ENMAX Joint Pension Board it was reported that the majority of the members of the Defined Benefit Pension Plan (DB) were opting for the commuted value rather than receiving a pension when they retire. Commuted Value (CV) is the current value of the pension a person has earned and, if invested today, would pay for the promised stream of pension income. CV is based on a complex calculation which is established by the Canadian Institute of Actuaries. Some of the key factors it includes are: life expectancy, years of pensionable service, salary, current interest rate, current inflation rate and an estimated rate of return on investments.

Part of the Joint Pension Board's mandate is to ensure members are fully informed about the pension plan and the number of DB members taking commuted value raises the question as to whether the members are fully informed. Generally, people choose DB because they believe a professional will make better investment decisions than they are able to, and therefore, the return will be higher. So why then would this change when they retire?

Canadians are living longer and it isn't uncommon to live well into your nineties. Key questions for a retiree are: Will the money last that long? What will inflation be over the next 25 to 35 years? What will my rate of return be over this time frame?

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Unions and Anti-Poverty Work

The following is a member submission to the newsletter.

Historically unions, and our allies in progressive social and political movements, have been at the forefront in the struggle against poverty in Canada. Not only has the labour movement helped organized workers in terms of better wages, job security and safe working conditions, they have also supported the expansion of the rights of non-organized workers in areas such as pensions, occupational health and safety, health care and a shortened work week. This has been particularly important for women in the labour force.

However, many of these important gains are under attack from the anti-worker Liberal-Conservative social, economic and political agenda. This agenda has significant and long-term implications. For example, we are seeing the stubborn persistence of poverty amongst certain social groups, and a growing inequality gap in terms of both income and wealth. This is unnecessary and unjust. It is also unhealthy, not only for individuals and families living in poverty, but for society as a whole. Therefore, it is essential that unions re-engage in this much needed anti-poverty work.

There are a number of ways to fight poverty. Some of these include:

- ◆ Implementation of a system of progressive taxation and introduction of royalty protocols that respect the collective nature of our natural resources
- ◆ Provision of a system of Quality, Universal, Affordable and Developmentally appropriate childcare (this is a particularly effective anti-poverty measure for women and their families)
- ◆ Support for the payment of "living wages" and a higher minimum wage
- ◆ Extension of basic supports to agricultural workers
- ◆ Recognition of the credentials of foreign trained workers
- ◆ Expansion of the public pension system to provide adequate income replacement programs for older workers
- ◆ Organization of workers in the private sector, and
- ◆ Adequate financial and programming support for people with disabilities

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The answer to these questions all impact your retirement along with what you do during retirement. Those who take commuted value assume all of the risk for these factors and have to manage them. Those who opt to take a pension have some of the risk remain with the pension plan. They receive a monthly pension payment which comes with annual cost-of-living adjustments (COLA), which is equal to 60% of the Alberta Consumer Price index.

The cart below shows the impact of this protection.

Years after Retirement	Annual Rate of Inflation	Monthly Pension with COLA	Monthly Pension with 60% COLA
20 years	2%	\$1,000	\$1,269.43
	3%	\$1,000	\$1,428.74
	4%	\$1,000	\$1,606.93
30 years	2%	\$1,000	\$1,430.26
	3%	\$1,000	\$1,707.78
	4%	\$1,000	\$2,037.03

The older a person is the less tolerant they become to risk as they have less time to recoup any loss. A pension plan is also governed by its demographic factors, but with active members continuing to contribute and not retiring until well into the future, it is better positioned to tolerate risk.

Pension Plans are required by law to be managed in such a way so that the members of the plan receive the benefit they are promised. The funds are invested separately by investment professionals and pension

Voting Matters!

In 2011, Stephen Harper and the Conservatives won the 14 seats they needed for a majority government by only 6,201 votes. If some of the 9.4 million voters who stayed home had voted, we may have been able to stop devastating Conservative cuts to health care, women’s groups, Employment Insurance, Old Age Security and environmental protections.

- ◆ Make sure you’re registered at elections.ca
- ◆ Watch for your voter information card in the mail
- ◆ Make sure you have the right ID
- ◆ Find out about candidates in your riding
- ◆ Make a plan to go vote!

