

## Challenges ahead for CCWIPP members

### *A Message from UFCW Local 175 President Haggerty*

These are challenging times for Canada's economy: Oil prices have tanked, the Canadian dollar is down, and savings and interest rates are at all-time lows. Mortality rates show that people are living longer than ever before – which is a great thing! – but all of this can have an impact on our pension plans.

The 2008 market meltdown and its ongoing effects, including many workplace closures, caused many pension plans in Canada (and around the world) to review both contributions and benefits. Most of those plans have had to make difficult decisions to allow them to keep going and continue to pay their members' pensions.

My concern is that soon these market trends will have an effect on the members of the Canadian Commercial Workers Industry Pension Plan (CCWIPP). Past efforts by the CCWIPP Board of Trustees to implement changes have not had the desired outcome. As of December 31, 2012, the plan was funded at a level of 67% on a going-concern basis, and 31% on a solvency basis (for more information on what this means, see inside)\*.

I believe that the CCWIPP Board of Trustees will have to make significant changes to address the current shortfalls in the plan. This could mean reduced pensions, increased contributions, or some combination of the two for all who belong to CCWIPP – including active, retired and deferred (inactive) members.

Our Local Union does not have a seat on the CCWIPP board or direct influence over the decisions made by CCWIPP trustees, so we don't know exactly what will happen or when

the decisions will be made. But we should all be bracing for change and I want you to know that your Local Union is here to support and guide you.

This bulletin is a first step: It includes information on CCWIPP and the tools that the CCWIPP Trustees can use to manage the plan's financial health. It also includes some information on retirement income. I encourage you to read it carefully. The better you understand your pension, the better prepared you'll be to face whatever changes are coming.

In the meantime, your Local Union is taking proactive steps to help manage the changes that do arise. I am committed to providing extra staff to assist the affected plan participants and we are prepared to host meetings to help inform members. I've also lined up our own actuary to make sure any changes that are announced are viable.

And though tough times are ahead, please know that your Union is here to stand with you every step of the way and we will continue to act in the best interests of you, our members.

In Solidarity,

**Shawn Haggerty**

*President, UFCW Local 175*

Visit [www.ufcw175.com/yourpension](http://www.ufcw175.com/yourpension)  
for more information.

For information on CCWIPP  
visit [www.ccwipp.ca](http://www.ccwipp.ca)

## Your CCWIPP pension

When you belong to CCWIPP, your employer is required to make a contribution to the plan for each hour that you are paid. The exact amount of the contribution is set out in your collective agreement. Your hours are recorded and the money is deposited in the pension trust fund along with contributions for the other members.

The contributions are then invested by professional money managers based on guidelines set by the Board of Trustees. All pension benefits and expenses of operating the plan are paid from the trust fund.

## Where CCWIPP stands

### *Measuring the plan's health*



CCWIPP's health is measured by a valuation. A valuation is a snapshot of the plan's financial position and is conducted by an actuary (a qualified pension expert). By law, a valuation report must be filed with the Financial Services Commission of Ontario (FSCO) at least every three years. We are currently waiting for the results of the December 31, 2013 valuation. If there is a funding shortfall (not enough money in the plan) it may need to be filed more frequently. A valuation shows the results of two tests:

**Going concern** – This test measures the financial health of the plan assuming it will continue to operate well into the future.

**Solvency** – This tests the health of the plan in the event it suddenly stopped operating. It compares the market value of the fund on the date of the valuation with the total value of all benefits earned by active, inactive and retired members if they had to be paid in full on that date.

## Keeping track of your CCWIPP pension

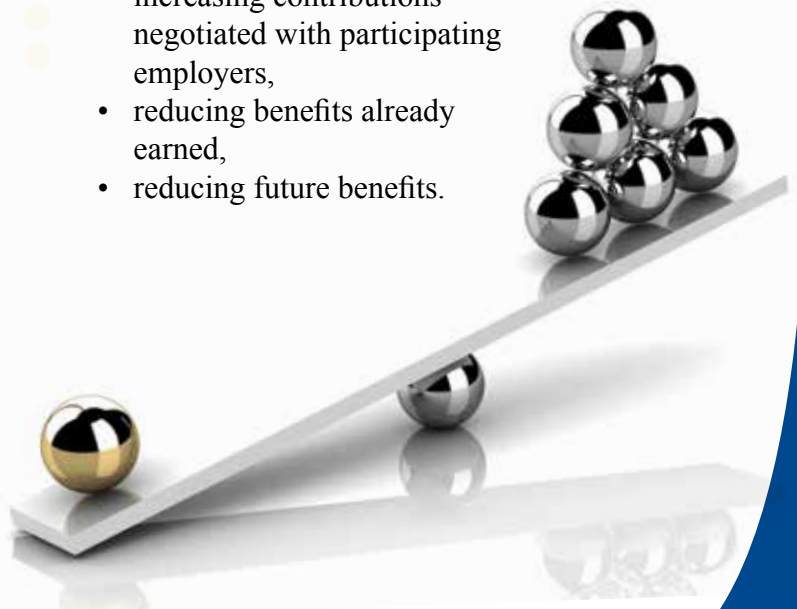
When you retire, your pension is calculated by applying a formula to the contributions paid by your employer for the hours you have worked. So it's important for you to check the statements mailed to you by CCWIPP to make sure all of your hours have been reported correctly. The pension formula can change depending on CCWIPP's financial health.

