

NEWSLETTER / BULLETIN



PAY EQUITY - DECADES OF FIGHTING FOR JUSTICE
ÉQUITÉ SALARIALE - DES DÉCENNIES DE COMBAT POUR LA JUSTICE

June 2008

Dear Sisters and Brothers,

Canada Post contributed about 750 million dollars in the previous 3 years "prior" to 2007, (approximately 250 million a year) **as they are the Trustee of the Pension Plan**, and are solely responsible for the solvency and "security" of the Plan.

This was done based on Valuations that were done by Actuaries, as per law, and at that time the Pension Fund required "additional" monies to remain in the black, and should the Post Office dissolve, there would be "sufficient" funds for ALL Plan members. The Post Office had to contribute an "additional" three quarters of a million dollars", as they were required by law.

In June, 2007, the Plan had a "going rate" ratio of 110% and did not require the Employer's contributions share. Thus a Contribution Holiday was declared by CPC as per the law of the Pension Benefits Standards Act (PBSA), which our Plan falls under the scrutiny of, since 2000.

Instead of continuing to contribute to the Plan, Canada Post is in fact NOT contributing their share, and therefore the Unions see this as "recovering" the monies that they already had placed in the Plan that an Actuary forced them to do, above and beyond their required share, as the Trustee of the Plan.

They are legally "allowed" to do this for 3 consecutive years, and then they will require another valuation by an Actuary at that time in December 2009. I suspect that they will be once again "advised" to contribute additional monies "at that time", as the UPCE sees their decision to take the Holiday as not appropriate and risky in these financial markets. But again, it is legal, and instead of really securing our Plan for the future, they chose to take the Holiday at a very volatile time in the markets.

With the current volatile markets, we are angry that the employees continue to pay our share, and the Post Office can legally not contribute their share, based on June, 2007.

This money could have improved wages, working conditions, and especially the Benefits of the Plan.

But Canada Post CHOSE to not contribute, so in reality, they are certainly recovering the additional monies that they had to pay as the Trustee, and in our opinion it is certainly contributing to their Revenues and Expenditures.

But this is Legal!

This Employer could have improved our Plan, but instead decided that they would use this "**opportunity**" to take a Employer Contribution Holiday.

The Board of Director's would approve or disapprove this.

The UPCE and PSAC does not approve of this at all, **but it is legal**. PSAC/UPCE had sought legal counsel on this issue and was advised that Canada Post Corporation continues to operate in accordance with the PBSA and the federal Income Tax Act while we as employee's continue to pay.



The only voice that we have as Union is on the Pension Advisory Council. And make no mistake; this is an Advisory Council, and does not make decisions that are binding. The Post Office is the Plan Trustee.

There are many concerned Plan members, and many feel upset as this could have been a very good opportunity for improvements to the Plan.

They should write, phone, or in any way possible, CONTACT the President of Canada Post, Moya Greene, and the Board of Director's, and express their concern. Because the UPCE and PSAC have been recorded as being against this situation on the Pension Advisory Council , as we see improvements far outweighing the "collection" of the additional monies that the Post Office funded in previous years. But the Post Office CHOSE to recover additional monies that they paid.

This situation further demonstrates that plan members always bear the ultimate **risk** of financing pension benefit entitlements. Even when Canada Post Corporation was contributing additional funds for solvency deficiencies as required under the federal Pension Benefits Standards Act (PBSA) bargaining agents were constantly "reminded" of these financial obligations during successive rounds of collective bargaining and through constant memos declaring how the Plan was "depriving" the Corporation of investing in their "core" infrastructure and new buildings and material. Not for new employees, but infrastructure. Members and Employees will recall that this was one of the themes that emerged from Canada Post when they were paying additional monies to fund the Plan. The "poor me" theme.

And again, the plan for this Company is to NOT CONTRIBUTE "their" share until they recover ALL of those monies that they paid previously to the Plan that was in "addition" to what they were required to contribute with us, the employees.

They will be seeking over 700 million dollars in the next three years, including the 148 million that they did not contribute since June to December, 2007. The PBSA allows this.

Employees should not be "surprised" should Canada Post comes to the Bargaining tables in the future, and stating that the Plan "requires more **employee monies**".

And the forthcoming round of contract negotiations between the PSAC and Canada Post Corporation certainly does not present the opportunity that we wish for the UPCE/PSAC to table proposals for improved pension benefits, with this behaviour from the Employer with OUR money.
Hope that helps.

Mike Moeller
Representative for UPCE seat on the CPC Pension Advisory Council