For more information: elections.ca

1-800-463-6868

	NDP	Conservatives	Liberals
Retirement security Protect our pensions and expand CPP	✓	X	✓
Child care \$15 a day national child care program	✓	X	X
Health care Reversing \$36 billion in Conservative cuts	✓	X	X
Good jobs and the economy Create good paying jobs by supporting public services and fighting privatization	✓	X	?
Post-secondary education Stable and predictable long term funding	✓	X	✓
Airline safety Work to restore health and safety regulations like the ratio of one flight attendant per 40 passengers	✓	X	X
Civil liberties and human rights Repeal C-51, respect aboriginal sovereignty and restore funding to women’s and other development organizations	✓	X	X
Workers’ rights Support free collective bargaining and repeal C-377 and C-525	✓	X	?
Climate change Federal leadership and action	✓	X	✓

EXPAND THE PLAN!

Statement by Paul Moist, CUPE National President, in response to the Fraser Institutes' recent report on the expansion of the Canada Pension Plan

Encouraging Canadians to rely heavily on voluntary savings schemes for their retirement incomes is a fools' errand that will only deepen this country's pension crisis. Yet the Conservatives, banks and other financial institutions, and right-wing think tanks keep promoting RRSPs and other individual savings vehicles over the far more effective, efficient and affordable way of helping the over 11 million Canadians without a work place pension – expanding the Canada Pension Plan.

The latest CPP roadblock comes from the Fraser Institute. The right-wing think tank claims expanding the CPP would lead to Canadians contributing less to RRSPs. The simple response to their less than vigorous analysis is – so what? While individual savings are an integral part of Canada's pension system, relying heavily on RRSPs for retirement income is a risky strategy.

RRSPs are insecure, subject to high management fees, and are often funded without any contributions from employers. These factors leave retirement savings at risk of being wiped out by financial market instability, and pose the very real threat of people out living their savings.

And the statistics clearly show Canadians aren't contributing to RRSPs. In 2013, only 23 per cent of people filing taxes reported any contributions. Canadians have almost \$900 billion dollars in unused room to contribute. After decades of stagnant wages, most Canadians are just trying to make ends meet.

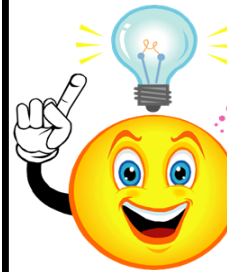
So why should we prop up the obviously flawed RRSP by forsaking a much better and fairer solution? By expanding CPP benefits with modest, affordable phased-in increases to the contributions made by workers and employers, we can ensure millions of Canadians have a secure, reliable pension, indexed for inflation for their entire retirements.

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Unions and Anti-Poverty Work...

The labour movement can be at the forefront of anti-poverty work in Calgary, Alberta and Canada. It was necessary in the past, and is much needed now. We can fight poverty. There are many ways to do this, and the labour movement can take the lead. We also have a great opportunity with the NDP's historic victory. Let's act in solidarity, because when we do we all win.

THOUGHT FOR THE MONTH



Don't wait for the perfect moment, take the moment and make it perfect.

~ Zoey Sayward

Stress and the Economy

Falling oil prices, and their subsequent impact on the Alberta economy, has spurred a series of phone calls to the Local over this summer. It is very apparent that most households have been impacted in one way or another by the downturn in the economy. Some members' spouses lost their jobs, while for others their spouses jobs are in jeopardy. As well, some members have children returning home. All of this has put stress on the members.

Currently, Enmax has engaged in a 20/20 review. The outcome of this review has not yet been released, but there does seem to be some indication that Enmax will likely engage in continued hiring freezes. As people leave their positions, this means more work with less staff.

It is important to remember that people can only do so much work within an 8 hour day. By loading people up with extra work, Enmax is shifting onto the shoulders of existing staff their responsibilities to properly manage workload, and adequately staff work areas. Unpaid overtime is never an option; it is important that members do not hide the true impact of these decisions by doing extra unpaid work.

Let's hope that oil will regain some of the value it has lost over the last year, and all of Alberta can move forward in creating a great place to raise a family.

**Come join your CUPE 38
Social Committee for some great
Fall Family Fun
On October 10, 2015 at 5pm
When the Calgary Stampeders take on the
Edmonton Eskimos**



VS.



**Tickets are available for \$12.50 per person
with a maximum of 4 tickets per member**

**Tail Gate Party to start at 3pm
Free hotdogs, chips and pop or water to our
ticket holders
For Tail Gate Party and Ticket information,
please visit**

www.cupe38.org

****CUPE 38 Office will NOT have tickets available,
you must see one of the Stewards selling
tickets – list on website****

REGULAR MEETING



Tuesday, September 22, 2015

7:00 p.m.

Union Office

1439—9th Avenue South East

BUSINESS: Regular

Elections:

- 1. One (1) member to the Social Committee**