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RREGOP: setting some facts straight

Our pension plan is rarely in the news as much as it has been recently. Unfortunately, much of the information relayed by the media is wrong or incomplete. In this Info-négo, we'll try to set some of the facts straight.

Retirement is important

Pension issues are very important in this round of bargaining. Our demand for changes to the method of funding the plan is one example of this. It's a very technical issue that is often hard to explain. Yet the goal is quite simple: we want to stabilize contribution rates so as to avoid big swings up or down that can sometimes cause real problems in the family budget. At the same time, we want to ensure the plan's long-term viability. We are proposing a review of the funding method so that changes in the contribution rate would be made gradually, in stages.

We are working on the basis of the mandates you gave us. Right now, a joint technical committee is doing some spadework in preparation for the moving ahead on proposals that will allow us to achieve our goals. In order to conduct these discussions with the government, we have to do a number of actuarial analyses comparing the long-term effects of various hypotheses on the financial soundness of the plan in the short, medium and long term. In the work, our negotiators can count on seasoned economists and actuaries who are pension experts. This is yet another benefit of having a union! Pooling our resources and our forces means that we can clearly take action to make changes and improve everyone's situation.

The technical committee will soon be making its recommendations to the bargaining parties, which will then work on finding common ground for an agreement that corresponds to our goals.

Raising the retirement age?

We have also read and seen reports that the Common Front and the government are negotiating to raise the age for retirement in the public sector. It's not true. The Common Front's objective is to identify voluntary incentives that will enable employees to improve their pension benefits by contributing for a longer period of time. This might encourage employees nearing the end of their career to continue working for a few more years – something that would be a plus for the various parts of the public sector. But there is absolutely no question of the Common Front accepting coercive measures that would force people to keep on working.

Our demand is aimed at allowing employees who wish to do so to continue contributing to the pension fund after they reach the current ceiling of 35 years of pensionable service. Employees will still have the possibility of retiring without any penalty after 35 years of service, regardless of their age. But those who would like to work for a few more years would have the right to pay into the pension fund for these extra years and thus improve their benefits.

Indexation

For months now, associations of government retirees have been lobbying vigorously with a view to meddling in our negotiations with government. They want changes that would improve indexing of our plan's pension benefits for the period from 1982 to 1999.

When a parliamentary committee of the National Assembly looked at this issue last week, the Common Front appeared before it to outline what current contributors think about this.

When the RREGOP was created, it included a procedure for indexing

pensions so as to fully protect employees' purchasing power when they retired. In 1982, the government ordered that pensions be almost entirely de-indexed; at the same time, it unilaterally changed the cost-sharing arrangement for the plan. In the 1999 round of bargaining, the Common Front finally managed to obtain an improvement to the indexing formula, resulting in what we have today. But that agreement only applied to future years, excluding the 1982-1999 contribution years.

Better indexing for the 1982-1999 period is one of the Common Front's goals in negotiations. We consider that it should have priority as soon as the fund shows a surplus of more than 20%, which constitutes our safety margin against the ups and downs of the stock markets. To do this requires changing how the plan is funded. We could then identify genuine surpluses, if any, that would allow us to pay for the cost of such improvements without transferring the burden of funding improvements to future generations of participants. But what the retirees' associations are calling for is immediate indexation that would have a direct impact on the contribution rate for active participants.

Central table: The picture is almost complete on all topics

On February 4, the Conseil du trésor presented its proposals on salary relativity and the maintenance of pay equity. It wants to begin with the maintenance of pay equity process before tackling relativity. It also wants the relativity process to be carried out at no additional cost. The government wants to work jointly with the unions on both these topics.

The CSN already has a mandate to go ahead with salary relativity. We will be responding to the government on this soon and we will report on what happens in a future Info-négo. For the maintenance of pay equity, we are waiting for more specific indications from the Conseil du trésor.

The next bargaining session will be on February 11. Discussions will focus on the government's offer on pay. The Common Front will give the government the reasons why we think its offer doesn't meet the expectations of public-sector workers at all.

To stabilize and protect our pension plan, we have to mobilize!

Big national Common Front demonstration Saturday, March 20, 2010, in Montréal. See you there!

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