

# **BRIEF**

**Association of**

**Public Service Alliance**

**Retirees**

**APSAR**

**Analysis of federal public sector workers'  
current situation as regards their RETIREMENT**

**Retirees' situation  
(Former PSAC members)**

**Lack of RESPECT by GOVERNEMENT towards  
the elderly**

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## Introduction

The purpose of the Association of Public Service Alliance Retirees is to represent all former Public Service Alliance of Canada members who have retired. Its primary goal is to watch over the interests and the benefits of all former PSAC members' pension plans, as well as the privileges and prerogatives of spouses, partners and beneficiaries of all members after the death of one or the other. There are approximately 250,000 retired former PSAC members and 170,000 active PSAC members.

Each year, **hundred of millions of dollars are lost** by former PSAC members or their beneficiaries for lack of communication or insufficient information due to administrative shortcomings not adapted to a clientele of elderly persons. We are constantly working to correct those deficiencies in the current system, and to ensure the relevant pension plans information are more simple, understandable and accessible to all retirees.

APSAR is not a social club, nor is it a union.

The Association's calling is to provide services to individuals and improve their lot after retirement, while protecting their assets. The Association's commitments are based on the RESPECT of the retired individual and on the CONSIDERATION of the whole of the elderly who are too often forgotten and neglected in conditions of poverty, where there is no room for them because they have become a supposedly non productive burden in today's society.

It is imperative that active PSAC members be made aware that on the departmental basis, it's the president of Treasury Board who is responsible for the administration of the Public Service Superannuation Act (PSSA). Perhaps the PSAC active members should start to seriously think about it in terms of the collective agreement.

Given that retirement benefits are governed under the Public Service Pension Act, and that the administration of the pension plan is governed and regulated by the same federal pension sector, we must

be vigilant and watchful of any reform, as the entire system is based exclusively on a consultation which is too often one-sided. It directs what will be done; what do you think about it?

The complexity of the pension plans prompted PSAC, with the cooperation of APSAR, to produce today an essential document for any worker aged over 50 who wishes to know exactly what he will receive at retirement. Everybody should obtain a copy of the booklet (*Retiring from the Public Service of Canada*). All the aspects of the pension are discussed in this document so that a member may know precisely what to expect in every circumstance of retirement.

**The Association of Public Service Alliance Retirees categorically states the current pension plan is absolutely inadequate.** The government can change the particulars as it sees fit, as well as the objectives of the PSSA and its regulations without ever improving the lot of the benefit recipients. The indignation of this injustice results in workers continuing to pay too high an amount because there is no vision and no creativity in the mind of the Treasury Board administrators who are supposed to manage our pension plans.

In this document, the Association is presenting its vision of the future of the 21<sup>st</sup> century retirees and the fate of the elderly :

- the possibility of improving the conditions and the quality of life of those who contributed to create all this technology w which is available to us today;
- it's denouncing the political elite and this society, who completely lost the sense of **RESPECT** towards seniors by acting as if we wished they were dead;
- have you visited an extended care centre recently? It's unacceptable.
- it's calling up certain perspectives which could promote the creation of jobs relevant to today's reality;
- it advocates an opening to communication instead of consultation that is really not one;
- it outlines facts which are far from being obvious, because nobody made the effort to analyse the consequences of the decisions made.

## MANIPULATION OF FIGURES TO FOOL WORKERS

In 2006, on the pretext of ensuring the long term durability of the public sector pension plans, Treasury Board, still under the principle of imposed consultation, reformed a huge increase of workers' contributions, whereby the formula change directly affected the benefits of the coordinated plans with the Canada Pension Plan (CPP) and the Régime des rentes du Québec (RRQ).

Rate of increase :

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Based on the salary up to the maximum under the CPP/RRQ	4.0%	4.0%	4.3%	4.6%	4.9%	5.2%	5.5%	5.8%	6.1%	6.4%	?
On any salary over the maximum under the CPP/RRQ	7.5%	7.5%	7.8%	8.1%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	?

