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retirement traps

Personal experience and observations on pension and other income impacts as a result of bankruptcy of the company paying defined pensions, severance, or other compensation. This information should not be construed in any way as legal advice. See Privacy Policy and Legal Disclaimer.

Monday, April 12, 2010

CUPE president presses Canada's Finance Minister on pension reform

CUPE, the Canadian Union of Public Employees represents 600,000 working women and men across Canada. Their president met with Canada's Finance Minister Jim Flaherty on the subject of pensions. The following is a press release from CUPE:

Apr 12, 2010 09:16 ET

CUPE to Flaherty: Expand CPP, Toughen Laws to Protect Pensions

WINNIPEG, MANITOBA--(Marketwire - April 12, 2010) - At a roundtable discussion on pensions with Finance Minister Jim Flaherty today, CUPE National President Paul Moist will call for reforms to Canada's pension system so that more Canadians can retire with an adequate pension.

"More than 11 million Canadian workers have no workplace pension plan. Well over a million seniors are living below the Statistics Canada poverty line. And in the absence of tougher laws to protect workplace pensions, people are learning that their pensions are not as secure as they once thought," said Moist.

"In Canada, we have a great tradition of taking care of each other. Now is the time to honour that tradition, and reform our retirement income system so that more Canadians can retire with dignity."

Moist says Canada's pension system can be fixed with an expansion of the Canada Pension Plan (CPP), an increase to the guaranteed income supplement (GIS), and stricter laws to protect workplace pensions from bankruptcy, high-risk investments and employer underfunding.

"Last year's market meltdown only emphasized what many of us have known for years - individualized private investments like RRSPs can't provide adequate retirement security. The CPP, which requires mandatory contributions, is a proven success story.

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Unfortunately, current CPP benefits are not enough. By doubling the CPP, we could improve retirement security for the 93 per cent of working Canadians who contribute to the plan."

Moist is also asking for the government to amend the federal Bankruptcy and Insolvency Act so that employers and pensioners are better protected when a company fails.

"What Nortel workers and pensioners have gone through is devastating. Workers should not have to pay for employer bankruptcies with their pensions."

To learn more about CUPE's plan for fixing Canada's pension crisis, visit: www.cupe.ca/pensions/campaign

For more information, please contact
CUPE
Media Relations
613-852-1494

Posted by Tom at **12:30 PM** **0 comments**  [Links to this post](#)

Reactions: funny (0) interesting (0) cool (0)

Saturday, April 10, 2010

Major impact on PBGC if GM goes bust

From the NY Times:

April 6, 2010
Automaker Pensions Underfunded by \$17 Billion
By NICK BUNKLEY

DETROIT — The pension plans at General Motors and Chrysler are underfunded by a total of \$17 billion and could fail if the automakers do not return to profitability, according to a government report released Tuesday.

Both companies need to make large payments into the plans within the next five years — \$12.3 billion by G.M. and \$2.6 billion by Chrysler — to reach minimum funding levels, according to the report, prepared by the Government Accountability Office. Whether the companies will be able to make the payments is uncertain, the report concluded, though

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Treasury

officials expect the automakers will become profitable enough to do so.

If either company's plan must be terminated, the government would become liable for paying benefits to hundreds of thousands of retirees. The effect on the government's pension insurer, the Pension Benefit Guaranty Corporation, would be "unprecedented," the report said. The agency manages plans with assets totaling \$68.7 billion, less than the \$84.5 billion in G.M.'s plan alone.

The carmakers' pension plans were jolted by the downturn, increased liabilities and other factors. G.M.'s plan was overfunded by \$18.8 billion in 2008, and was then underfunded by \$13.6 billion last year, the report said. Chrysler's plan was overfunded by \$2.9 billion in 2008 but underfunded by \$3.4 billion last year.

The plans cover about 650,000 people at G.M. and 250,000 at Chrysler.

The Treasury Department owns 61 percent of G.M. and 10 percent of Chrysler as a result of the emergency loans the carmakers received last year. The government spent \$81 billion bailing out the companies and others in the auto industry.

The report issued Tuesday said Treasury officials were confident that G.M. and Chrysler would earn enough to allow the government to gradually sell its stakes. But the report warned that the government could push the companies out of business, consequently terminating their pension plans, if their recovery efforts failed.

