THINGS HAVE TO CHANGE NOW!

RETIREMENT ISSUE
STABILIZATION FUND

CSQ
Centrale des syndicats du Québec

What is it?

The stabilization fund offers leeway or a cushion to limit any sudden increases in the salary contributions during bad times (in the event of a RREGOP deficit).

Why is the stabilization fund a good thing?

- In the event of a deficit, a special, pre-planned contribution (see the box below) will be added to the regular contribution (known as the current service contribution).
- During a deficit, there is a risk that the contribution rate will surpass our members' acceptable limit, which could lead to a downward revision of the benefits (profits).
- Money in the stabilization fund lessens the contribution hike and secures the benefits (profits).

To learn more

This special contribution (already set up) is used to replenish a deficit in the plan over a 15-year period and is paid by the workers.

Example of the RREGOP actuarial evaluation as of December 31, 2011:

A 94% capitalization rate caused an additional special contribution of 0.83% of the total payroll.

How is the stabilization fund created?

In two ways:

1. Surpluses found during actuarial evaluations

The first RREGOP surplus dollars are not used to build a reserve (up to 10% of liabilities).

2. Additional contributions (financing)

When things are going well, it's a matter of contributing a bit more to increase the stabilization fund; similar to the story of *"The grasshopper and the ant"*! This is not currently planned under the RREGOP.

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