**The maximum provided under the CPP/RRQ in 2005 was \$41,100**

**The maximum provided under the CPP/RRQ in 2008 was \$44,900**

Second table of contribution rates :

PÉRIODES	RATES
<b>January 1, 1996 - March 31, 1970</b>	<b>6.5%</b>
<b>April 1, 1970 - December 31, 1976</b>	<b>7.0%</b>
<b>January 1, 1977 - December 31, 2005</b>	<b>7.5%</b>
<b>January 1, 2006 - December 31, 2006</b>	<b>7.8%</b>
<b>January 1, 2007 - December 31, 2007</b>	<b>8.1%</b>
<b>January 1, 2008 - today</b>	<b>8.4%</b>

The interesting thing about the justification of those increases, which were to the participants' advantage, it's that the calculation of the pension has not changed at all.

A worker who has completed 35 years of service and is older than 55 (with a fictitious annual income of \$50,000 for the purpose of this presentation) benefited from the following principle:

**2 p. 100 X 35 X \$50,000 = for a potential pension income of \$35,000 per year**

The federal public sector workers as a whole saw their pension fund contributions increase from 4.0% in 2004 to 8.4% in 2008, without any additional benefits, although this new taxation was considerable: the calculation remained the same:

**2 p. 100 X 35 X \$50,000 = for a potential pension income of \$35,000 per year**

It is inadmissible to fool workers this way, when government claims it is responsible for the administration of workers' property.

In addition to the infamy of those false benefits, it is not pretentious to state that the principle of coordination with the Canada Pension Plan and the Régime des rentes du Québec, IS A COLLECTIVE FRAUD, devoid of any self-evaluation, as if it were nothing. It's again the worker who must sustain an increase of more than 50% of his or her contribution in less than 4 years. That's immoral.

**WHY** would this guideline on the contribution rates and the retirement methods of employees governed by the PSSA and coordinated with those of the Canada Pension Plan (CPP) and the Régime des rentes du Québec (RRQ), still be applicable if the contribution data changed so radically?

**THE ASSOCIATION OF PUBLIC SERVICE ALLIANCE RETIREES DEMANDS FROM THE FEDERAL GOVERNMENT THE IMMEDIATE WITHDRAWAL OF THIS COORDINATION GUIDELINE WHICH HAS NO JUSTIFICATION. (1)**

In 1966, the CPP contribution was 1.8 %. Perhaps all aspects of the coordination were valid at that time, but the contribution process has vastly changed over the years, and so has the percentage calculation on the year's maximum pensionable earnings (YMPE), with even

higher rates on the gains higher than the maximum covered by the CPP/RRQ. It's a fraud to pretend such contribution increases are to the workers' advantage.

Currently, new retirees should be in a position to fully benefit from their compensation of the **2% per year of service (PLUS) the full amount of the Old Age Security without any deduction based on a supposedly integration, the regulation and the standardization of which have been completely changed.**

**THE ASSOCIATION OF PUBLIC SERVICE ALLIANCE RETIREES DEMANDS TO THE GOVERNMENT TO BE HONEST AND LOYAL TOWARDS PUBLIC SECTOR WORKERS.** (2)

## **STUDY**

Research made were analysed on the basis of 5 age groups: (60-65) – (66-70) – (71-75) – (76-80) – (81-85). Not all federal public service workers RETIRE with a maximum of 35 years service.

The specificity of regions was also closely considered because of the diversity of income in relation to large centres. We looked closely at the National Capital region (Ottawa-Gatineau).

The data gathered covered the following regions: Pacific, Prairies, Ontario, National Capital, Quebec, Maritime.

The results of our surveys showed the average pension income of former PSAC members, with the variation set between 15 and 35 years service, was **\$18,930.00 per year** including Old Age Security.

After consulting with **750** members and determining the retirement conditions of **326** of them, we concluded that the

average number of years of service was approximately 23 for the whole of Canada.

Our investigation revealed one surprising characteristic: **the financial support of elderly parents**. More than **70%** of members consulted supported their mother, their father, their mother-in-law or father-in-law, and **17%** of them supported 2 parents or more. Without insisting too much on this unexpected phenomenon, it was noted that the financial contribution of members supporting their elderly parents varied between **\$4,000.00 and \$7,000.00** per year, depending on the regions.

The most obvious and striking factors mentioned by members were the ANXIETY and the STRESS brought about by this parental support, i.e.:

- the time to dedicate ;
- the rare existing recourse to help one's parents;
- the lack of decent and available residences;
- the chronic lack of services in the establishments;
- the outrageous costs of specialized residences;
- the little visibility granted to the issue of age and the seniors' needs.

We did not develop those comments about which it was very surprising to learn.

