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15 YEARS OF TRYING TO GET STELCO AND US STEEL TO LIVE UP TO THEIR PENSION OBLIGATIONS!

It is reported that the workers at Vale Inco accepted a Defined Contribution (DC) Savings plan for new hires. A DC savings plan for new hires was also accepted by the workers at Lake Erie Works in April. Some people are suggesting that now the workers at Local 1005 have "no choice" but to agree to a DC plan for new hires. It should be pointed out that we were also told during the CCAA process that Local 1005 had "no choice" but to agree to the CCAA scam. By opposing the CCAA process from the beginning we were successful in not losing anything. In a way, what is necessary is to say No! to the attempts by these large corporations to wipe out the workers' pension plans.

Local 1005 USW has been dealing with the pension issue since 1997 when the union first became aware that Stelco had not been making their solvency payments (payments which were designed to protect workers' pensions in case a company went bankrupt). Stelco applied to stop making these payments six weeks after the contract in 1996 was ratified. From that time the company has been trying by one way or another to deal with the "pension problem." The union has been opposing these attempts by the old Stelco first by fighting for two and one half years at the Ontario Labour Relations Board. During the CCAA process started by the old Stelco on January 29, 2004, the company and the CCAA court were trying to get Local 1005 to participate in changing the pension arrangement in one way or another. Local 1005 kept saying we had a contract and expected everyone to live up to the terms of the agreement. The point here is that Local 1005 has been fighting for over 15 years to protect the pensions and indexing of pensions for its members and pensioners.

U.S. Steel also wants to have a DC savings plan for new hires. They also have a proposal that Local 1005 eliminate the pension indexing letter. (In calculations we published several months ago, the pension indexing letter was won after the 1990 strike. A pensioner who was receiving a $1000 a month pension in 1991, would be receiving $1366 a month in 2009-2010. That is, without indexing, a pensioner would have lost almost 40% of his/her pension in 20 years. For a worker receiving $1000 a month, an extra $366 a month makes a big difference in ones standard of living.) If the union were to agree to give up the indexing, we would insure that the workers retiring now would lose about 40% of their pension if they live 20 years or longer after they retire.

WHAT IS THE CONNECTION BETWEEN A DC SAVINGS PLAN FOR NEW HIRES AND PENSION INDEXING?

These demands by the company are well thought out. The demand for a DC savings plan for new hires sounds innocent enough. These workers are not even in the workforce yet. And if this is the employment contract, they know what it is going in, so what is the big deal?

But think about this. The new hires come in and are not part of the pension plan. The company will have to hire several hundred new workers in the next few years if the plant is to operate. By the time the next set of negotiations take place, as many as one half of the workforce will be in the savings plan. U.S.

Steel will again have the demand that the workers in the plant should agree to give up indexing for the pensioners (or as the LEW agreement states" the company will no longer index pensions.") The company then is counting on the workers who are not part of the pension plan voting to eliminate indexing of pensions for over 8000 pensioners.

What appears innocent means the end of the pension plan which 1005 members have been part of since 1956. What appears innocent ends up being a huge problem for workers who want to retire.

WHY THE NEED OF A DISCLAIMER?

In the contract highlights document dated July 8, 2010 handed out to the Val Inco workers, under the heading "New Defined Contribution Pension Plan", after laying out what the terms of the savings plan will be for new hires, it also points out that "1. All current employees will continue to participate in the existing Defined Benefit pension plan unless the employee voluntarily opts for participation in the new pension plan effective Date of Ratification."

"The Union strongly recommend that you seek proper advice before contemplating opting into the DC pension plan as making this election may have a significant impact on your retirement income."

(Note: It is a misnomer to label the Defined Contribution plan a pension plan. It is a savings plan, where a certain amount of money is negotiated to be put in the plan (the defined contribution) but no one can tell the worker how much of a pension they will get at the end. It all depends on the market, the investments, etc. and at the end hopefully the market hasn't collapsed when the worker is ready to retire.)

The above disclaimer reminds us of the advertisements on TV for certain medicines, where the ads spend most of their time warning the customers about the dangerous side-effects of the medicine, sometimes causing death. How can someone recommend that workers can go to a savings plan but they better check with a "financial adviser" because the savings plan "may have a significant impact on your retirement income." How can unions agree to savings plans knowing that the plans "may have a significant impact on retirement income"?

DEFINED BENEFIT (DB) PENSIONS PLANS FOR EVERYONE

The demand of the society is that everyone should have a pension that they can retire at a Canadian standard of living. The Canada Pension Plan (CPP) and Old Age Security are inadequate to provide anything but a retirement in poverty. It would greatly assist in pressuring the federal government to increase the CPP if the workers with Defined Benefit Pension Plans fight to strengthen their plans, so that their companies pressure the federal government to increase CPP so that workers can have a decent retirement. If the workers with DB plans give up their plans for savings plans, the business community will have no interest in strengthening the CPP.

The battle to increase the CPP does not make sense if the organized workers are giving up their DB pension plans all across the country. We want everyone to have a decent retirement. And on this, it is important that the older workers look after the younger generation and insure that their retirement is looked after also. It is unconscionable that workers are deciding that "new hires" can be sacrificed to the bottom line of the huge multi-national conglomerates like Vale Inco, US Steel, Gerdau, etc.

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