

The Golden Handshake...

Sixty-seven MPs were either defeated or resigned voluntarily prior to the January 23rd contest. But their relationship with taxpayers is far from over.

Fourty-seven of these former members go straight to GO and begin collection a pension. Thirty-five hit the lottery at FREE PARKING receiving a severance payout. Fifteen lucky members manage to land on both spots.

Severance totals come to just shy of \$2.7-million while first year pension benefits total a cool \$3.4-million. Indexed to age 75, these 46 former politicians can expect to cumulate — wait for it — \$77.5-million in pension benefits. I'm sure they're grateful. After all, taxpayers contribute over \$4 for every \$1 MPs put into their pension kitty.

Severance

Imagine taking a job, working for 18 months, deciding it's not for you and resigning. But wait ... your employer hands you \$72,150 in severance before you head out the door. Not realistic? In Ottawa it is. Despite voluntarily stepping aside, Canadian taxpayers will pay two former Bloc MPs \$144,300 for their 18 months in parliamentary service dedicated to breaking up the country.

All former MPs are entitled to 50% of their pay in severance whether they are defeated or leave their positions voluntarily. Severance payouts range from a low of \$72,150 to a high of \$106,750.

Softening the Blow

Departing MPs also receive a \$15,000 — non-receipt able and no-taxable — “allowance” that can be used to cover expenses that may result from any — clear throat — “outstanding constituency business”. Also, all MPs who leave parliament have the option of retaining their supplementary health and life insurance benefits.

Pension

MP compensation reform in 2000 was a double-edged sword. The then Lumley Commission accepted a CTF recommendation for MPs to stop exempting one-third of their incomes from federal and provincial income tax. However, this meant their pension benefits would now be calculated on a ‘best five year average’ with a base income of \$131,000 instead of \$69,000. MP's can earn up to a maximum of 75% of their total MP indemnity in annual pension income and begin collecting at the ripe age of 55.

Today, base MP pay is up to \$144,300. Add in indexation and additional tops ups for extra duties such as cabinet and your CTF calculates five former MPs (Don Boudria, Ethel Blondin-Andrew, Paddy Torsney, Stephane Bergeron and Tony Valeri) can each expect to collect over \$3-million in benefits to age 75. Five former MPs fall into the \$2-million club while 27 — paupers by comparison — will collect well over one million dollars.

Reforming compensation

If the new Conservative government is serious about cleaning up Ottawa and the culture of entitlement they might start by reforming MP severance and pension provisions that are completely removed from the reality of the taxpayers that pay for them. CTF campaigns in Alberta, British Columbia, Manitoba and Ontario successfully reformed politicians' pensions to a sensible matching-contribution (dollar-for-dollar) RRSP-type plan. It's time Ottawa followed suit.

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