



201A 1358 St. Paul Street
Kelowna, B.C. V1Y 2E1

Chartered by the Canadian Labour Congress



CITY OF KELOWNA

OCT - 5 2010

ADMINISTRATION
DEPARTMENT

October 4, 2010

Mayor Sharon Shepherd,
1435 Water Street,
Kelowna, BC V1Y 1J4

Original to: Communications
Copied: Mayor
City Manager
Councillors

File Number: 0700-20
Initials: Jay Date: Oct 6/10

Dear Mayor Sharon Shepherd,

I am writing to you today to encourage your continued support passed at the recent convention of the Federation of Canadian Municipalities in Toronto. The emergency resolution, sponsored by the City of Toronto, called for the Conservative Government to expand the Canada Pension Plan (CPP), increase seniors Guaranteed Income Supplement (GIS) by 15%, protect Canadian pensions through a federal system of pension insurance and called for a National Pension Summit.

Canada's Mayors and Councillors voted, almost unanimously, on the resolution that supports expansion of the CPP. As a follow-up to this very important resolution, the North Okanagan Labour Council is asking for your support for the FCM emergency resolution by writing a letter to your federal and provincial Finance Ministers urging them to support the four principles of the resolution.

Included is the emergency resolution that was passed at the FCM. Time is of the essence so please act quickly. Also enclosed is the *Retirement Security for Everyone* document from the Canadian Labour Congress plan for improved CPP.

The North Okanagan Labour Council would like to thank you for your prompt attention to this matter.

Yours Truly,

Glenn Nowag, President
North Okanagan Labour Council

EMERGENCY RESOLUTION

May 2010

BCMC10.2.02

EXPANSION OF CANADA'S PUBLIC PENSION SYSTEM

WHEREAS The Canadian economic downturn is putting the retirement security of many workers at risk; and

WHEREAS Canadian cities are directly impacted as they are key front line providers of social services and support programs for older workers and retirees; and

WHEREAS Ontario cities bear an additional portion of the cost of providing such programs; and

WHEREAS The significant economic downturn in combination with an increased number of employer bankruptcies across various sectors have resulted in under-funded pension plans and the actual and potential loss of promised pension benefits; and

WHEREAS Only one in four private sector workers belong to an employer pension plan and the remaining 3 out of 4 workers must rely more heavily on personal savings to provide for their retirement; and

WHEREAS The Canadian public pension system including Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) plus the Canada Pension Plan (CPP) is safe but falls well short of replacing the 50% to 70% of pre-retirement income needed to maintain a decent standard of living; therefore, be it

RESOLVED That the Federation of Canadian Municipalities (FCM) support expansion of Canada's public pension system by and at the cost of the Federal Government and not municipalities:

1. by increasing the Guaranteed Income Supplement (GIS) by 15%, so no senior lives in poverty; and
2. by protecting Canadian pensions through a federal system of pension insurance; and be it further

RESOLVED That FCM support the call on the federal government to hold a national summit on the issue of pensions and support the expansion of the Canada Pension Plan.

*City of Toronto, Ontario
FCM's Big City Mayors Caucus*



Canadian Labour Congress
Congrès du travail du Canada

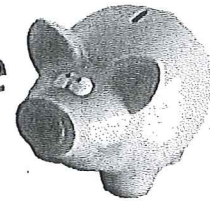
CPP Fact Sheet: Labour's plan for an improved CPP

Posted: Friday, 3 September 2010

1 Like |



Retirement Security for Everyone Get the Job Done.



How it works

The best way to help today's workers save enough for retirement is by increasing what everybody gets from the Canada and Quebec Pension Plans. The Canadian Labour Congress is proposing a gradual doubling of future benefits. A modest increase in contributions will produce thousands of dollars a year in extra benefits for workers when they retire.

There is no longer any excuse for delaying improvements to the CPP. Let's get the job done.

Additional savings required from workers to double future CPP benefits

Labour's plan to double future CPP benefits involves increasing the amount that workers currently save through CPP contributions by increasing what everyone contributes to their CPP savings by about 0.43% of pensionable earnings each year for 7 years.

What does this mean for the average worker?

For a worker earning \$47,200 or more per year, the initial cost of gradually doubling future CPP benefits works out to about 9 cents an hour, or \$3.57 a week. That's less than the cost of a newspaper subscription.

For a worker earning \$30,000 per year, the initial cost would be about 6 cents an hour, or \$2.27 a week. That's less than the cost of a medium double-double with a donut at Tim Hortons.

Please note that annual salary here is converted to an hourly rate by dividing it by 52 weeks and then by 40 hours a week or 8 hours a day. This corresponds to 173.3 hours of work per month.

CPP contributions for workers with Labour's Plan:

Increase in CPP contributions, each year for seven years.

WORKER'S SALARY	ANNUAL INCREASE %	ANNUAL INCREASE	WEEKLY INCREASE	HOURLY INCREASE
\$47,200.00	0.43%	\$185.43	\$3.57	9¢
\$41,000.00	0.43%	\$161.07	\$3.10	8¢
\$30,000.00	0.43%	\$117.86	\$2.27	6¢
\$20,000.00	0.43%	\$78.57	\$1.51	4¢
\$10,000.00	0.43%	\$39.29	76¢	2¢

The CPP covers 93% of employed Canadian workers (essentially the entire labour force), is portable from job to job across provinces and keeps up with the cost of living. The CPP is financed exclusively by workers and their employers and it operates independently at no cost to government. The CPP provides first-rate retirement savings at a low cost. It is safe, secure, and indexed and its management costs are lower than those charged by the private financial services institutions on RRSPs.

We are pleased that a national campaign waged by the labour movement and citizens' groups for improvements to the Canada and Quebec Pension Plans is paying off. The federal and provincial Ministers of Finance agreed in principle on June 14, 2010 to a modest CPP expansion. The Federation of Canadian Municipalities has also called for improvements to the CPP. Now let's get the job done.

Future CPP benefits (with and without labour's plan)

The following amounts are in addition to whatever a worker has already saved through CPP contributions since age 18, if any, and it shows the effect of labour's plan on future retirement income.

- With labour's plan, a worker who is 28 years old and works full-time from now until retirement at age 65 (37 years of expanded contributions) would earn a monthly CPP payment of about \$1,772. Without labour's plan, the same worker's monthly CPP payment would only be about \$886.
- With labour's plan, a worker who is 38 years old and works full-time from now until retirement at age 65 (27 years of expanded contributions) would earn a monthly CPP payment of about \$1,293. Without labour's plan, the same worker's monthly CPP payment would only be about \$646.
- With labour's plan, a worker who is 48 years old and works full-time from now until retirement at age 65 (17 years of expanded contributions) would earn a monthly CPP payment of about \$814. Without labour's plan, the same worker's monthly CPP payment would only be about \$407.
- With labour's plan, a worker who is 58 years old and works full-time from now until retirement at age 65 (7 years of expanded contributions) would earn a monthly CPP payment of about \$335. Without labour's plan, the same worker's monthly CPP payment would only be about \$175.

Notes:

These figures assume that none of these workers draws a CPP pension before age 65 and will make contributions based on annual earnings equivalent to \$47,200 in 2010 (which is the maximum pensionable earnings for 2010).

Labour's plan for the CPP operates on a fully pre-funded basis. The expansion of future CPP benefits would occur on a go-forward basis and would be based on the number of years each worker is able to save more through expanded contributions.

Please consult the CLC's online pension calculator to see how labour's plan would boost CPP pensions at age 65 for workers of varying ages or income levels.

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