MEDIA RELEASE:
From National Pensioners And Senior Citizens Federation
Thursday, January 27, 2011, 5 p.m. EST
Subject: **Submission to Industry Canada: Priority for Pensions and Long Term Disability Benefits in Insolvencies**

The National Pensioners and Senior Citizens Federation is a democratic and non-partisan association of seniors formed in 1945. We are comprised of 450 seniors' chapters and clubs across Canada, and have a collective membership of 1,000,000 Canadian seniors.

On Thursday, January 27, 2011, the National Pensioners and Senior Citizens Federation (NPSCF) President, Barry Thorsteinson, met with officials in the Federal Department of Industry responsible for Corporate and Insolvency Law and Internal Trade. He delivered a new research report **Priority for Pensions and Long Term Disability Benefits in Insolvencies,** prepared by Independent Financial Analyst, Diane Urquhart, which is available at the following link:

National Pensioners and Senior Citizens Federation Submission to Industry Canada Jan. 27, 2011

Barry Thorsteinson, President, National Pensioners and Senior Citizens Federation says "We want a better society: not only for current seniors, but for all future seniors. This will produce a stronger Canada. We want no citizen living in poverty or without adequate housing or home care. For seniors a 16% increase in the G.I.S. is required costing about $1 billion annually."

The economics of helping seniors out of poverty are sound. All affected pensioners will spend this assistance on basic survival needs. The multiplier effect of the spending is at a maximum: the money will circulate in the economy. Indeed, the economic effect is of far greater impact then the so-called "benefits" from $6 billion of corporate tax cuts and $ 9 billion of new spending on fighter aircraft or new prisons to keep more Canadians in jail longer.

With so much money needed to improve the G.I.S. program for seniors already in poverty, Canada should not allow employers to walk away from their obligations to pay pensions and long term disability benefits when they file for bankruptcy protection.

Insolvent employers are downloading their employee benefit costs onto the taxpayers who fund these social security programs for seniors. Bond holders are using Credit Default Swaps to profit from bankruptcies and the offloading of corporate costs onto the public purse. At the so-called insolvent corporations, executives and insolvency professionals are getting paid hundreds of millions of dollars. The pensioners, their survivors and long term disabled employees are devastated by the absence of their governments to protect them."

The new research has been commissioned in response to the unanimously voted resolutions at the Annual Convention in Ottawa on October 20th to 22nd, 2010 **on bankruptcy reform to protect the pension of seniors and the long term disability benefits for young people.**

Pensions and Bankruptcies

Be it resolved that the Federal bankruptcy laws be amended to place pension plan deficits at preferred status above unsecured claims when corporations are liquidated or restructured.

Disability Benefits and Bankruptcies
Be it resolved that the Federal bankruptcy laws be amended to put self-insured long-term disability benefit claims at super-priority above all creditors when corporations are liquidated or restructured.

Diane Urquhart, independent financial analyst, says: "there is no basis to the Canadian Bankers Association's and Canadian Council of Chief Executives' rhetoric that priority for pensions and long term disability benefits will destroy the Canadian bond market and corporate profitability by increasing the cost of credit."

The UK Corporate Bond Market was down just -0.62% on the December 13, 2010 trading day after the announcement of an unexpected UK court decision on Dec. 10, 2010 that effectively gives super-priority to both pension deficits and long term disability benefits. This decline generally validates the -1.4% decline in the Canadian bond market of pensions getting preferred status and long term disability benefits getting super-priority status in Canadian bankruptcy laws.

Canadian pension plan deficits are 4% of the investment grade corporations' debt and equity capital structure and so the impact of priority for pension plan deficits on the cost of credit is small.

Priority status for employee benefits raises the cost of credit by about 20 basis points for investment grade corporations with pension plans, causing a Canadian bond market loss of -$3.6B, or -1.4% of the Canadian bond market capitalization.

Priority status for employee benefits causes a present value of higher interest costs pre-tax for corporations with pension plans estimated at -$13.1B, or
-0.6% of the equity market capitalization.

When pension deficits have priority at insolvent corporations, pension plans are more likely to be fully funded and more prudently invested.

Priority for pension deficits and long term disability benefits, in short, will provide both social and net economic benefits.

For additional information, please contact:

Barry Thorsteinson
President, National Pensioners and Senior Citizens Federation
president@npscf.org
Telephone: (613) 835-3495

Diane A. Urquhart
Independent Financial Analyst
urquhart@rogers.com
Telephone: (905) 822-7618
Cell: (416) 505-4832

National Pensioners and Senior Citizens Federation Annual Convention Policy Resolutions