

WORK LONGER OR ELSE. REJECT THE HARPER PENSION PROPOSALS

The Harper proposals will force Canadians to work longer. They are unacceptable. Our goal must be greater retirement security for all Canadians.

JOIN US to demand the federal government expand CPP and increase GIS benefits.

ACT TODAY!

ORDER more copies of this leaflet and share them with your co-workers, family members and neighbours so they know about the Harper government's plan to punish early retirees and make people work longer. Contact national@nupge.ca to order more copies.

SEND an email to your Member of Parliament expressing your concern about Harper's proposals and the need to expand CPP and increase GIS benefits. A list of MP's email addresses can be found online at webinfo.parl.gc.ca

WRITE letters and articles for your community newspaper.

VISIT www.nupge.ca for more news and resources about this and other retirement security issues.



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NATIONAL UNION OF PUBLIC AND GENERAL EMPLOYEES

- B. C. Government and Service Employees' Union
- Health Sciences Association of British Columbia
- Health Sciences Association of Alberta
- Saskatchewan Government and General Employees' Union
- Manitoba Government and General Employees' Union
- Ontario Public Service Employees Union
- Canadian Union of Brewery and General Workers
- New Brunswick Union of Public and Private Employees
- Nova Scotia Government and General Employees Union
- PEI Union of Public Sector Employees
- Newfoundland & Labrador Association of Public and Private Employees

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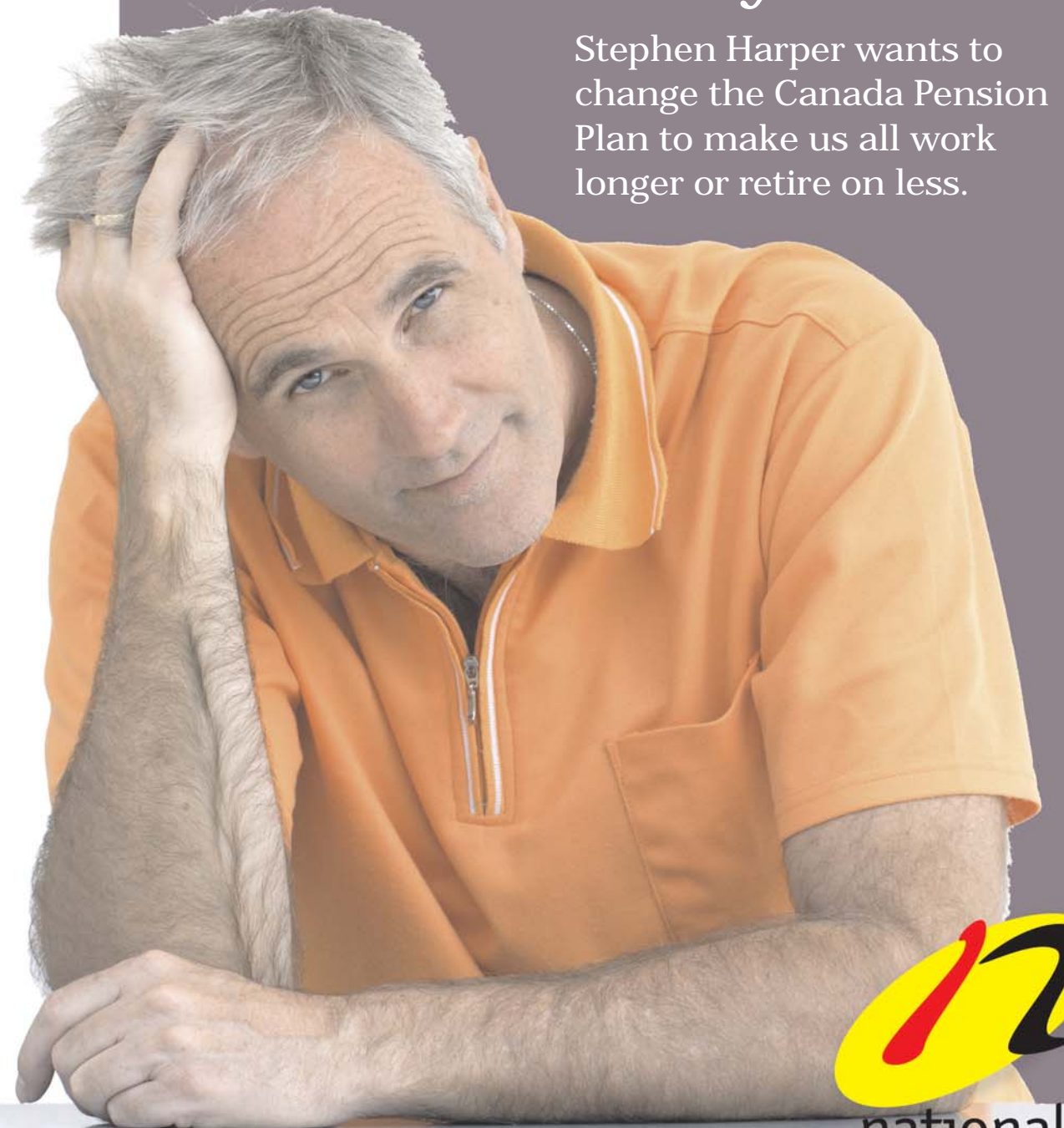
The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of the Public Services International.