## **THOSE WHO HAVE BEEN RETIRED FOR MORE THAN 15 YEARS**

Let's now talk about those individuals who are already retired. As we have seen in the one-sided consultation method, the 1970 wages were relatively different from today's wages:

We looked at the income of some groups that represent the majority of workers in the federal public sector:

#1	Program administration	1991
	Range 2 – annual maximum	\$38,954
# 2	Technological & Scientific support	1991
	Range 3 – annual maximum	\$40,304
# 3	Primary Product Inspection	1991
	Range 3 – annual maximum	\$35,308
# 4	Clerk and regulatory ...	1991
	Range 4 – annual maximum	\$28,301
# 5	Data processing...	1991
	Range 4 – annual maximum	\$26,850
# 6	Secretarial....	1991
	Range 4 – annual maximum	\$33,899

For the benefit of this study, whereby a worker's pension after 35 years service is calculated as follows:

**2% X 35** years of service X the yearly average of the 5 consecutive best years = 70% of the amount established. For the purpose of this exercise, we assessed the yearly average of the 5 consecutive best years at \$33,586.00.

Here is the result of the worker's income: **2% X 35** years X **\$33,586.00** = an annual pension of **\$23, 510.20**. At age 65, the worker in the coordinated RPC/RRQ system will see this amount **reduced** by approximately **\$7,836.73** or **\$653.06** per month. **That's fraud.**

Despite the Old Age Security supplement and the indexing, given that all those individuals who worked for a minimum of **35** years in the federal public service and bought a Pension fund, they worked for until age **65**, they are all today at the mercy of social services, and a large majority of them turn to the guaranteed income supplement (GIS). Aging inopportunately brings inconveniences difficult to avoid.

When you reach 80 years old, the call for assistance remains too often unanswered. A residence for the elderly costs approximately \$1,500 per month, i.e., a minimum of \$18,000 per year for a relatively healthy and autonomous individual.

For a person with loss of mobility or any other age-related factor, the costs of residence jump to between \$ 2,000 and \$3,000 per month. We estimated an amount of \$28,000 per year **in service conditions which have not yet been established, regulated or sanctioned.**

The **RESPECT** and the **DIGNITY** of an elderly person have no longer any value. Everything is based on the ability to pay and the gamble of the life span of the person taken in charge. We have reached this stage in society, **and the future looms more abominable and monstrous.**

Have you visited an extended care centre recently? It's appalling:  
1 bath per week – no average whatever of caregivers for a number (X) of residents – we noticed, in 8 different locations, an average of 2 caregivers for 84 residents after 8:00 p.m. – the prorata is not much better during the day.

That is what our society is offering to those individuals who generated the technology we have today. **That's shameful.**

**THE ASSOCIATION OR PUBLIC SERVICE ALLIANCE RETIREES DEMANDS FROM THE FEDERAL GOVERNMENT A FAIR AND EQUITABLE REGULATION FOR PRORATA SERVICES FOR A REASONABLE NUMBER OF CLIENTS IN EXTENDED CARE ESTABLISHMENTS AND IN ALL THE ESTABLISHMENTS THAT TAKE CHARGE OF ELDERLY PERSONS.** (3)

Currently, should a catastrophe happen, the large majority of the elderly would die for lack of staff to assist them; that fact is irrevocable. We cannot shut our eyes on this obvious fact and wait for the fatality to happen and react after, **because we know.**

**THE FALSE IMPROVEMENTS BROUGHT ABOUT IN 2006**

**Let's talk about ROBERT.**

At age 59, he decides to retire in March 2003 after 35 years of service with an average salary of **\$48,100.00**

His annual benefits have been evaluated at **\$33,670.00 per year**, and this amount will be indexed each year on the cost of living:

INDEXING :

2004 = 3.3%; 2005 = 1.7%; 2006 = 2.2%; 2007 = 2.3%; 2008 = 1.8% & 2009 = 2.5%

In the current system, here, theoretically, is what happens to Robert at age 65.

