Human Resources Legislative Update

Ontario to Introduce Phase II Pension Reforms

Date: August 24, 2010

On August 24, 2010, the Ontario government announced that further pension reforms to be tabled this fall will address almost 40 recommendations made by the Expert Commission on Pensions.

The announcement indicates that this “broad package of pension reforms” will include:

- modifications to the funding requirements for multi-employer pension plans and jointly sponsored pension plans, including the establishment of a framework for “target benefit” plans of these types;
- requirements for sustainable funding of promised benefits;
- tougher funding standards for benefit improvements, especially where plans are underfunded;
- clarified pension surplus rules, providing a dispute resolution process to allow members, retirees and sponsors to reach agreements on how surplus should be shared on wind up; and
- the implementation of a strategy to build Ontario’s Pension Benefits Guarantee Fund reserves, increase revenues, limit current exposure and reduce risk to taxpayers in the future.

The proposed legislation will also include a number of measures intended to modernize the Ontario pension system, including allowing the use of letters of credit, the introduction of flexible Defined Benefit plans and the payment of variable benefits from Defined Contribution plans.

To learn more about the Expert Commission’s Report, please see our November 20, 2008 *FTR Now*, Ontario Expert Commission on Pensions Releases Report. Our Pension and Benefits Group will review the government announcement and will soon be posting a news item on Hicks Morley’s website.