Bell Pensioners' Group
Together, Protecting our Pensions and Benefits

June 2011 – Newsletter | Toronto Chapter

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BPG Toronto Chapter AGM Summary and Chapter Chair's message

On May 25th we held our AGM at a new location, The Empire Empress Walk Theatres in North York. It was a successful meeting that featured the election of the slate for the Board of Directors as detailed in our last newsletter and Titus Ramkhalawansingh the new Toronto Chapter chair.

Al Bowcott our departing chair was presented with a small token of our chapter's appreciation. During Al's term he was receptive to several new ideas aimed at reaching more of our members to this end the chapter held a couple of General meetings in Oshawa and conducted surveys to get input from our members on various issues leading to the relocation of the AGM for 2011. At the corporate level Al was a member of a newly formed Audit Committee that prepared and issued a RFQ (Request for Proposal) for Auditing services as part of their due diligence and they evaluated several proposals before choosing the new auditors. Al will continue on the Toronto Chapter Advisory Board as "Past Chair" and help in the assembling of our newsletter and other duties.

BPG's President, Bob Farmer discussed the challenges facing BPG. Glen Simpson our chapter treasurer provided a review of our audited financial report. More details on Mr Farmer's presentation is included in subsequent pages of this newsletter. Our audited Chapter Financial Report is included on our web site at the following link: Audited Financial Statements . Printed copies are also available on request.

Our guest speaker was Susan Eng Vice president of advocacy for CARP, who did an excellent job of outlining how CARP is effective in advocating on behalf of its' members and discussed some of their techniques for quickly reaching MP's via emails from CARP's membership on time critical issues. Her talk was well received by our members. Some pictures from the meetings can be seen on our website under the meetings tab.

Feedback received indicate that people found Public Transit access very good, the Theatre seating comfortable, disabled access good, visibility of presentations excellent and the sound system good.

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They also liked the cafe area for socializing before the meeting but suggested that the coffee service could be improved. Some people had difficulty finding the parking area for the Empress Cinema and there was some confusion about the validation of parking stubs. We are conducting a brief email survey to gain additional input about the AGM as well as the level of interest in our Fall meetings.

We experienced a drop in attendance at the meeting some of which could be attributed to the move to the new location. However, all other chapters have experienced a similar drop in attendance at their AGM's this spring. There appears to be a general complacency creeping into our membership as evident in attendance and even more disturbing in the very poor rate of renewals.

Perhaps some of this is due to all the talk about pension reform in the past year and some of the changes that were made to bring about better rules for defined benefit pensions. These rules also increased the flexibility for plan sponsors to remedy plans in a deficit position. While progress has been made the fact of the matter is that currently **our pension plan remains in a deficit position with a Solvency shortfall of about $1.3 Billion (as of Dec 2009)**. That means that should the unforeseeable happen and there was a need to wind up our pension plan we would only have received about 90% of the pensions we are entitled to receive. This means there is still a lot of work to do as will be outlined further in this newsletter. The political focus is now on public pensions and not Defined Benefit Pensions which have come to be viewed as gold plated in much of the press. In any case Pension reform seems to be no longer about changing pension legislation but has been hijacked by talk of an enhanced CPP and public subscriptions to a new PRPP (similar to RRSP's). The average member of the public without a pension does not care about pension legislation. Only organizations such as BPG are interested in the advocacy required to fix the rules to better protect our pensions and it's a long term fight especially with a majority government in place.

We need our members to not only renew their membership but to help grow the organization so we can represent more than the 1/3 of the 30,000 Bell pensioners who are currently members. We need people to volunteer to contribute some of their invaluable time and talent in a number of ways not the least of which are simple phone calls to those who have not yet renewed for 2011 so we can sustain our membership. . (**Several of you volunteered in our recent survey but did not provide contact information please tell us who you are at: titus@bellpensionersgroup.ca**)

In the fall we'll be having 2 meetings one in Oshawa on October 27th at the CAW Hall to enable our members East of Toronto to attend and we'll also have one in the Burlington area on October 26th to enable members west of Toronto to attend. This will hopefully provide better access to our meetings for our members across our membership area and an opportunity for you to bring a non-member to a meeting.