**2004:** His federal annual pension increases to \$34,771.10

**2005 :** His federal annual pension increases to \$35 362.20

**2006 :** His federal annual pension increases to \$36 140.16

**2007 :** His federal annual pension increases to \$36,971.48

**2008 :** His federal annual pension increases to \$37,636.96

**2009 :** His federal annual pension increases to \$38,577.88

### **Robert turns 65 in March 2009**

Here is the calculation of the coordination :

$.007 \times 35 \times \$33,670.00 = \$8,249.15$

Plus the indexing : 9.5 % of \$8,249.15 = \$783.66

His federal annual pension, in March 2009, is :

$\$36,971.48 - \$8,249.15 - \$783.66 = \$27,938.67$

**Minus the 2008 adjustment of .00685 = \$17.68**

**Minus the 2009 adjustment of .00670 = \$16.49**

His federal annual pension, in March 2009, would drop from \$38,577.88 to approximately: **\$27,904.50 – Quite a drop -**

**The margins are perhaps not all exact as regards the adjustments; even the Pension Branch of Public Works Government Services Canada was unable to provide specific calculation basis on the changes since 2008.**

We add to this amount the Old Age Security portion of \$516.96 per month = **\$6,203.52** per year. This amount also has been adjusted in order to maintain the individual at the mercy of the government. A net loss of income of some \$3,170.58 per year, simply because **Robert has reached age 65 and has worked for 35 years.**

The calculations are quite close to reality. The question is: **Why does Robert have to agree to a loss of income of \$3,170.78, solely because he has reached age 65 and has dedicated 35 years of his life to his work?**

It remains nonetheless that this is **the type of financial atrocity** that is applied to all federal public sector workers **who paid for a pension plan during 35 years.**

The result of this malicious fraud: the good government now offers workers **to return to work until age 70** with even more screwball benefits: **that's scandalous.**

## **LACK OF VISION – JOB CREATION PROGRAMS**

We have an aging population. Governments say it; unions shout it and the associations of retirees have been preaching it for more **than 5 years.**

Why is there no planning to meet known needs?  
We need regulated residences.

We need attendants to provide the services and the care required by this new clientele.

Where are the investments to face a reality everyone knows?

All this required financing is an ensured lucrative investment for the federal government and provincial governments. But who is looking after this social planning?

Was there a study on the subject? If so, where is it?

**Is the individual less important than a yielding financial investment project?**

Perhaps that's **WHY** our society is talking more and more often about **EUTHANASIA: an act described as putting an end to someone's life in order to spare him agony.** Old age is not an incurable disease. It's a formality of life. We should all together strive to make more attractive that phase our existence rather than build old people's homes to cram the elderly in them.

Perhaps it would be time to stop thinking about how to invest funds for research of benefits and start capitalizing on individuals; in the women and the men who have needs to live their last years decently. THE SOLUTION is definitely not to encourage them and urge them to work until age 70. The longer people work, the faster they will die. **Why not adopt a legislation** in that respect, which would eliminate anyone older than 80?

**The Association of Public Service Alliance Retirees is opposed to any return-to-work policy for any individual who was entitled to retire. There is no reason why a worker should be placed in a situation of having to finance the government.**

**The lack of creativity of our elected people is appalling.** It's like making profits with money that doesn't belong to them. The needs of the elderly are enormous. By investing in them, everything becomes instantaneous and direct profit.

The requirements tied to the aging Canadian population are incalculable and a guaranteed incentive for our country's economy if only we made the effort to think instead of trying to get rich with what does not belong to us. The economic revival is within our reach and we refuse to see it.

## **THOSE WHO DO NOT BENEFIT FROM A PENSION FUND :**

Old Age Security (OAS) and the guaranteed income supplement are commendable factors for the survival of an individual.

We can state that 70% of the elderly benefit painfully from those provisions or from social services. In the next few years, those programs run the risk of being called upon excessively because there is no adjustment plan.

The evolution of our environment, the change in our lifestyle, progress, the increase in transportation, housing, clothing, food,

education health costs and other factors have made it illegal to demand that the women and the men who built our nation live so miserably, while waiting to die.

Can we really think that in 2010, a human being older than 70 years of age can survive with an income of less than \$12,000 per year? **That's' murderous utopia.**

We are responsible for the economic shamble because we have planned nothing to face aging. It was easier to believe in death than in life. We were mistaken.

The number of elderly persons bedridden in Canada's hospitals is appalling and this human pandemic is increasing continually. That's bad for the economy.

This situation destabilizes the entire health system, which absorbs costs that should not be allocated to it. Several of those individuals have not been hospitalized because they suffer from a particular illness or because they need specialised care; the fact is, it's because they are old, destitute and without any resource. **They are waiting to die.**

Quite often, relatives and social services put pressure on an elected person so that an elderly person in such a living condition may obtain a bed in a hospital, as if it were a gift.

