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# NATIONAL ASSEMBLY

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FIRST SESSION

FORTIETH LEGISLATURE

Bill 497

**An Act respecting the implementation of  
certain recommendations of the report  
*Innovating for a Sustainable Retirement  
System* in the municipal sector**

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**Introduction**

**Introduced by  
Mr. Christian Dubé  
Member for Lévis**

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## **EXPLANATORY NOTES**

*The object of this bill is to implement certain of the recommendations formulated in the report Innovating for a Sustainable Retirement System drafted by the Expert Committee on the Future of the Québec Retirement System.*

*Under the bill, the Government must adopt and make public a government plan of action setting out the legislative, regulatory or other measures it intends to adopt to ensure the sustainability of supplemental pension plans in the municipal sector.*

*The plan of action must require that current service costs be shared between the employer and active members at a proportion of 50%, and that the cost of deficiencies related to service accumulated after the introduction of the measure be shared between active members and retirees.*

*When a collective agreement expires, the parties to the pension plan must negotiate in good faith in order to agree on the measures to be taken to reduce pension plan costs and secure benefits for past service.*

*A negotiation protocol must be filed with the Régie des rentes du Québec, specifying the commitments and timetable the parties undertake to observe within a one-year time limit.*

*At the end of that period, the employer may, as part of a revision of the pension plan, unilaterally eliminate or amend the indexation of benefits for past service provided the change applies uniformly to current and future retirees and the employer contributes financially to the plan so as to reduce the deficiency in the same proportion.*

## **Bill 497**

### **AN ACT RESPECTING THE IMPLEMENTATION OF CERTAIN RECOMMENDATIONS OF THE REPORT *INNOVATING FOR A SUSTAINABLE RETIREMENT SYSTEM* IN THE MUNICIPAL SECTOR**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### **CHAPTER I**

##### **OBJECT**

**1.** The object of this Act is to implement certain recommendations of the report *Innovating for a Sustainable Retirement System* drafted by the Expert Committee on the Future of the Québec Retirement System and deposited in accordance with the Regulation respecting the legal deposit of published documents other than films (chapter B-1.2, r. 1).

#### **CHAPTER II**

##### **SCOPE**

**2.** This Act applies only to pension plans to which the Supplemental Pension Plans Act (chapter R-15.1) applies and for which the employer is a municipality, a body defined in section 18 of the Act respecting the Pension Plan of Elected Municipal Officers (chapter R-9.3) or a municipal housing bureau within the meaning of the Act respecting the Société d'habitation du Québec (chapter S-8).

However, in the case of multi-employer pension plans, including those not considered as such under section 11 of the Supplemental Pension Plans Act, this Act applies only to the extent that at least 90% of the active members of the plan are employed by an employer referred to in the first paragraph.

#### **CHAPTER III**

##### **SUPPLEMENTAL PENSION PLANS**

**3.** The Government must adopt and make public a government plan of action setting out the legislative, regulatory or other measures it intends to adopt to ensure the sustainability of supplemental pension plans. Among other things, the plan of action must

(1) provide that the Supplemental Pension Plans Act allow pension plan cost-sharing between the employer and active members

(a) with regard to current service;

(b) with regard to deficiencies for future service from the date on which the measure is introduced or with regard to deficiencies for past service;

(2) require that current service costs be shared between the employer and active members at a maximum proportion of 50%;

(3) provide that the cost of deficiencies related to service accumulated after the introduction of the measure be shared between active members and retirees;

(4) require that a benefits policy be established to inform members of the rules applicable to benefit increases and reductions;

(5) require that minimum rules be set as to the adoption and contents of the benefits policy;

(6) stipulate that only the member contribution for current service is to be taken into account for the purposes of the minimum employer contribution; and

(7) retain the principle that the employer remains responsible for the entire debt if the pension plan is terminated, and for the balance owing when members transfer their benefits out of the plan.

**4.** The Government may take any other measure it considers necessary to implement the plan of action.

## **CHAPTER IV**

### **NEGOTIATION OF CONDITIONS OF EMPLOYMENT**

**5.** Provisions relating to conditions of employment concerning pension plans are governed by this chapter.

**6.** When a collective agreement expires or, if it is expired, on the coming into force of this Act, the parties to the pension plan, including the employer, active members, non-active members whose pensions have been deferred and retirees receiving pensions, must negotiate in good faith in order to agree on the measures to be taken to reduce pension plan costs and secure benefits for past service.

**7.** When a collective agreement expires or, if it is expired, on the coming into force of this Act, the employer and active members, including members receiving deferred pensions, must negotiate in good faith in order to agree on restructuring measures for the revision or suspension of vested rights.

In addition to what is allowed with regard to bridging benefits, the negotiations must deal with

- (1) the indexation of pensions after retirement;
- (2) the indexation of differed pensions;
- (3) early retirement subsidies (before age 65);
- (4) early retirement benefits taken into account in calculating the termination benefit; and
- (5) subsidies for surviving spouses' pensions.

If a final-pay plan is converted to a career-pay plan for future service, the negotiations may also deal with the fact that changes in salary will not be taken into account with regard to service completed prior to restructuring.

**8.** When a collective agreement expires or, if it is expired, on the coming into force of this Act, the employer and retirees must negotiate in good faith in order to agree on restructuring measures for the indexation of pensions after retirement.

The indexation may be reduced or suspended if less than 30% of the retirees are opposed to the amendment, after consultations on the proposed amendments are held according to a procedure similar to that provided for in the Supplemental Pension Plans Act for the application of the equity principle.

**9.** In the case of unionized employees, the negotiations may deal with reductions or suspensions of benefits that occurred prior to the effective date of the collective agreement.

**10.** In the case of non-unionized employees, the negotiations may deal with reductions or suspensions of the benefits of active members if less than 30% of the active members or members receiving deferred pensions are opposed to the amendment, after consultations on the proposed amendments are held according to a procedure similar to that provided for in the Supplemental Pension Plans Act for the application of the equity principle.

**11.** A negotiation protocol must be filed with the Régie des rentes du Québec, specifying the commitments and timetable the parties undertake to observe within a one-year time limit.

**12.** The benefits reduced or suspended as a result of the application of this chapter must be reinstated if the plan is terminated within 10 years after its restructuring.

## **CHAPTER V**

### **REMITTANCE OF RECOVERABLE BENEFITS**

**13.** The parties to a pension plan identified in section 6 may remit some or all of the benefits suspended under Chapter IV as recoverable benefits.

**14.** The recovery of such benefits, if payable retroactively, must be subject to the same conditions as an increase in existing benefits.

## **CHAPTER VI**

### **END OF NEGOTIATIONS**

**15.** One year after the expiry of a collective agreement or one year after the coming into force of this Act, the employer may, as part of a revision of the pension plan, unilaterally eliminate or amend the indexation of benefits for past service, provided

(1) the unilateral redefinition of indexation applies uniformly to current and future retirees with regard to past service;

(2) the indexation changes do not reduce the funding deficiency by more than half; and

(3) the employer contributes financially to the plan so as to reduce the deficiency in the same proportion.

**16.** The benefits eliminated or amended as a result of the application of this chapter must be reinstated if the plan is terminated within 10 years after its restructuring.

**17.** This Act comes into force on 1 January 2014.



