

## **The IRIS Report on Pensions – Positive Reaction from the SISP**

Montreal, March 25, 2013. – Less than a month before the release of the anticipated April 17 unveiling of the D'Amours Report, the Secrétariat intersyndical des services publics (SISP) is pleased with the research findings of the Institut de recherche et d'informations socio-économiques (IRIS).

More specifically, SISP spokesperson Carolle Dubé says she is happy to see a serious and independent study, such as the IRIS one, arrive at essentially the same conclusions as the SISP with regard to the general state of defined benefit pension plans, particularly those in the public sector.

### **Our Pension Plans in Good Financial Health**

According to Carolle Dubé, “The problems faced by different pension plans vary widely in magnitude. All of these plans must exercise great vigilance and make certain adjustments to ensure better sustainability. But some, including RREGOP, are far from going under, despite what’s being said by certain right wing groups and commentators, such as the Montreal Economic Institute and the Fraser Institute.”

On December 31, 2011, the overall assets of RREGOP were capitalized at around 104.2%, which represents around 4.2% more than required to pay its share (50 %) of pensions owed to participants, active or retired.

### **More Pension Plans of this Type are Needed**

The SISP also endorses the assertion that “given the already alarming percentage of pensioners who cannot count on receiving an adequate level of income replacement, can we really afford to scuttle the few plans that still provide financial independence in retirement?”

The SISP spokesperson argues that “Like the IRIS, we believe in working to sustain defined benefits pension plans, both in the public and private sectors, rather than destroy this fundamental component of our pension system. We go even further to promote the creation of new pension plans of this type.”

### **Retirement Pensions Benefit Society as a Whole**

Carolle Dubé also wants the current debate to acknowledge the economic contributions pension plans make to society. “In fact, the level and sustainability of defined benefits pension plans provide additional revenue for the both the Quebec and Canadian Treasury. Many beneficiaries of defined benefits pension plans pay taxes and require less social assistance given their level of income. And we should not lose sight of the fact that most of this money is spent in Quebec. From a macroeconomic point of view, it

is not only deferred salary for participants, but deferred tax revenue for governments as well,” says the spokesperson for the SISP.

### **A Call for Caution and a Recommendation**

Also in line with the IRIS, the SISP is convinced that the government’s approach to solving problems with our system of pension plans with the introduction of the voluntary retirement savings plan (RVER) will not be able to generate sufficient revenue due to elevated management costs, the absence of employer contributions and the risk that workers will end up paying the entire cost.

“On the other hand, improving the Quebec Pension Plan would seem to be the way to go. It could offer options to improve coverage for people with weak or no pension plans. More broadly, it could improve retirement incomes for the entire workforce,” according to Carolle Dubé. She also states that the SISP is particularly interested in the idea that to avoid taking away anything from those already benefitting from a healthy pension plan, it should be possible to remain exempt from any measures to improve the general situation.

### **An Anticipated Report**

The SISP hopes that the D’Amours Report will go essentially the same way as the IRIS by proposing a pension system aimed at providing higher incomes for everyone, maintaining and even increasing the responsibilities of employers, especially those who do not offer pension plans, and establishing mechanisms to sustain this system.

### **About the SISP**

**The SISP represents 285,000 members from four union organizations (CSQ, SFPQ, APTS and SPGQ),** the majority from the public, quasi-public and parapublic sectors. The primary mission of the Secretariat is based on **defending and promoting the provision of public services to Quebec citizens.** Through concerted action, the CSQ, the SFPQ, the APTS and the SPGQ wish to improve access to quality public services in all regions of Quebec.



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