2010 AUDITED FINANCIAL STATEMENTS

Collins Barrow LLP, our Ottawa-based auditors, delivered the audited 2010 financial statements of Bell Pensioners Group Inc. to the corporate board on April 8, 2011 It stated, "We did not identify ... any misstatements, other than trivial errors; fraud; misstatements that may cause future financial statements to be materially misstated; illegal or possibly illegal acts, other than ones considered inconsequential; or significant weaknesses in internal control". The Corporate Board approved the audit and maintenance of the membership fee at $20.

In the context of the audit, a major thrust of the organization continues to be to increase membership and to manage expenses so as to generate a surplus reserve to fund future projects.

That reserve was activated in 2010 with a transfer from the Chapters to Corporate of $43,225 ($14,270 was Toronto's share) to fund an anticipated significant increase in advocacy activity by Corporate in 2010. That reserve totaled $318,405 at year-end, up $46,798 from last year or 17%.

Financial highlights follow, with Toronto Chapter numbers in **parentheses**. Revenue-defined membership reached 10,336 **(3628)**, a growth of 1.2% **(1.6% decrease or a net loss of 58 members, mostly due to lagging renewals)**. Revenues, mostly membership fees, totaled $215,412 **($24,335)**, 0.4% **(-38% or - 2.5% adjusted for the transfer to Corporate)** over 2009. Expenses were $169,663 **($23,702)**, down 6% due to less advocacy work and other savings (-2.3%), of which 50% is spent at the Corporate level, funded by the transfer of 50% of each chapter's membership revenues to Corporate. Toronto Chapter's expense is directed at two main activities, our newsletters and other membership communications (62% of which half is postage) and our membership meetings (21%). The Toronto Chapter, largest of the five chapters (35%), spent $6.50 expense dollars per capita. (By comparison, Montreal spends $9, Ottawa $8.20, SWO $9.80 and Quebec $10.30.) We ended 2010 with a surplus over our retained revenues of $633 despite reduced income after the special transfer to Corporate.

Glen Simpson—Treasurer Toronto Chapter

BELL CANADA'S DEFINED BENEFIT PENSION PLAN: FINANCIAL STATUS

As the 2010 Plan Valuation will not be available until after June, the most recent information about the plan's financial status pertains to 2009. At that time, the plan had a **solvency deficiency of $1.3B**, or about 10% of the plan's liabilities. The market value of all of the plan's assets, as of the end of 2009, was approximately $2B less than the plan's liabilities.

Since the time of that valuation, Bell has made the contributions that it is required to make by law, and has also contributed an additional $750M to the plan. That voluntary contribution will be treated as a prepayment of future funding obligations. Bell expects that the plan's deficit will be eliminated by 2014.

The plan's return in 2010 was 11.4%. The table below compares the Bell return to the returns experienced by other large pension plans.

Bell	11.4%
Caisse de Depot	13.6%
CPP	11.9%
OMERS	12.0%
Ontario Teachers'	14.3%

We will publish a detailed article on the 2010 results in our September newsletter. Look for an article on the BPG website this summer when the 2010 Plan Valuation Report is released.

BELL PENSIONERS' GROUP: ORGANIZATIONAL ADVANCES

Thanks to the hard work of the many dedicated BPG members on the Board and in each of the Chapters, many achievements can be noted:

- Our records retention program, headed by Dan McDonald, is well underway. This program will ensure ongoing access to the important documents on which BPG relies
- Following an RFQ process designed to ensure that BPG's audit means could be met in the most cost-effective way, BPG has engaged BDO as our auditor
- An audit committee, under the leadership of BPG VP Michel Doyon, has been struck
- With a change to the service provider and the processes for website backup, we expect that continuous access to the BPG website will be ensured.

