



**RÉGIME  
DE RETRAITE**  
des groupes  
communautaires  
et de femmes



A **collective tool** for improving salaried community workers' income security upon retirement and, consequently, enhancing the sustainability of group action.

# The Community and Women's Groups Member Funded Pension Plan

## » A PENSION PLAN MADE TO MEASURE

The 4 main features of this made-to-measure pension plan



### Defined benefits

The Plan offers security and stability by guaranteeing payment of a pension for life regardless of Plan performance. This means that even after a crisis year like 2008, pensions already being paid under the Plan will continue to be paid without reduction, a major advantage over an RRSP.

### Prudent approach

The guaranteed pension formula (every \$100 paid into the Plan buys a yearly pension of \$10 as of age 65) was determined on a deliberately prudent basis, in addition to the fact that part of the contribution is used to establish a provision that will serve for eventual indexation.

### Respect of group autonomy

Each employer group decides whether to participate in the plan (30% of salaried workers can block participation). The group also chooses the employer/member contribution rates (notwithstanding that the employer contribution rate must be equal to or greater than the member contribution), which can be increased or decreased annually, as required.

### Collective risk-bearing

The risk is borne collectively by Plan members. Part of the contributions paid goes into an indexation reserve which, in harder times, serves to absorb shocks, and, when the financial situation is good, is available for pension-indexing. If, under difficult circumstances, this prudent approach and the indexation reserve prove insufficient to attenuate repercussions, active members will have to pay higher contributions to offset a deficit, but pensions already being paid and the vested benefits of members, pensioners and beneficiaries will not be affected in any way.

## » A PLAN FOR YOU

### Even if retirement is a long way off

Increased life expectancy means that we need pension income for an average of 20–25 years. Given the community sector’s modest salaries, the only way to accumulate enough money to enjoy retirement with dignity is to begin early. Time is our greatest ally. The younger we start, the better.

### Even if you are in your forties or older

In addition to regular contributions, the Plan allows each member to make additional voluntary contributions and, until retirement, to transfer RRSP amounts—including those from the Fonds de solidarité and Fondation. As a result, members who so wish have the possibility of accumulating adequate retirement income. To help with planning, the Plan’s website offers a calculator for projecting your retirement income based on public plans and the supplemental Plan.

## » A CLEAR, THOUGHT-OUT APPROACH

### Would it not be better to fight to improve public plans?

Canadian public pension plans are designed to provide basic income upon retirement—under the poverty line—not to maintain your current lifestyle. Much energy will be needed just to prevent the federal and provincial governments from cutting back on public plans. Waiting for a significant improvement in public plans is tantamount to condemning all salaried workers in community and women’s groups to poverty. This said, the Plan pension committee intends to raise awareness about the issue among community and women’s groups in order to defend and promote public plans.

## Would it not be preferable and easier to buy RRSPs rather than contributing to the Plan?

The events marking 2008 showed that an RRSP does not ensure income security upon retirement and that a member wishing to retire is not protected from market fluctuations, before or after retirement. Further, documents published by actuarial firms conclude that group defined-benefit plans perform better in the long term at lower cost than savings plans. Concretely, the same level of contribution not only guarantees a life pension but pays twice as much upon retirement than a savings plan for the same level of contribution. Given the community sector's low salary levels and groups' modest resources, can we afford not to have a defined-benefit plan?

## Is it not risky to join the Plan and invest, given the economic context?

Clearly, the economic context is far from ideal. But, a pension plan is a long-term undertaking designed for good and bad times. Caution in the Plan's underlying actuarial assumptions and the fact that part of the contributions are used to create an indexation provision provide room to manoeuvre. The asset allocation and choice of managers diversifies our investments and protects the pension fund should the market slump.



## » PLAN OPERATION AND PLAYERS

### Pension committee

#### Composition

The pension committee is elected at the annual meeting of members and employers. It is composed of 5 active members, 1 inactive member, 4 employer representatives and 1 independent member (+2 non-voting members). Plan rules stipulate a minimum number of women's representatives.

#### Mandate

The committee is the Plan administrator and trustee. It is mandated to:

- apply, interpret and, if need be, amend the text of the Plan;
- choose the Plan's actuary, administrator and fund managers;
- adopt a funding policy and an investment policy in order to ensure payment of the pensions promised and Plan sustainability;
- inform members and groups of their rights and responsibilities.

To offer service and communicate effectively with members, the pension committee has set up a secretariat.

### Rights and responsibilities

#### Rights:

- right to make all decisions required for good Plan administration;
- right to request and obtain all information that is useful for Plan administration;
- right to training to fulfil their fiduciary responsibilities.

#### Responsibilities:

- trustee's responsibility to "exercise the prudence, diligence and skill that a reasonable person would exercise in similar circumstances; s/he must also act with honesty and loyalty in the best interest of the members or beneficiaries" (Supplemental Pension Plans Act);
- responsibility to ensure that the pension plan is sufficiently funded, that funds are safe and that investments are properly managed to ensure payment of the promised pensions;
- responsibility to choose, instruct and monitor the delegates selected by the committee;
- responsibility to inform members and groups of their rights and responsibilities.

