

Federal Framework for Target Benefit Pension Plans

Unifor members working in federally regulated sectors, including members at Air Canada, VIA Rail, NAV CANADA, and Bell Telecommunications

What is the proposed Framework?

On April 24, 2014, the Harper government released a federal framework for target benefit plans that would allow Crown corporations and employers in federally-regulated sectors to offer single-employer target benefit plans. The framework would also allow for the conversion of existing defined benefit plans to target benefit plans. This would not only apply to future service but all past defined benefit service could be converted to target benefit service as well.

What is a Target Benefit Plan?

Target benefit plans are similar to defined benefit plans with set retirement benefits. However, target benefit plans have fixed contributions and if there is a funding shortfall, pension benefits can be cut. With a defined benefit pension, the employer must make up the funding shortfall to provide the set benefit.

What is the problem?

Employers, especially those with pension plans in deficit position will be keen to convert defined benefit plans to target benefit plans. This will place pressure on the union in bargaining where we generally try to keep our defined benefit plans. Recall that in the past, we have made wage concessions and increased member contributions to maintain our defined benefit plans.

What can I do?

Write to your Member of Parliament – Demand that the Harper government withdraw the federal framework for target benefit plans. Please copy pensionsandbenefits@unifor.org and it's a good idea to copy your employer!

Write to the Department of Finance: pensions@fin.gc.ca – Although the deadline for submissions has gone, they will notice that they are still receiving emails rejecting the framework. Likewise, please copy pensionsandbenefits@unifor.org and it's a good idea to copy your employer!

Talk to your co-workers – The Alberta government introduced similar legislation for target benefit plans and the Alberta Federation of Labour led such a strong protest, that the government has sent the legislation to a standing committee for review. [Our voices need to be heard on this issue.](#)

Questions? For further information contact: Naureen.Rizvi@unifor.org