## What happens if there isn't enough money in the plan?

If the valuation reveals that the value of the pensions earned and owed to members is greater than the money held by the fund, the plan has a funding shortfall. As of December 31, 2012, CCWIPP was funded at a solvency rate of 31% and a going concern rate of 67%.

In the case of a Specified Ontario Multi-Employer Pension Plan like CCWIPP, if the contributions already coming into the fund are not enough to cover the going-concern shortfall over the number of years required by law, the board must find a way to make up the shortfall by doing any or all of the following:

- increasing contributions negotiated with participating employers,
- reducing benefits already earned,
- reducing future benefits.



## How CCWIPP is governed

CCWIPP is governed by a Board of Trustees. The board members include union trustees and representatives from the participating major employers.

*There are no representatives from Locals 175 & 633 on the CCWIPP Board of Trustees. Our Local Union is informed of board decisions only after the decisions are made.*

As plan “fiduciaries,” the trustees have a legal obligation to manage the plan in the best interests of plan members. This includes choosing the experts it needs to help run the plan effectively and making sure that it operates according to current legislation.

The trustees are also responsible for deciding how the pension fund is invested. The province requires these decisions to be guided by a formal Statement of Investment Policies and Procedures to help ensure that the pension is managed carefully and effectively.

The trustees have appointed an administration company to take care of the day-to-day administration of the plan, including enrolling new members, keeping track of contributions, preparing statements, and communicating with plan members. This administration company, Prudent Benefits Administration Services (PBAS), reports to the board. It has offices across Canada and contact information for PBAS, the ‘Administrator,’ is available at [www.ccwipp.ca/contacts.html](http://www.ccwipp.ca/contacts.html).

## Preparing for change

### *Keeping tabs on what comes next*

We know that having a pension is one of the most important things for working people in today’s economic climate. Your Local Union is committed to providing support and guidance to the membership to deal with any announcements made by CCWIPP.

We have created a web page for information on your pension as we move forward. Visit [www.ufcw175.com/yourpension](http://www.ufcw175.com/yourpension) for up-to-date information on any changes announced by CCWIPP.



## A final word

This bulletin provides summary information, in simple terms, about the pension plans to which members of the UFCW Locals 175 & 633 belong. It is not intended to be comprehensive or to provide advice. Information contained in this bulletin should not be used to make financial or other decisions. If there are any discrepancies between this bulletin and the legal documents that govern the plans, the legal documents will apply in all cases. This bulletin was prepared by UFCW Locals 175 & 633 without input or review by the CCWIPP Board of Trustees. Any questions or concerns regarding your pensions should be directed to your financial advisor or CCWIPP Administrators.

***Did you know? Pensions are getting more and more expensive!***

If you were saving for retirement on your own and you retired in 2014, you'd need to have saved about \$525,000 to collect an annual pension of \$30,000 at age 60. That would give you \$2,500 a month, with \$1,500 a month continuing to your spouse after your death.

Just five years ago, you would need to have saved about \$475,000 to collect that same pension. In 2004, you would have needed \$425,000. Longer lifespans and lower interest rates are the main things driving the cost increase.

***Cost of \$30,000 pension at age 60***



## Saving for retirement

The cost of retiring increases every year. Not only are people living longer than before, but the cost of living continues to rise and outpace wage increases and many other sources of income.

Government pension programs, such as the Canada Pension Plan (CPP), Old Age Security (OAS), and the proposed Ontario Retirement Pension Plan (ORPP), are meant to supplement your personal retirement income from either your work pension plan or personal savings.

CPP is designed to pay you a pension equal to about 25% of the average industrial wage. The amount you actually receive from CPP depends on your level of income, how long you contribute, and how old you are when you retire. The maximum CPP monthly payment for 2015 is \$1,065. But the average payment as of October 2014 was \$610 per month.

The maximum monthly OAS benefit is \$563. But keep in mind that the amount of OAS you receive can be “clawed back” based on your income.

That means the maximum combined income of CPP & OAS is about \$19,500 per year. And most people don't qualify for the maximum.

***No matter what your income level is or how much you have in savings, it's important to speak to a qualified, independent financial adviser – who's not trying to sell you anything. This will help you understand what steps you need to take to have a financially secure retirement.***



### For more information

[WWW.UFCW175.COM/YOURPENSION](http://WWW.UFCW175.COM/YOURPENSION)

We urge you to visit for up to date information on any pension changes.

For information on CCWIPP visit

[WWW.CCWIPP.CA](http://WWW.CCWIPP.CA).

2200 Argenta Road – Mississauga, ON – L5N 2K7

905-821-8329 / 1-800-565-8329

[membership@ufcw175.com](mailto:membership@ufcw175.com)

[www.ufcw175.com](http://www.ufcw175.com)