## The pension committee is supported by an actuarial firm and investment management firms.

### Actuaires-conseils Bergeron & associés inc.

Actuaires-Conseils Bergeron & associés inc. was hired to take care of the administration system, monitor payment of monthly contributions and ensure registration of members' vested benefits. In keeping with the Act, the firm performed an actuarial evaluation when the Plan began on October 1, 2008 and will do so at a minimum every 3 years to ensure that contribution rates and the funds in the plan are sufficient to pay members' vested pensions. The firm works closely with the Plan secretariat and reports to the pension committee.

**acB&A** Actuaires-Conseils  
Bergeron & Associés inc.

### Desjardins sécurité Financière

Every month, each group pays its contributions directly to Desjardins Sécurité Financière (DSF). The amounts are invested immediately in keeping with the pension committee's guidelines and choice of managers into Canadian bond funds and Canadian and international stock funds managed by **Fiera Capital, Addenda Capital, Jarislowsky Fraser, Barclays, McLean Budden and Hexavest**. Every 3 months, the pension committee receives the investment report.



Conjuguer avoirs et êtres



## Member groups

### Member groups' rights and responsibilities

#### Rights:

- right to participate in the Plan, but also to withdraw from it;
- right to define the overall contribution and the employer (min. 50%)/member breakdown, and make changes yearly if need be;
- right to define rules that are more advantageous than those indicated in the Plan regarding membership or continuing to accrue benefits during certain absences;
- right to be informed about Plan administration;
- right to participate in the annual meeting and elect pension committee members, including the right to run for the position of pension committee member.

#### Responsibilities:

- respect the process stipulated in the Act with regard to informing and consulting salaried workers regarding Plan membership or modifying the contribution rate;
- know and respect Plan provisions concerning membership and payment of contributions;
- pay required contributions before the 20th of the following month; provide necessary information to the Plan administrator; transmit to employees the information or documentation forwarded by the Plan or the administrator;
- exercise their right to participate in the annual meeting.

## Members

### Members' rights and responsibilities

#### Rights:

- right to membership, right to pensions and refunds according to Plan provisions;
- right to make additional voluntary contributions and buy back past service according to Plan provisions;
- right to be informed of benefits accumulated over the years and of Plan provisions;
- right to be informed of options offered by the Plan;
- right to participate in the annual meeting and elect pension committee members, including the right to run for the position of pension committee member.

#### Responsibilities:

- every year, ensure that their statement of benefits is accurate and inform the Plan secretariat of any error;
- participate in the Plan and pay contributions according to the rules stipulated in the Plan text;
- inform themselves of their benefits and options under the Plan;
- exercise their right to participate in the annual meeting.

## » LEGISLATION GOVERNING THE PLAN

The pension plan is governed by various statutes and the pension committee has the duty and obligation to ensure that they are respected.

- The main Act governing us is the *Supplemental Pension Plans Act*, which oversees setting up supplemental pension plans, defines the pension committee's rights and responsibilities, ensures ordered pension plan funding and protects members' rights. A regulation under this Act provides for specific terms applicable to a member-funded pension plan. The Plan is registered with the Régie des rentes du Québec.
- Like all pension plans, the Plan is subject to the *Income Tax Act*. It is a Canada Revenue Agency-registered pension plan.



## » POLICIES UNDERLYING THE PLAN

### Investment policy

Describes how money is invested to ensure payment of the pensions promised.

### Funding policy

Describes the committee's prudent approach to determine what Plan contributions can fund and how reserves and surpluses are used to ensure contribution stability and payment of vested pensions. Although such a policy is recommended by the Canadian Institute of Actuaries, very few plans have adopted one. Our Plan is a forerunner in this regard.

### Pension committee internal by-laws

Describes the rules adopted by the pension committee to ensure proper Plan governance and functioning in the members' and beneficiaries' best interest. These three policies are available on the Plan's website (French only).

A survey conducted by the Centre de formation populaire and Relais-femmes showed that less than 1% of Québec's community organizations have a supplemental pension plan and that the vast majority of community workers would find themselves living under the poverty line when they retire.

## » PROJECT BACKGROUND

In 2004, an association of community groups and women's groups decide to tackle the sensitive subject of pension plans in community and grass-roots organizations. Two significant observations justified studying the matter:

1. Salaried community workers have no pension plan. At best, some have a modest Registered Retirement Savings Plan (RRSP).
2. The lack of fringe benefit plans, including a pension plan, restricts staff retention in the community sector, affecting staff stability and the continuity of group action.

It took almost four years of deliberation and discussion to design and implement an initial proposal for a pension plan adapted to the community movement's needs and many constraints. The goal was to develop a tool allowing community workers to avoid poverty when they retire by guaranteeing them a lifelong pension.

**For more information, please contact Sylvia Roy (Plan secretariat) or go to the Plan website.**



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des groupes  
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et de femmes

110, rue Sainte-Thérèse #301

Montréal (Québec) H2Y 1E6

Telephone: 514-878-4473

Fax: 514-878-1060

Email: [RRFS-GCF@relais-femmes.qc.ca](mailto:RRFS-GCF@relais-femmes.qc.ca)

Website: [www.regimeretraite.ca](http://www.regimeretraite.ca)

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Université du Québec à Montréal