

## Speaking notes

Pat Isaak, President, The Manitoba Teachers' Society

The issue at hand is a financial one. I have been on the record many times as saying that pension plans are a balancing act...they are about money in and money out.

You heard several presenters last night say that they either don't understand or don't want to talk about the numbers. Well I do. Because numbers are what got here and numbers are the only thing that will get us out.

But if you will indulge me for a moment, much has also been said about my motivation, and I do, in fact, have a very personal connection to this issue.

My father was a class 3 teacher and paid into this plan for 34 years. He took what he considered to be early retirement in 1985 at age 64 and lived for 19 years on his pension until he passed away four years ago. My mother, who just turned 85 last week, now lives on the 2/3 survivor benefit of his class 3 pension.

So is this issue important to me? You bet it is. But what is most important is making it better, and that's what the Teachers' Society has been attempting to do for the past five years. And the only thing that will make this pension better for my Mom is numbers.

There was much said last night about promises, guarantees, expectations and entitlements. There was also much said about misinformation.

These terms have been tossed around interchangeably, but their meanings in the context of the issue before you is critical.

There is no guarantee of COLA in the Teachers' Pensions Act...there never has been.

There were promises made about COLA that should never have been made.

Those promises created expectations in the minds of active teachers—expectations that could not be met.

Those expectations came to be seen as entitlements, and therein lies much of the disillusionment of many retired teachers.

Many people last night said they felt as though MTS had let them down. They're right.

I feel personally heartbroken and professionally embarrassed that an organization—my organization and my father’s organization—knew that what they were doing twenty years ago was wrong, and they did it anyway.

I can’t begin to explain those actions. What I can say is this. The easiest course of action for the current Executive of MTS would have been to follow in the footsteps of our predecessors.

We are simply not prepared to do that.

Much was said about misinformation. It’s important to distinguish between misinformation and information that people don’t want to hear.

Throughout this process, MTS has provided information. It has angered many people, it has caused a great deal of dissent, but I think I heard one presenter say that dissent is good.

The bottom line is that our pension plan is underfunded. It has been for more than two decades. This comment will no doubt raise the ire of people who like to talk about surpluses. So let me address the “surplus” issue.

Pension plans experience surpluses and deficits over time, and our plan is no different. But surpluses are not money in the bank.

Over the course of two decades, surpluses in our plan were spent—sometimes on benefit improvements, sometimes on COLA. Those improvements WERE real liabilities to the plan. Once those improvements were made, the money to pay for them inevitably would have to be found. The proverbial chickens coming home, if you will.

In essence—and this is a difficult reality for many people—our retirees are reaping the benefits of those decisions, but were never asked to pay for them.

I say they were never asked to pay for a reason. Many retired teachers who I have spoken with over the past few years have said “I would have gladly paid more into my pension, but nobody ever asked”.

That is a shame. They should have been asked. They should have been given the “real” financial picture of their pension plan and they should have been allowed to make those decisions. They were not.

A final comment about surplus. I heard last night that “Pat Isaak said that all the Account A surplus should go to active teachers”. That’s not accurate.

What I have said is that the surplus in Account A should remain in Account A. To rob the basic benefit to pay COLA is wrong on every conceivable level and it is something the Society will never agree to.

I want to comment on something that the very first presenter last night said: Allow retired teachers to get what they paid for.

If the current Provincial Executive of the Manitoba Teachers' Society took that stand, we would be even less popular with RTAM than we are now!

The fact is that retired teachers are getting MORE than they paid for. Again, the numbers speak for themselves.

The pension benefit that was built in the early 1980s was predicated on a teacher paying contributions for roughly 35 years and drawing benefits for roughly 15 years. Two years in for every year of benefit.

What happened over the course of twenty years is that those lines kept moving until we found ourselves with a plan that saw teachers pay in roughly 30 years and draw a benefit for 30 years. One year in for every year out.

All the focus was on the benefit side of the balance sheet. There was no attention paid to the contribution side for twenty five years. That's a long time!

What active teachers are asking is this:

Why did this happen?

Why do I have to pay more for the same benefit?

Difficult questions. But here's one I can't answer. If, as the RTAM President stated, we paid for a full COLA, what happened to the money?

There was some mention of mismanagement. Again, the message is important. There has NEVER been mismanagement of our pension fund. There have been some misguided decisions about the plan, but the money has never been mismanaged.

I want to conclude by addressing the issue of talking.

I heard repeated comments that "we need to get rid of Bill 45 and get back to the table to talk".

I'm happy to talk about this pension plan. Any time, with anyone. In fact, we have been talking for years, and, as my father would say, we can talk until the cows come home.

But while we're talking, our plan will sit idle, and not one dime will flow into the plan while we are sitting around the table talking.

Our plan needs money. Active teachers have said they will pay more. Government has said they will pay more. Bill 45 allows us both to do that and move on.