That is the society our politicians have built. Our elected people close their eyes because this state of confusion suits them. Potential votes for the next elections. Why worry about the costs of destabilizing a health system already failing and which will be the opportunity of another debate without any concrete solution? **Who really cares about needy elderly persons?**

Economic experts proved that every dollar invested by an elderly person (99 cents) returns in the government's coffers. There are ways to change or correct a behaviour that is not profitable, not to say inhumane. Are the elected people open to the orderly's proposals?

**Income tax reductions** are only a political propaganda and smoke to hide the nature of a chronic problem one does not want to resolve. Those income tax reductions are too often phoney promises hidden under calculation adjustments which, ultimately, yield absolutely nothing.

### **PROFITABLE SOLUTION FOR THE GOVERNMENT :**

The Old Age Security benefits could easily be increased by \$200 per month, and this would result in a dazzling boosting for the economy. It's definitely better than the astronomical investment losses we supported during the past few years, in addition to paying outrageous bonuses to so-called administrators who had done their possible.

In July 2009, it was specified that the federal government employees' pension fund had achieved a yield of – **22.7 %**.

**Quite an achievement;** if the money had been invested in the elderly persons' needs, the approximate yield would have been - **.002%**, and this fraction would have been compensated by the direct creation of a minimum of 100,000 jobs.

All the statistics on the aging of the population support an investment which can only be profitable. Where is this responsible government? Workers are entitled to look forward to their retirement in a more structured manner so as to be able to enjoy life after 35 years of work; it's quite normal to think about doing other things and achieve certain dreams. **Where is this FREEDOM 55?**

In **1990**, life expectancy for men in Canada was **74 years old**, compared to **80 for women**. According to Statistics Canada, in **2007**, this average increased to **77 years** for men and **82** for women. Planning retirement at a reasonable age is perhaps the cause.

**THE ASSOCIATION OF PUBLIC SERVICE ALLIANCE RETIREES DEMANDS FROM THE FEDERAL GOVERNMENT A MINIMUM INCREASE OF \$200 PER MONTH IN THE OLD AGE SECURITY (OAS) PROGRAM.** <sup>(4)</sup>

Is it so degrading to think about investing in what is most precious to us : THE ELDERLY? Is it not normal to commit money to our own, to our infrastructures, to imminent and critical needs which will have short term and long term yield?

Do we not have a social responsibility to the elderly? Why does our country's government avoid talking about or debating the issue of aging during elections?

Our country must show some **RESPECT** to the elderly, and the first step is to allow them to live their final years in a decent and appropriate manner.

We will never put an end to the economic system where bonuses are denounced all the time, but this small increase of \$200 per month for Old Age Security will never be seen as a charity, but as an equity action which will definitely yield economic effects surpassing any expectation. It is high time to act.

## **CONCLUSION**

Did you know that there are 4,602,198 Canadians over the age of 65? Did you know that a recent survey indicates that only 17% of them have a pension fund; all the other depend on Old Age Security? To survive or to wait to die with an income of less than \$12,000 per year is nothing short of a miracle.

The federal government and the other governments must stop trying to penalize public service workers who pay for a pension plan in order to plan retirement in dignity.

It might be appropriate and desirable that **retirees** be part of an advisory committee that would truly be an advisory committee. It would group together the administrators of Treasury Board's pension plans, the unions concerned and representatives of retirees associations directly involved in representation and service to retirees and the elderly.

Is it not ridiculous that federal public service retirees are not part of the committee which concerns them fully? Where is the logic?

Perhaps the well-being of retirees and the elderly might be better; because, we must never forget, everything rests on the human being to whom we owe what we are.

Aging is not a pandemic nor is it an illness; it's the conclusion of life. Why not work together to make it a pleasant interval in a country that can afford it?

## **SUPPORT**

APSAR wishes to thank all the employees at the Pension Branch, Public Works Government Services Canada, for their assistance and their patience in explaining to us the various details governing the Public Service Pension Act (PSSA). APSAR also thanks the Public Service Alliance of Canada, which guided us in this research. Finally, we thank Statistics Canada employees for their patience in making us understand the data we researched for the purposes of this report.

In closing, we thank those who agreed to answer our survey questions; without you, this document would not have been possible. We now hope it will proceed on its way and be heard.