You will recall, last June, the creation of a Consultative Committee within CARRA to examine services to retirees and the parameters of indexation. This committee brings together representatives from associations of retirees, unions, and senior management, as well as representatives from the Treasury Board and from the pension administrator, CARRA. According to its mandate, it will be called upon to formulate recommendations destined to diminish, if not to eliminate, the loss in purchasing power of retirees who have been subjected to de-indexation of their pensions for the years 1982-1999.
The Consultative Committee began its deliberations on September 8, 2011. Although the meetings of the committee are not public, so far it has been exchanging and examining information. In the course of the next year, the committee will proceed with a discussion of possible solutions and a formulation of recommendations. Its timeline is narrow, as it is expected to produce a final report for September 30, 2012. Note however, that this Consultative Committee is operating in the context of one major constraint, that being Bill 23 adopted November last.

Although Bill 23 recognizes the problem created by the de-indexation of pension plans for the years 1982 to 1999, no real corrective measures are given. Further, as a result of the legislative changes brought about by this Bill, the portion of pension for the years between 1982 and 1999 could be subject to indexation according to the same formula as for the years 2000 and beyond (thus at least half of the inflation rate), only if certain conditions are met. Specifically, this could be the case if actuarial surpluses of over 20% are accumulated in the RREGOP fund, and if the government decides to index its share of the pensions. That's right, Bill 23 states that the government can decide – but is not obligated – to index that part of the pensions for which it is responsible. In other words, for the years of service between 1982 and 1999, indexation could be given yearly on an ad hoc basis if the government decides according to its priorities, and this regardless of the economic context or the investment profits of the Caisse de dépôt.

In the meantime, the Régie des rentes du Québec (RRQ) has just announced a Cost of Living Allowance (COLA) of 2.8% effective January 1, 2012. This is calculated annually and is determined based on the Consumer Price Index (CPI). This allowance was instituted to compensate for the increase in the cost of living.

The new rate will serve to establish the level of indexation for all pension plans administered by Québec. Thus the Québec Pension Plan (QPP) will be indexed at 2.8%. However for the other public sector pension plans, including RREGOP, TPP and the RRPE, pensions will be indexed as follows:

- 2.8% for the years of service up to 1982 (full indexation)
- 0% for the years of service between 1982 and 1999 (CPI less 3%)
- 1,4% for the years of service as of 2000 (CPI less 35, minimum 50%).

On our about January 15, 2012 CARRA will forward a statement to all retirees showing their individual calculation of these amounts for their specific situation. Keep this for your records.