Human Resources Legislative Update

Ontario Announces Consultations on Public Sector Pension Plans

Date: April 25, 2012

The Ontario government has announced that it will begin consultations on a new legislative framework for jointly sponsored public sector pension plans. Further to its 2012 Budget reform proposals, the proposed framework will include as follows:

- in case of a new funding deficit, plans would be required to reduce future benefits or ancillary benefits before increasing employer contributions;
- in exceptional circumstances, a limit would be set on the amount or value of benefit reductions before contribution increases could be considered;
- where employee contributions are currently less than employer contributions, increased employee contributions would be available as a tool to reduce pension deficits; and
- where plan sponsors cannot agree on benefits reductions through negotiation, a new, third-party dispute resolution process would be used.

Benefit reductions, if any, would involve future (not accrued) benefits and current retirees would not be affected.

Representatives of affected groups will be consulted on this proposed legislative framework.