

Presentation to Bill 45 Committee Hearings
by Roland Stankevicius, private citizen

My name is Roland Stankevicius I am a teacher at Transcona Collegiate and I am a member of The Manitoba Teachers Society. I want to thank the Committee for the opportunity to present my opinion on the proposed amendments to *The Teachers Pensions Act through Bill 45*. And I want to thank this government for introducing these important amendments.

I have been a Manitoba Teacher for over 20 years active in all facets of my teaching career including coaching, community service and serving in my profession in various capacities with the local River East and River East Transcona Teachers Association and with a variety of committees for the Manitoba Teachers Society. It is a rewarding and interesting career and I am very grateful for the experiences and relationships I have forged over these past 20 years. During this time my partner Barbara, who is also a Manitoba Teacher, and I have raised 3 children. Calvin and Clair are now both attending the University of Manitoba and our daughter Angela will graduate from College Beliveau in June 2010. I am sharing this background for you to put a human face on what I want to say to you about Bill 45.

The past 25 years of marriage, family and career has not been as neat and tidy as the short narrative I have just shared with you. There have been challenges and frustrations and some disappointments in this journey and often realistic and practical decisions had to prevail over greater expectations. If I could get into my *time machine* I might go back and make some changes, but that is impossible, so we move forward and make changes as necessary and *deal with reality*. In a nutshell, this is how I view the amendments proposed by Bill 45. The teacher pension plan is very important to me. I have always been one of those who actually read the TRAF annual Reports and my own personal TRAF pension statement. I have no illusions about what to expect and I have done my best to build a lifestyle that is consistent with that reality.

Bill 45 is not perfect, but as Mick Jagger famously sang "You can't always get what you want, ... but if you try sometime, you'll get what you need."

Bill 45 may not be everything we want but it is an important step forward to resolve some immediate COLA concerns and hopefully to avoid a bigger pension problems down the road. It is very important that we begin immediately to work towards dealing with *reality and need* in terms of the teacher pension issues in Manitoba today and the pension issues we are going to face for the future.

Pat Isaak has provided the reality check and history around the past 25 years of our plan. I don't need to revisit those facts. It is of interest though, that the issue of COLA has been so

misunderstood by so many presenters these past days of presentations. Clearly, during the past 10 years of cost of living adjustments that were less than 100% (and usually less than 66%), the pension adjustment was completely onside with legislation. Section 10(8) of *The Teachers Pension Act* provides for this. The expectation may have been that COLA should be 100% but the reality, the statute is clear. As The TRAF Annual Report consistently states:

... Annual COLAS are the lesser of the prior year change (in CPI) for Canada and the amount that the Pension Adjustment Account (PAA) can support as determined by the plan's actuary.

Since 1999 the PAA balance has not been able to support the expectations of a 100% COLA and as stated by TRAF, we continue to expect that future COLAS will average approximately 0.8% per annum for the foreseeable future. Of course that is far less than the expected cost of living increases in the near term (approaching 2.5% per annum.) or only 33% of a COLA. This is the reality of our Pension today. Bill 45 provides for an immediate and significant improvement of COLA paid to beneficiaries. If we don't act on these amendments to improve and grow the PAA the erosion of benefits to retirees will not slow down and newer retirees will see their pensions erode more quickly.

Don't get me wrong I would love to see a fully indexed (100% COLA) pension, but I would also like only twenty students in my classes, rather than 25+++ . And that is not going to happen too soon given my current reality. 100% COLA was a different time with different realities. The current reality is very different. We all have heard on how the demographics around our profession and pension plan have changed. I believe that Bill 45 is a realistic solution to dealing with current price inflation concerns and to bringing much needed attention by government and plan members about our pension. It is a best start to a very difficult problem that has been too long ignored or misunderstood.

The history of decisions, changes and expectations for our pension are what they are. And if we had a *time machine* I'm sure we would like to revisit some aspects of decision-making that took place in the past, but that is impossible and so we move forward and *deal with reality* and that is what I see in Bill 45. On balance we have a good pension plan, with excellent fundamentals.

1. As a pension plan design, *the defined benefit plan for life* that is a Manitoba teachers pension is paramount.
2. Access to a pension at a minimum age of 55 years plus 25 years of service in the profession is a standard that is entrenched.
3. A government sponsor in the pension plan as rock solid partner.

4. Price Inflation protection through a Cost of Living Adjustment that is fair and reasonable in the face on uncertain economic realities for the future.

These features of the plan are the envy the majority of working people anywhere and we need to acknowledge these as hard fought gains through the efforts of our fore bearers and a model working people to aspire to. But it is time to make some changes. And I am very thankful for the hard work and efforts made by all members of the Pension Task Force in working through these challenging and complex problems. It is important to acknowledge the efforts made to resolve competing interests of costs and benefits and to come forward with a solution that tries to bridge the differences.

Clearly it has been a difficult challenge but I believe Bill 45 deserves support as the status quo is a worse case. Bill 45 protects the most important features and plan design elements that teachers and pension plan members expect and it takes important steps forward to protecting costs and benefits for all pension plan members. Of course Bill 45 is not a perfect solution and it will leave some plan members frustrated, just as I feel when I welcome student #28 to my ELA20 class.

To recap Bill 45 does address the following important 6 realities:

5. It provides an immediate and significant improvement in the COLA paid to beneficiaries.
6. It recognizes the need for checks and balances so that the COLA is sustainable.
7. It provides a 10 year safety net in the form of the better of investment earnings crediting.
8. It provides for a review of the implementation after five years.
9. It provides for a review of the contribution rate after the 2009 valuation.
10. It places a priority on protecting the basic pension benefit.
11. Most importantly It places a priority on protecting the basic pension benefit. Raiding the basic pension benefit, for any reason is absolutely unacceptable.

In conclusion I am speaking in favour of Bill 45, as have the majority of pension plan members who voted this past Spring. A clear majority of members of the teachers pension plan said yes to these changes. I urge to proceed with passing Bill 45 and begin the process of a realistic change, recovery and better health for our pension plan. Thank you for this opportunity to address the Committee.

Respectfully,

Roland Stankevicius

However Bill 45 is a measured solution to potentially dire consequences on our pension plan should we squander or allow this opportunity to pass by and allow the our pension to become seriously compromised, where the basic pension benefit may be at risk and the issues of inflation protection are further undermined.