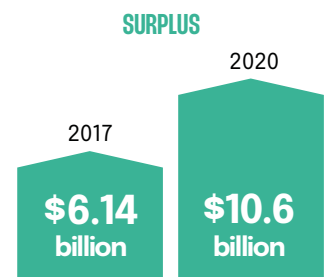


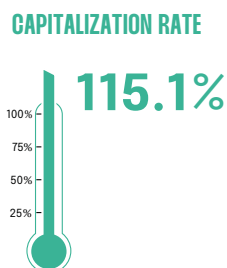
RREGOP: OUR PENSION PLAN IS FLOURISHING AS CONTRACT TALKS BEGIN

Every three years, Retraite Québec carries out an actuarial valuation of the fund for participants in the RREGOP (Government and Public Employees Retirement Plan), in accordance with the Act Respecting the Government and Public Employees Retirement Plan. The results of the most recent valuation were published for the period ending December 31, 2020, and one thing is very clear: our pension plan is in excellent financial shape.

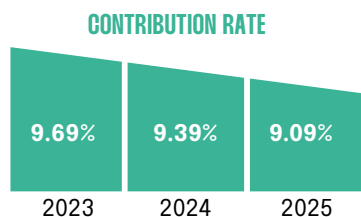
For the past several years, surpluses have continued to rise, from \$6.14 billion in 2017 to \$10.6 billion in 2020.¹



The pension plan is now funded at 115.1%, giving it ample leeway to meet its commitments.²



The contribution rate, currently at 10.04%, has fluctuated over the past few years and is now expected to go down in the period from 2023 to 2025.³



¹The surplus/deficit is calculated by taking the actuarial value of the participants' fund (the amount that participants have in reserve, collectively) and subtracting the fund's "liability" (the amount it needs to meet its commitments).

²The capitalization rate is a percentage calculated by dividing the fund's actuarial value by its liability.

³The contribution rate corresponds to the percentage applied to salary exceeding 25% of maximum pensionable earnings (MPE).

The main reason why the RREGOP is in excellent financial shape is that the participants' pension fund has had such good returns over the years. The accumulated surpluses have been redistributed wisely by applying the limitation mechanism for contribution-rate variability that is included in the RREGOP's funding policy.

This good news for public-sector workers comes just a few weeks after the Front commun tabled its demands with the Treasury Board. We'll be well positioned to kick off talks at the central bargaining table and push for better retirement and pension conditions.

Our demands

Better retirement conditions without raising the contribution rate

The Front commun is demanding a series of measures to improve retirement conditions without altering the contribution rate. Some of these measures could also help persuade experienced employees to keep working, which would be a major plus, given the labour shortage wracking the public sector. Our proposals are to:

- improve the phased retirement program by extending the maximum period of phased retirement from 5 to 7 years;
- introduce a pension revaluation mechanism for retiring after 65, whereby employees over 65 who decide to continue working could delay payment of their pension and receive a higher amount in benefits;
- raise the maximum age for participating in the RREGOP to 71, in tune with tax regulations and other supplemental pension plans;
- adjust the assumed interest rate for the offset actuarial reduction so that it reflects the actual cost of taking early retirement;

- introduce an early retirement mechanism allowing employees over 55 who are on phased retirement to be paid an amount from the pension plan before they actually retire.

Stabilization of the contribution rate as the RREGOP matures

One of the Front commun's concerns about the RREGOP is its growing maturity, which could result in higher contribution rates for participants. The inter-round committee is working to identify effective measures to stabilize the contribution rate for the pension plan as it matures. Our unions have put forward promising solutions to improve the RREGOP's funding, and ongoing talks are crucial at the bargaining table.

Better “social” and “environmental” criteria in the investment strategy of the *Caisse de dépôt et de placement du Québec* (CDPQ)

Employees' RREGOP contributions should not be used by the Caisse to finance the climate crisis. They should help support the transition to a future built on renewable energy and green employment. The Caisse also has to do a better job of integrating human rights, labour rights and other social principles in its investment criteria. Our investments must be in sync with the values we defend as a labour movement.

As we wait for the government to table its offers...

At the time this newsletter was written, the Front commun hadn't received the Treasury Board's offers. If the past is any indication, the Treasury Board could once again try to reap savings on the backs of public-sector workers by modifying the retirement plan. The government seems to want to reduce RREGOP payments by roughly the same amount as it recently increased Québec Pension Plan payments, and absorb the structural deficit of the Pension Plan of Management Personnel (PPMP) by incorporating it in the RREGOP. Our pension plan, however, is funded equally by participants and employers and is in excellent financial

shape. And in funding the RREGOP, the government spends less than what comparable employers spend on their pension plans.

Given the current labour shortage we're experiencing in the public sector, it would be ill-advised to consider reducing the pension benefits of public employees. But no matter what the government decides to do, the Front commun will be there to ensure a better quality of life for retirees and to protect the gains we've made with the RREGOP.