The May AGMs have approved the slate of directors. BPG's new Board of Directors for 2011-2012 is as follows:

President: Bob Farmer
Treasurer: Gwen Guillet

Vice President: Michel Doyon
Secretary: Lancy Hum

Directors At Large:

André Bergeron	Bob Bartlett
Sue Dawes	Jean-Luc Geha
Linda Gervais	Robert Guay
Ron Hunt	Dan McDonald
Denis Menard	

Chapter Chairs are:

Marlyn Easterbrook, **Ottawa**
Frank Bible, **South West Ontario**
Titus Ramkhalwansingh, **Toronto**
Yvan Dutrisac, **Montreal**
Yvan Pacaud, **Quebec**

The strength of the Board comes from the willingness of informed and dedicated BPG members to help in the cause of protecting our pensions and benefits. Thanks go to outgoing Toronto Chair Al Bowcott, and incoming Chair Titus Ramkhalawansingh. Thanks also to Denis Menard who is a recent addition to the Board, and to Dan McDonald who has agreed to rejoin the Board after an absence of several months.

Bob Farmer— President - BPG

Enhancing Pension Security— BPG Advocacy now & Looking Ahead

One of BPG's objectives is the protection of the pensions that have been promised to Bell Canada's retirees. To do this, we assess the risks that pensioners face, and advocate for legislative and regulatory changes that will help reduce these risks. The risks can be considered in three broad categories:

- risks arising from the funding rules
- risks of pension plan investment practices
- risks presented by the plan sponsor

Funding Rules

The funding rules tell plan sponsors **when and how much they must contribute to their pension plans**. The rules have to be strong enough so that the plans will be able to pay out the promised pension amounts, now and in the future. Weak rules are a big risk to pensioners, because if the rules let plans become underfunded for a long period of time, then pensioners risk a loss, or reduction, of their pensions should the sponsor ever have to cease business. As an example, we have seen the harm done to Nortel pensioners recently because Nortel's bankruptcy occurred at the same time as its pension plan was underfunded.

In past articles we have described the role that BPG has played in the reform of pension plan funding rules in recent years. BPG was a very active participant in the federal government's consultation process on the Pension Benefits Standards Act. We submitted briefs to the government, appeared at parliamentary committee hearings, and talked to a number of politicians and bureaucrats about the funding issues that were of critical importance to pensioners.

The pension legislation that governs Bell's pension plan was changed last year, and the regulatory amendments are rolling out. Many of the changes have been positive to pensioners, in that they reduce pensioner risk, but some are disappointing. We will continue to press for further rule changes.

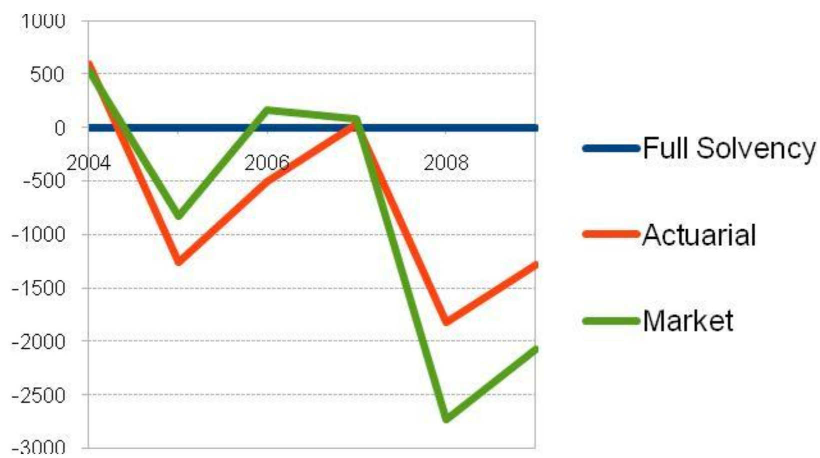
We have taken the opportunity, in various political forums, to reinforce the fact that pension reform that reduces pensioner risk is a key component of the wider political discourse on the Canadian retirement income system.