"In the event that the companies do not return to profitability in a reasonable time frame, Treasury officials said that they will consider all commercial options for disposing of Treasury's equity, including forcing the companies into liquidation," the report said.

In addition, the report said the government's interests as a

shareholder of G.M. and Chrysler could clash with those of pension participants and beneficiaries. "For example, Treasury could decide to sell its equity stake at a time when it would maximize its return on investment, but when the companies' pension plans were still at risk," the report said.

President Obama has said he wants to sell the government's stakes in the two companies as soon as is practicable. G.M. executives have said that a public stock offering could happen this year but that the company would need to be profitable and meet other criteria first.

G.M. is scheduled to release its financial results for 2009 on Wednesday. Chrysler plans to provide an update on April 21.

Posted by Tom at **9:28 AM** **0 comments**  [Links to this post](#)

Reactions: funny (0) interesting (0) cool (0)

Wednesday, April 7, 2010

Alice Campbell Nortel LTD passed away April 2nd 2010

The following is a Memorial for Alice Campbell from the "Rights for Nortel Disabled Employees"

Saturday, April 3, 2010, 1:00 P.M.

Words seem inadequate to express the sadness we feel about the passing of Alice Campbell on April 2, 2010 at 6:00 P.M.

Alice Campbell is a fellow Nortel long term disabled employee, who spoke to CBC National News on November 26, 2009 about the injustice of Nortel not honouring her disability income and medical benefits.

When Gillian Finlay of CBC asked Alice what she would say to Nortel's John Doolittle, she said: "Quit being so greedy. You know. There's a lot of us people in the world. They want to have the whole world for themselves. These people get so greedy. But, they're taking their share and our share. It's not right!"

Alice started the journey with the group of 37 Nortel long term disabled employees, who oppose the Nortel settlement even

though it pays for our medical costs for the next nine months, because this settlement forces us to live in poverty for the rest of our lives. Our group believes the effect of Justice Geoffrey Morawetz approving this settlement on March 31, 2010 is:

(i) to deny us the right to sue parties responsible for an alleged Breach of Trust involving Nortel not making required employer contributions into the Health and Welfare Trust (HWT) for many years and the HWT loaning Nortel \$37 million. This results in a total shortfall within the HWT of an estimated \$112 million for payment of the LTD wage loss replacement income, medical, dental and life benefits; and

(ii) to attempt to prevent a BIA amendment for preferred status of long term disability claims to be applicable to us.

Peter Burns says: "In memory of Alice Campbell, our group will not give up the fight to have our long term disability benefits paid from the Nortel bankruptcy estate on a preferred basis. The missing money in the HWT is ours, not theirs, and we want it back now."

Our future is in the hands of the Ontario appeal court to overturn J. Morawetz's decision, that asks us to accept living in poverty for the rest of our lives.

Josee Marin says: "We urge the Conservative Senators to join their Liberal colleagues in the vote for Senator Art Eggleton's Bill S-216, which gives preferred status for long term disability claims over other unsecured creditor groups. It is a question of human dignity to be able to get the benefits we paid for, it is what we need in order to survive."

"Our lives and our ability to live independently are in the hands of Industry Minister Tony Clement, Finance Minister James Flaherty and Parliamentary Secretary of Finance Ted Menzies, who are examining the matter and will report to Parliament shortly. Our group is not asking for "Special Rights" or government handouts. We simply wish our courts and our Federal Government to ensure fairness in bankruptcy proceedings, such that a Breach of Trust of the disabled is remedied in full to enforce the obligations of employers providing long term disability benefits," says Arlene Borenstein.

Nortel's Directors and governance committees for the HWT could have put the missing money back into the trust for the disabled prior to its bankruptcy filing, since the company had \$1.8 billion of available cash world-wide at that time. The bankruptcy law amendment for Nortel's disabled would have incremental cost of

less than 2% of the Nortel world-wide estate, which has projected cash of \$6 billion for disbursement to world-wide creditors later this year or in 2011. While the Canada Estate has estimated cash of only \$134 million at April 24, 2010, it will be getting a future share of the projected \$4 billion cash in the lock box from Nortel's business sale proceeds.

The disabled should not be forced into poverty when there are billions of dollars in bankruptcy estates and executives are being paid millions of dollars in bonuses. It is not a Special Right to have quality of life and peace of mind for the most vulnerable people in Canadian society.

For more information contact:

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Posted by Tom at **6:52 PM** **0 comments**  [Links to this post](#)

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