cupw•sttp info

● URBAN UNIT ● RURAL AND SUBURBAN UNIT ○ PRIVATE SECTOR UNITS

February 6, 2014

THE REGULATOR IMPOSES RESTRICTIONS ON YOUR PENSION PLAN

The Canada Post Pension Plan has been notified by the Office of the Superintendent of Financial Institutions (OSFI) that the administrator may not transfer moneys out of the pension plan or purchase immediate or deferred life annuities without the prior consent of OSFI.

OSFI is the independent regulator who oversees pension plans to ensure compliance with *the Pension benefits Standards Act (PBSA)* and its regulations.

The Superintendent says: "I am of the opinion that at this time transfers of moneys under section 26 (of the PBSA) or purchases of annuities will impair the solvency of the pension fund." She acknowledges Canada Post has put forward a plan of structural changes, including a review of its plan to make it more sustainable, and that the government has proposed regulations to relieve Canada Post from making special payments for a four year period. She notes however that "it is unclear how the plan can be made more sustainable in the absence of funding" and that where special funding regulations are being considered it is common practice for OSFI to restrict portability.

For members of the Canada Post Pension Plan this means they will not be able to access the commuted value of their pension without approval from OSFI. A commuted value is the estimated amount of money, in today`s dollars, your pension is worth as calculated by an actuary using the assumptions set out in the laws governing the plan. A commuted value transfer is what you are eligible to receive if you leave the plan before you are entitled to receive an immediate pension and have two or more years of eligibility service. While we disagree with these restrictions being placed on our members without consultation or with sufficient notice, we understand that OSFI is attempting to ensure the stability of the plan.

These changes will not affect retired members who are receiving pension benefits or those who will retire and request to receive an immediate or deferred pension. There is however a significant impact on those who have recently left Canada Post, or are considering departure, who have included receipt of the commuted value of their pension in their calculation of the funds available to them.

Those who have resigned and no longer have access to those funds have the option of demanding reinstatement to their former position. If the employer refuses, a grievance should be filed.

In a letter dated February 3, 2014 Minister Flaherty untruthfully stated: 'The proposed special regulation would not impact Canada Post's obligations to provide retirees and other beneficiaries with their pension benefits during the relief period." Those adversely affected by OSFI's restrictions should involve their MP for assistance in holding Mr. Flaherty to his word.

Solidarity,

George Kuehnbaum
National Secretary-Treasurer

2011-2015 / Bulletin #246

/tlcope 225