

# RETIREMENT ISSUES AT THE BARGAINING TABLE : THE CAQ IS ATTACKING OUR PENSION PLAN — AND THE DAMAGE WILL BE REAL

The real reasons behind the government's determination to attack our pension plan are becoming more and more clear at the central bargaining table.

### Did you know that...

Our employer believes that people are retiring too early. But instead of adopting measures that would induce people to stay of their own accord, and at a time when labour shortages are severe in public services, the government is choosing to penalize people.

### And yet -

The RREGOP is one of the few benefits of the public sector that really stands out when you compare it with the private sector. It's in great financial shape, and it gives people a reason to stay in the system. So why target it ?

### Employee detention

The government wants to force people who have accumulated 35 years of service to keep working until the age of 57; if they don't, their pension would be reduced by 6% a year. Working in public services is difficult and sometimes exhausting, and this measure would penalize people who have dedicated their entire career to public services. Instead of supporting them, the government is attacking their retirement conditions, with the greatest impact to be felt by employees who join the public sector at a younger age.

### Reducing workers' pensions

Even though the average RREGOP pension was only \$ 20,073 in 2020, the government wants to reduce its contribution, arguing that recent enhancements to the QPP (Québec Pension Plan) will induce people to retire earlier.

At the bargaining table, the government says it's not trying to save money on workers' backs by reducing its contribution to the RREGOP. But that's exactly what it's doing. And let's be clear about one thing: what makes people take early retirement isn't the RREGOP - it's the difficult working conditions in public services.

The government's assault on the RREGOP will unfortunately have a major impact on members' pensions. Here are three examples. Louise is 60 years old, Julie is 45, and Catherine is 30. All three will be eligible for retirement at age 60, at which point they'll have accumulated 30 years of service. Let's look at the impact of employer demands on their pension, based on three different levels of yearly income.

\$ 44,000	\$ 60,000	\$ 80,000
Louise is 60 and is about to retire under the RREGOP as it now stands. Her annual pension will be \$ 26,400 between the ages of 60 and 65. After turning 65, she'll receive \$ 17,160 a year.	Louise is 60 and is about to retire under the RREGOP as it now stands. Her annual pension will be \$ 36,000 between the ages of 60 and 65. After turning 65, she'll receive \$ 23,400 a year.	Louise is 60 and is about to retire under the RREGOP as it now stands. Her annual pension will be \$ 48,000 between the ages of 60 and 65. After turning 65, she'll receive \$ 34,000 a year.
Julie is 45 and will retire 15 years from now. Her annual pension will be \$ 22,440 between the ages of 60 and 65 - that's <b>a 15% reduction</b> . After turning 65, she'll receive \$ 17,820 a year.	Julie is 45 and will retire 15 years from now. Her annual pension will be \$ 30,600 between the ages of 60 and 65 - that's <b>a 15% reduction</b> . After turning 65, she'll receive \$ 24,300 a year.	Julie is 45 and will retire 15 years from now. Her annual pension will be \$ 41,200 between the ages of 60 and 65 - that's <b>a 14% reduction</b> . After turning 65, she'll receive \$ 34,200 a year.
Catherine is 30 and will retire 30 years from now. Her annual pension will be \$ 18,480 between the ages of 60 and 65 - that's <b>a 30% reduction</b> . After turning 65, she'll receive \$ 18,480 a year.	Catherine is 30 and will retire 30 years from now. Her annual pension will be \$ 25,200 between the ages of 60 and 65 - that's <b>a 30% reduction</b> . After turning 65, she'll receive \$ 25,200 a year.	Catherine is 30 and will retire 30 years from now. Her annual pension will be \$ 34,300 between the ages of 60 and 65 - that's <b>a 28% reduction</b> . After turning 65, she'll receive \$ 34,300 a year.



The government's proposal would mean a slight increase in pension benefits after age 65, but would also involve a significant reduction in the overall value of benefits over an average lifespan. The effect is even more negative for people who retire earlier, even if they've given many long years of service. Basically, the government is demanding a reduction in the value of our current pension plan. That's not acceptable!

The government's damaging frontal attack on the RREGOP may well induce a significant proportion of employees approaching retirement age to leave. The *Front commun* approach is to set up incentives so that employees who might like to keep on working can find benefits in doing so, even when they're eligible for retirement.



### There's no legitimate reason for attacking the RREGOP

- It's in great financial shape, with a capitalization rate of 115% as of December 31, 2020.
- Its cost is very reasonable: right now, the contribution rate is 9.69%.
- The government's cost assessments are not realistic and are based on 35-year career scenarios, which are less and less common.
- The QPP's supplemental pension plan provides benefits for all Québec workers.

One last point: cutting RREGOP benefits would mean increasing the overall compensation lag for public sector workers, which already stands at 3.9%.

For more information  
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