Investment Practices

Pension plans are large investment pools, and therefore their financial integrity moves with the health of the investment markets. Bell Canada is responsible for establishing and carrying out its investment strategy. The graph below shows **how the solvency deficiency/surplus has tracked over the 2004-2009** period. Not surprisingly, its swings mirror market behaviour generally, though other important factors too are involved.

When the graph falls below the "full solvency" line, it shows that the plan has a deficiency, that is, it is underfunded. Most federally-regulated plans showed this same pattern over this time period.

When a plan is underfunded, the sponsor is required to bring it back to full funding, that is, to make it fully solvent. Though BPG is disappointed over how long sponsors are permitted to take to do this, as long as the sponsor stays in business then pensioners can be confident that ultimately their pension plan will be fully funded, and so their pensions will not be at risk. However, should the sponsor become bankrupt before full funding is achieved, then pensions are at risk. This is discussed in the next section.



Soundness of Sponsor

For our plan, Bell Canada has decided what the pension promise is, funds the plan as required, sets the investment strategy, and administers the plan. In doing so, Bell has developed a number of practices that are collectively referred to as "plan governance". BPG is not aware of any shortcomings of the Bell governance practices. However, in an effort to reinforce the importance of strong plan governance, BPG – separately and in conjunction with the Canadian Federation of Pensioners (CFP) – has proposed to pesion regulators various measures by which the governance practices of pension plans can generally be improved.

As noted above, as long as the pension plan sponsor continues in business, there is little risk to pensioners. However, should the sponsor cease to be in business AND should the pension plan be under-funded at the same time, then the situation is different. Typically in this situation, the underfunded pension plan is "wound-up", and pensioners see a reduction in their pension payments to the extent that the plan is underfunded. The pension reductions can be made somewhat less damaging if pensioners are also able to gain access to some of the assets of the bankrupt sponsor.

For the members of a number of pension plans in Canada, the bankruptcy of their plan sponsor is already a reality. For others, the prospect of bankruptcy is an imminent concern. That is not the case with the Bell Canada pension plan. However, no one can be confidnt that their sponsor will always be there, no matter how much one wants that to be the case. **To mitigate the risk that bankruptcy can represent to our members, BPG has been active, along with the CFP, in attempting to improve the lot of pensioners in bankruptcy situations.**

Under current rules, the bulk of the unfunded liabilities of a pension plan are treated as are all other unsecured creditors. They are the last in a long list of creditors given an opportunity to reduce their losses by taking a part of the assets of the bankrupt company. Current rules can only be expected to reduce marginally the harm that pensioners realize when the sponsor of their underfunded plan enters bankruptcy.

One way to mitigate the harm is to move pensioners up in the order of creditors. BPG supported a private members bill in the last parliament (C-501) that would have done that, and encouraged every MP in the House to support it. Ultimately, the bill was stripped of its protections to pensioners in the committee process. It is clear that both the borrowers and lenders of money do not wish to see such a change, and argue against change on the basis that credit will either become very expense, or access to it will be blocked altogether.

Though some political will to move on this issue is evident in some quarters, it is not widespread at this time. BPG will continue to explore ways to advance this issue politically.

Bob Farmer— President - BPG

BPG COMMENTS ON CAPSA PROPOSALS

On March 1, 2011, as part of its consultation with pension industry stakeholders, the Canadian Association of Pension Supervisory Authorities (CAPSA) issued the draft version of three key documents:

- **Guideline on Pension Plan Prudent Investment Practices**
- **Self-Assessment Questionnaire**
- **Guideline on Pension Plan Funding Policy**

In its request for comments, CAPSA stated its belief that "good pension plan governance in terms of best practices in pension plan funding and investment is essential if plan members are to receive the benefits they have been promised."

