



## **INFORMATION UPDATE 2010 #26**

**August 9, 2010**

### **FOR YOUR INFORMATION: AS OF AUGUST 1, 2010 U.S. STEEL IS NOT INDEXING THE PENSIONS FOR THE 8300 PENSIONERS**

Local 1005 workers received their first indexing increase on pensions beginning in 1991, after the 1990 strike. The indexing formula is based how well the pension plan does and high the Consumer Price Index goes and has ranged from 0% to 3.1%. Last August 1<sup>st</sup> the increase was only .08% because of the financial collapse and its effect on the pension plan investments.

We did not receive an indexing increase on August 1, 2010 because according to the company, the indexing letter only covers the life of the contract which expired on July 31, 2010. They are covering the indexing that we already received (which is also regulated by the Pension Benefits Act), but U.S. Steel says they are not obligated to add additional increases unless it is negotiated in a new contract.

Local 1005 USW and U.S. Steel Canada have been in negotiations since May 20, 2010. The contract expired on July 31, 2010. Since neither party has asked for a conciliator, under Section 86 of the Ontario Labour Relations Act(OLRA) which states :”86.(1) **Working conditions may not be altered.**-Where notice has been given under section 16 or section 59 and no collective agreement is in operation, no employer shall, except with the consent of the trade union, alter the rates of wages or any other term or condition of employment or any right, privilege or duty, of the employer, the trade union or the employees... (a) until the Minister has appointed a conciliation officer or a mediator under this Act, and, (i) seven days have elapsed after the Minister has released to the parties the report of a conciliation board or mediator, or (ii) 14 days have elapsed after the Minister has released to the parties a notice that he or she does not consider it advisable to appoint a conciliation board, as the case may be; or (b) until the right of the trade union to represent the employees has been terminated, whichever comes first.”

U.S. Steel says that the above quoted section stops them from altering rates of wages or conditions of employment, but it does not oblige them to add indexing for August 1, 2010 when that is not negotiated. We are investigating this situation and will take legal action if we feel it is appropriate. (Section 86. (3) of the OLRA states “(3) **Differences may be arbitrated.**-Where notice has been given under Section 59 and no collective agreement is in operation, any difference between the parties as to whether or not subsection (1) of this section was complied with may be referred to arbitration by either of the parties as if the collective agreement was still in operation and section 48 applies with necessary modifications thereto.”

The success of fighting this case legally will hinge on the interpretation of section 86, whether not indexing the pensions as of August 1, 2010 is changing the “terms or conditions of employment.” At the same time one of the areas of disagreement in bargaining is that the company no longer wants to index pensions. This is one of the key issues we are dealing with.

We will keep everyone informed as the situation develops.

Letter from a member of Local 1005 USW:

**Hi Everyone,**

I attended the information update at the Union Hall last night (July 22<sup>nd</sup>) and this is what I interpreted from it:

- 1 – Yes the new hires can vote.
- 2 – If we are locked out we DO NOT qualify for EI.

Some of the other information I received was with regards to some of the issues we are facing with bargaining.

**1 – The \$70,000 dollar lifetime cap on benefits.**

I am fortunate enough to be healthy, but you can only imagine how sick you would have to be for quite some time to hit this cap. At present time we have 180 people who have hit the cap due to unforeseen medical issues. That is of approximately 8300 retirees and 700 current. This is a mere 2 percent of our total members who need help.

**2 – The Pension Indexing for Pensioners.**

As per the chart in the Unions Information update if you retired and received a pension of \$1000.00 August 1, 1990, you would presently be receiving \$1366.85 as of August 1, 2009. That is a mere 36.685% increase in 20 years. How much buying power will our \$2640 have 20 years after we retire if we give up this indexing? This may not affect us now, but it will in the future.

**3 – The Defined Contribution Plan for New Hires.**

If the company contributes \$2.50 per hour for all hours worked, that works out to approximately \$5000.00/year based upon 40 hrs. /week for 50 weeks/year. That is based upon 2 weeks holidays/year with no missed days. After 30 years the following would be accrued based upon the interest rates below.

| <b>Annual Interest</b> | <b>Principal Amount</b> | <b>Interest Accrued</b> | <b>Total</b> | <b>Number of Years at \$2640. present 30 year pension amount</b> |
|------------------------|-------------------------|-------------------------|--------------|--|
| 2%                     | 150,000                 | 57,416.18               | 207,416.18   | 6 Years, ½ month   |
| 5%                     | 150,000                 | 204,838.76              | 354,838.76   | 11 Years, 2 and ½ months   |
| 9%                     | 150,000                 | 639,194.01              | 789,194.01   | 24 years, 11 months  |

**4 – Maximum of 5 weeks vacation from the present 7 week allowance.**

**5 – C.O.L.A.**

The proposed formula would change our present cost of living formula to approximately 20% of what we receive now.

There is a meeting at the Union Hall every Thursday 3:30 pm.

Submitted by Sarah-Jane Shaw-Z-Line Department

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