



## **NBFL Reacts to Announced Improvements to the Canada Pension Plan**

***For Immediate Release***

**June 23, 2016**

The Federation of Labour is pleased that provincial finance Ministers have reached an historic agreement in principle on improvements to the Canada Pension Plan (CPP). While we would have liked to see more this is good and we will continue to ensure people can retire with dignity. These enhancements to CPP will help future generations retire with a bit more in their pockets and will lift many seniors a step closer out of poverty.

This is a modest universal expansion of the CPP, but these improvements to CPP have been a long-fought struggle since 2009 for the labour movement and seniors' advocates who campaigned for CPP expansion for several years. The New Brunswick Federation of Labour and our member unions have supported an expanded CPP because of the massive and growing crisis within our province of seniors facing insecurity in their retirements. Future generations of workers will benefit from these improvements, and this will be a lasting legacy that will be positively felt by those who come well after us.

With the current CPP structure, employers and employees each contribute 4.95 percent of income for those who earn an income between \$3,500 and \$54,900. The current maximum CPP benefit is \$13,110 and average annual payment is less than \$8000 per year. The current CPP program was intended to replace 25 percent of earnings, whereas with the new improvements to CPP, future generations of workers will be able to count on receiving one third of their income from CPP in their retirement years. A worker with \$50,000 in constant earnings throughout their working life would receive a yearly pension benefit of around \$16,000 instead of \$12,000, an increase of \$4,000 more per year.

The Canada Pension Plan premiums will increase by 1 percent each for employers and employees and will be phased in over seven years. For the price of a cup of coffee and a muffin each week, a worker will see an increase in income replacement in retirement from one quarter to one third of pensionable earnings. This is a tremendous victory for future generations of workers as they face retirement, and will have significant impact on their income security as seniors.

One of the more important outcomes in this is it shows citizens that when governments come together and use common sense, good things can happen. Many Canadians have been forced to count on private sector savings plans and investments that are subject market financial insecurity in order to save for their retirement. The Canada Pension Plan is fully portable, following workers from job to job, and is indexed to keep up with the cost of living. The CPP pays out benefits for life, regardless of how the stock market performs.

Workers across Canada and perhaps especially in New Brunswick due to our aging demographics have faced serious issues in preparing for retirement. Fewer employers offer good defined-benefit workplace pension plans than ever before, and more workplace pensions are seeing reduced benefits. Retirement security and guaranteed pension income are crucially important to families and for the economic health of our communities. When people have more money, they spend more in our local communities, which helps to drive our economy.

On behalf of the New Brunswick Federation of Labour, I'd like to thank all of our affiliated unions and their members for their advocacy on this over many years. To all those who had lobbying meetings, or who called and emailed your MP and provincial and municipal politicians, the Federation thanks you for your part in pushing this issue forward on the political agenda and winning this improvement. This is a good positive victory for our entire labour movement and for all Canadians, and was well worth the fight to win a significant improvement which will benefit our children, our grandchildren, and all of those who come after them.

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In Solidarity,  
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