

# Labour Coalition on Pensions

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For Immediate Release  
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## ***News Release***

### **Redford government's proposed cuts to public-sector pensions are "unjustified, unfair and reckless"**

***New actuarial study demonstrates that Alberta pension plans are healthy and getting healthier – even without benefit changes***

**EDMONTON** – A new study prepared by an independent, professional actuary shows that Alberta's largest public-sector pension plans are healthy and well on the way to returning to fully funded status – even without any changes to benefits.

The results of the study fly in the face of arguments used by the Redford government to justify its plan to roll back pensions covering almost 300,000 public-sector workers and pensioners in Alberta.

In the fall, provincial Finance Minister Doug Horner announced that major changes would be made to Alberta's four public-sector pension plans, including the two biggest, the Local Authorities Pension Plan (LAPP) and the Public Service Pension Plan (PSPP).

In particular, Horner said he would bring in legislation in the spring of 2014 that will allow him to eliminate guaranteed cost-of-living adjustments and all early retirement incentives for workers covered by plans like the LAPP and PSPP.

Taken together, Horner's proposed changes would slash the value of pensions earned by Alberta public-sector workers by 25 per cent or more on benefits earned after January 1, 2016.

Horner has said the changes are necessary to ensure the sustainability of Alberta's pension plans. However, the report from actuaries at Vancouver-based George & Bell Consulting shows that both the LAPP and PSPP are sustainable and healthy over the long-term without any changes.

The George & Bell study concludes that, under the most likely economic scenario and with no major changes to benefits, both the LAPP and PSPP will return to fully funded status within nine years.

The total costs of the plans are also expected to drop. Costs for the LAPP will drop to the equivalent of 20 percent of payroll (split between employers and employees) and costs for the PSPP will drop to 16 percent (also split between employers and employees).

Even under the most pessimistic scenarios, the study shows that both the LAPP and PSPP will dramatically improve their funding status and keep costs under control – without having to resort to any of the deep cuts proposed by the Redford government.

The George & Bell study was commissioned by a coalition of unions and associations that have members in LAPP and PSPP. The coalition includes: the Alberta Federation of Labour (AFL), the Alberta Fire Fighters Association (AFFA), the Alberta Union of Provincial Employees (AUPE), the Amalgamated Transit Union (ATU), the Canadian Union of Public

Employees (CUPE), the Health Sciences Association of Alberta (HSAA), the United Nurses of Alberta (UNA) and a number of smaller unions.

The study was recently submitted to the Minister Horner in support of a brief from the Coalition opposing the government's plan to make major changes to pension plans like the LAPP.

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**Link:** [Backgrounder - Fast Facts on Pensions](#)

**Link:** [Labour Coalition on Pensions Response to Government of Alberta "Charting a New Course: A Vision for Public Sector Pension Plans"](#)

**Link:** [Review of Future Sustainability for Local Authorities Pension Plan \(LAPP\) and Public Service Pension Plan \(PSPP\)](#)

**Link:** [Costing of Plan Changes for Local Authorities Pension Plan \(LAPP\) and Public Service Pension Plan \(PSPP\)](#)

## **Commentary from Union Leaders**

"These pension plans are the cornerstone of retirement security for hundreds of thousands of Albertans. If the government is going to unilaterally undermine that security, then they had better have a damn good reason. What this study shows is that they government hasn't managed to get its facts straight. They've failed to make the case for the big rollbacks they're proposing."

***Gil McGowan, President, Alberta Federation of Labour***

"Despite all heated rhetoric that the government has been using to justify their slash-and-burn plan for pensions, the reality is that there is no crisis. Our pension plans are healthy. In fact, they're on track to getting even healthier without making any major changes."

***Guy Smith, President, Alberta Union of Provincial Employees***

"The government's plan for pension cuts is unjustified, unfair and reckless. In the name of sustainability, they're actually going to make the plans less sustainable by tying the hands of the people who manage the plans and undermining the confidence of the workers and employers who participate in the plans."

***Heather Smith, President, United Nurses of Alberta***

"There's an old saying that if something isn't broken, you shouldn't try to fix it. This is a perfect time for Albertans to be reminded of that saying."

***Elisabeth Ballermann, President, Health Sciences Association of Alberta***

"Where's the government's evidence? We've commissioned an independent actuarial study showing that Alberta pension plans are healthy and getting healthier, even without cuts or changes. Why hasn't the government released its own actuarial study? Could it be that their actuary came to the same conclusion as the actuaries at George & Bell?"

***Marle Roberts, President, Canadian Union of Public Employees (Alberta Division)***