

Urquhart

From: Peter Burns [snrub.retep@rogers.com]
Sent: April-30-10 10:11 AM
To: FlaheJ@parl.gc.ca; Michael.Horgan@fin.gc.ca; cook.ted@fin.gc.ca
Cc: Urquhart; Joel Rochon (RG Lawyer); Greg McAvoy; arlene plante; Josée Marin; Sylvain de Margerie (LTD)
Subject: Submission on Income Tax Amendments for New Employee Life and Health Trusts

Friday April 30, 2010

From:

Peter Burns
2-28 Chapleau Avenue
Ottawa, Ontario K1M 1E2
ph: 613-808-8800
email: snrub.retep@rogers.com

To The Honourable Minister Flaherty:

Re: Employee Life and Health Trust Income Tax Act Amendments

I am writing this note to alert you about some of the poor consequences of the Employee Life and Health Trust Income Tax Act amendments as they are proposed today. It has come to my attention that the passage of this new legislation without the passage of Bill S-216 would be dangerous to 1.1 Million Canadians covered by unsafe self-insured long term disability plans and the close to 25,000 disabled persons benefiting from these plans.

I will assume that you have read the expert report on this matter from financial analyst Diane Urquhart.

My other concern, from Diane Urquhart, and the case lawyer for the disabled of Nortel, Joel Rochon, is that this legislation codifies and encourages Nortel's bad behaviour in other companies. No legislation should encourage companies to worsen or even threaten the lives of their sick and disabled, as Nortel has done.

Nortel has been publicly damned for its attitude towards its disabled employees. This legislation would tell 1.1 Million Canadians to never trust their disability benefits or Canadian employers again.

Today, as one of those affected by insolvency, I have the same attitude toward Nortel as others would toward a cheating spouse - I am not alone!

You should also know, that the disabled employees of Nortel have received rumours that another Employee Life and Health Trust may be imposed upon us by our own dysfunctional, Nortel paid, and court-appointed lawyers, at Koskie Minsky LLP. This is the same law firm that seems to have helped you draft this legislation for more favourable tax treatment of the new trusts. This firm has also pushed us, their Nortel LTD clients, into high distress by negotiating a settlement that denies us any method of remedy for a \$100 million Breach of Trust in Nortel's Health and Welfare Trust. Koskie-Minsky LLP's support for this new income tax legislation will now impact the welfare of the disabled further into the future.

It appears like Koskie-Minsky LLP is working for the corporations and unions who will be administering the new Employee Life and Health Trusts, but not for their disabled Canadian

clients harmed by unsafe LTD Benefits. The corporations and unions administering the new trusts will, no doubt, endeavour to reduce their costs, and protect their funding flexibility. They will be able to forgo employer contributions into these trusts, and even borrow money from the trusts. This could be without any consideration for the lives of the disabled, who paid their premiums in good faith. The disabled would be thrown into poverty should either the trust, or the employer corporation become bankrupt.

Thank you, sincerely, for taking a moment to understand the impact of Employee Life and Health legislation on disabled workers. I hope that you will take a second look at the negative impact on the disabled workers if this is passed without the proposed amendments to the BIA and CCAA in Bill S-216.

I appreciate your attention on this matter.

Sincerely

Peter Burns