Forget 'Freedom 55'

Canada's retirement security crisis

Stephen Harper wants to change the Canada Pension Plan to make us all work longer or retire on less.



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It's been a difficult year for Canadian workers planning to retire soon.

Most workers who are 50 or older have had their retirement dreams and security threatened by the current economic crisis and stock market meltdown.

Through no fault of their own, they now face the unenviable position of either delaying retirement and working longer or accepting a far lower standard of living in retirement.

It is reasonable to expect our federal government to help us with this — to step up and help us secure our future in the same way the government recently stepped up to quickly help banks and financial institutions secure their future.

Prime Minister Stephen Harper disagrees.

Harper's plan: Work longer. Live on less.

The Harper government has no plans to let us retire with dignity. In fact, it plans to make life more difficult for Canadians ready to retire.

STEPHEN HARPER plans to change CPP to make Canadians work longer!

In May 2009, his government brought in proposed changes to the Canada Pension Plan (CPP). Their spin is that the changes will contribute to "enhancing fairness and allowing workers greater flexibility in their retirement choices".

In reality the Harper proposals are designed to keep workers shackled to their jobs until the age of 70. There are three specific proposals that mean more workers will be saying good-bye to the dream of "Freedom 55" and hello to the harsh reality of "Freedom 70".

1. INDUCE older workers to work longer

The first proposal is designed to induce older workers who plan on collecting CPP early retirement benefits to stay in the workforce longer. Current rules state you must quit work in order to apply for CPP early retirement benefits. This will no longer be the case under the Harper proposals. Starting in January 2012, you'll be able to apply for and receive CPP at age 60 without having to quit your job. You and your employer will have to continue paying CPP

contributions on your wages until you reach your 65th birthday. In return, you can earn additional CPP benefits when you turn 65 at a rate of 2.5% of your income up to the maximum CPP pension amount (\$10,905 in 2009).

2. PUNISH workers who retire before age 65

If that inducement isn't enough to keep workers working longer, the Harper government has another proposal that will punish workers who apply for early CPP benefits before reaching the age of 65.

Under existing rules you can start drawing CPP benefits at 60, but you lose 0.5% a month for each month you retire before age 65. Presently, if you retire at age 60, you'll get 30% less than if you wait until you are 65.

The Harper government is proposing to gradually increase the monthly penalty for early retirement to 0.6%. The changes will begin in 2012 and once fully implemented in 2016, CPP early retirement benefits for those who start collecting at 60 will be reduced by 36% instead of the current 30%.

The intention is clear: the Harper government wants older workers to stay in the workforce longer. If you're 53 today and planning to leave the workforce at 60, seven years from now, this proposal means you just got an 8.2% cut in your CPP benefits.

3. TEMPT workers to work until age 70

In addition to punishing early retirees, the Harper government is also proposing a more lucrative incentive for workers who delay retirement beyond age 65.

Under current CPP rules, a worker receives 0.5% more for each month the CPP is delayed past age 65. If you wait until after 65 to take CPP, you would earn 6% more per year up to a maximum of 30% in extra benefits (i.e. if you wait to retire at age 70).

Under the Harper proposals, that amount will be gradually increased to 0.7% per month for each month the CPP benefit is not taken after age 65. If you continue working until you're 70 then you could increase your monthly benefit by up to 42%.

A reasonable response

• Expand CPP and increase GIS

Many workers who are now in their 50s have made long-term financial plans that use a combination of personal savings, workplace pensions and CPP to retire at age 60, plus or minus a year or two.

Thanks to the Harper proposals, many older workers will be forced to make major adjustments to their retirement plans—adjustments that likely mean working longer and retiring later.

Rather than changing the CPP so it becomes a national policy instrument to increase the retirement age in Canada, our federal government should instead

be looking at changing CPP in order to provide greater retirement security to all workers.

It's clear that the level of CPP benefits today is too low. It's equally clear that for over six million Canadians, without workplace pensions or RRSPs, the CPP is their only real source of retirement income.

It's time to increase benefits under the CPP. The Canadian Labour Congress has proposed increasing benefits from 25% to 50% of pensionable earnings, phased in over seven to ten years, financed by a modest increase in worker and employer premiums. The National Union has also proposed expanding CPP benefits for workers who don't have a private workplace pension.

Along with that change, we need an immediate increase in the Guaranteed Income Supplement (GIS) to eliminate poverty among the most vulnerable seniors.

Like all public programs and services, the CPP is an expression of our collective commitment to one another and to the fundamental principle that all citizens have the right to income security and dignity. It's time for all of us to stand together and make our voices heard on this issue.

Our message is clear: the Harper proposals which force Canadians to work longer are unacceptable. Instead, we want our federal government to expand CPP and increase GIS benefits in order to achieve greater retirement security for all Canadians.