CAPSA is a national inter-jurisdictional association of pension regulators whose mission is to facilitate an efficient and effective pension regulatory system in Canada. Its members include the Office of the Superintendent of Financial Institutions, the Financial Services Commission of Ontario and the Régie des rentes du Québec.

In a **joint submission** of the Bell Pensioners' Group (BPG) and the Canadian Federation of Pensioners (CFP), dated May 31 2011, Bob Farmer, BPG President, says that " BPG and CFP consider pension plan governance to be of critical importance to the security of pensioners... As the submission points out, CAPSA has proposed many useful measures that would add to the security of pensioners. The attached submission suggests ways in which those proposals could be further strengthened, and compliance can be ensured. Timely implementation of these proposals is important. The sooner they are in place, the sooner will be the added protection afforded to pensioners. It is hoped that CAPSA will be in a position to act on these recommendations in short order."

In the BPG/CFP submission, specific amendments are proposed:

Measures should be requirements, not guidelines

Though CAPSA has documented many measures that can be expected to strengthen plan governance, they are presented as "guidelines", as measures that sponsors and administrators might consider for implementation. Guidelines do not carry the weight of requirements. To strengthen plan governance, it is proposed that the measures outlined in the CAPSA documents be required of plan sponsors and administrators.

Strengthen measures to address potential conflicts of interest

For many pension plans, the employer is both the plan sponsor and the plan administrator and has different responsibilities to pension plan members in each of these two roles. In particular, in its role as administrator, but not in its role as sponsor, the employer is "a fiduciary whose actions and decisions must be made in the best interests of the plan's beneficiaries in an even-handed manner."

So that greater clarity can be provided regarding the manner in which the potential for conflict that exists between the sponsor and administrator in respect of the investment strategy has been addressed, it is proposed that the guideline should require the administrator to articulate:

The considerations that lead to the balance of risks that it has adopted, and

The considerations that lead it to conclude that the risks to the plan members should be considered acceptable.

Plan valuations should be completed annually

Pension plan regulators should require administrators to conduct plan valuations, both solvency and ongoing, no less frequently than annually.

Establish benchmarks and standards for review of plan performance

Although many effective measures are identified by CAPSA for the monitoring of the pension plan, it is proposed the means used for selecting the benchmarks be identified, including the rationale employed to determine that those benchmarks support the interests of plan members.

In its discussions with BPG in April, Bell stated that it has already undertaken all the measures suggested by CAPSA as guidelines

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Please pass this form along to fellow Pensioners who may not have joined BPG yet

This form should <u>not</u> be used for renewals unless you wish to pay now for future years

I wish to become a member of the Bell Pensioners' Group (BPG) Inc and I enclose my cheque for $20.00.

- The annual fee of $20.00 covers the period from January 1 to December 31.
- All fees received will be applied to 2011. Amounts over $20.00 will automatically be credited to future years.

New Application _____ Payment for future years ____ (indicate with an "x")

Family & Given Names:	Initials:
Address:	Month/Year Retired /
Retired From (check one): Bell Canada ______Bell Mobility _____Expertech _____BIMS ____	
Bell ExpressVu _____BICTOS (Connexim) _____Other (specify) ________________________________	
City or Town: Province	Postal Code:
Telephone:	Email:
I would like to receive my newsletters by:	Email ______________Mail________
Signature:	Date: (dd/mm/yy)

Please mail completed form along with your cheque to: Bell Pensioners Group, P.O. Box 5-Stn "D", Etobicoke, ON, M9A 4X1 *note: you may also click on the following link to access an on-line form which can be used instead of the above:* http://www.bellpensionersgroup.ca/membership.php?lang=en&chapt=Toronto

Important: If this this is a payment for future years; *Please write your membership number on the cheque to ensure accurate posting. Please make cheque payable to BPG (Bell Pensioners' Group).*

This newsletter is published by the Toronto Chapter of the Bell Pensioners' Group (BPG).

Please send your comments or suggestions to: titus@bellpensionersgroup.ca

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