



**International Association of Fire Fighters
Submission to Finance Canada - Ensuring the Ongoing Strength of
Canada's Retirement Income System
May, 2010**

The International Association of Fire Fighters (IAFF) represents more than 21,000 professional fire fighters across Canada; men and women who protect 85 per cent of Canada's population and who are the nation's first line of defense in the event of any kind of emergency.

On behalf of our members, we appreciate the opportunity to submit our views on ways to ensure the ongoing strength of Canada's retirement income system.

The IAFF believes that all Canadian workers are deserving of adequate financial provisions in their retirement and we recognize the many parts of financial planning that are required to ensure this.

The Canada Pension Plan is a major element of retirement planning and in July of 2009 the IAFF presented a submission to the Department of Finance clearly outlining the need for changes to the CPP to acknowledge the early retirement provisions for fire fighters in Canada, while providing comment on proposed amendments to the CPP which were announced in May, 2009.

Professional fire fighters have unique retirement and retirement income needs. Because of this, fire fighters are identified in Part LXXXV, Section 8500(1) of the *Income Tax Act* Regulations as members of a public safety occupation and permitted to retire early, at age 55. Fire fighting is a dangerous and physically demanding profession, and members of the occupation suffer among the highest rates of job-related injuries and illnesses of any group of workers.

Sadly, due to the dangerous nature of the profession and the course of their duties, many fire fighters do not live very long past the age of retirement and as a result do not benefit for very long from the CPP and other pension plans they've paid into for their entire working careers. Fire fighters endure these risks to their health and their safety all in the name of protecting the lives and property of the citizens of Canada.

Early retirement for fire fighters has long been considered to be in the best interests of fire fighters and the citizens they serve. However, an early retirement also reduces the number of years of credited service and pension contributions, resulting in a reduced pension income, typically 60 per cent of pre-retirement income, which is significantly lower than the 70 per cent that is considered the benchmark for adequate financial provisions in retirement for Canadian workers.

In order to address this problem, the Government of Canada in 2003 amended Part LXXXV Section 8503(g)(i) to specify that fire fighters can benefit from an increased pension accrual rate of 2.33 per cent annually for each year of credited service.

In a typical scenario, the increased accrual rate would bring a fire fighter up to the benchmark 70 per cent of their pre-retirement income.

The increased accrual rate is available to fire fighters who have registered pension plans that are integrated with the CPP. It is also subject to formal recognition in registered pension plan rules in addition to negotiation with the employer.

The increased accrual rate will assist fire fighters who are able to achieve those requirements and the IAFF remains grateful to the Government of Canada for enacting this regulatory change at our request.

For fire fighters whose pension plans are not integrated with the CPP and who therefore do not qualify for the accrual rate increase, the 70-per-cent benchmark can be achieved through direct changes to the CPP. Specifically, it can be achieved by granting fire fighters access to reduced CPP benefits at age 55 and unreduced benefits at age 60.

For those fire fighters who qualify for the accrual rate and those who do not, the Canada Pension Plan remains an important ingredient in overall retirement income and any proposal to amend the plan and its rules deserves scrutiny.

In discussions around ensuring the ongoing strength of Canada's retirement system, the need to make changes to CPP have been expressed by many parties. Ideas are being expressed that suggest increasing the contribution and benefit levels.

The IAFF is not necessarily opposed to these ideas; however consideration must be given to the large number of workers in Registered Pension Plans who may benefit more from increased contributions into their RPP's as opposed to CPP.

Submissions by British Columbia Municipal Pension Board of Trustees and the Ontario Municipal Employees Retirement System have for example recommended that any changes to the pension system be flexible enough to allow workers to manage their contributions in ways that can yield the best return for the needs of the particular employee groups. The IAFF strongly agrees with this position, that RPPs that are successfully managing the retirement needs of their members should not be disadvantaged by having their contributions re-directed to the CPP when that is not advantageous to those members.

The landscape of retirement planning is vast; the needs of employee and worker groups are equally vast. Increasing the CPP contributions and benefits meets the needs of many workers, but many will be better served through their individual RPPs. A “one size fits all” is not the most beneficial approach in considering changes to ensure the ongoing strength of Canada’s retirement system.

The IAFF urges the government to provide a flexible and balanced approach that recognizes that RPP’s may provide to the more specific needs of an employee in a more economic way.

James A. Fennell
IAFF 15th District Vice President

Bruce Carpenter
IAFF 13th District Vice President

Lorne West
IAFF 6th District Vice President

Scott Marks
Assistant to the General President for Canadian Operations
International Association of Fire Fighters
IAFF Canadian Office
403-350 Sparks St.
Ottawa ON K1R 7S8
(613) 567-8988
smarks@iaff.org