

Human Resources Legislative Update

The (Funding) Future is Here: Ontario Releases Pension Funding Reform Details

Date: December 14, 2017

On December 14, 2017, the Ontario government published the long-awaited details to support the proposed reforms to funding rules for Ontario pension plans.

The [proposed regulations](#) describe the amendments to the *Pension Benefits Act* Regulations that will, among other things:

- Alter solvency funding obligations, by reducing the solvency deficiency required to be funded (such that special payments are not required if the pension plan is funded to 85% or greater)
- Enhance going concern funding by accelerating funding of going concern unfunded liabilities over 10 years
- Establish the basis for funding a Provision for Adverse Deviation in respect of both normal costs and the going concern liabilities for the pension plan
- Implement restrictions on benefit improvements and contribution holidays
- Provide for the transition to the new funding regime.

The government has indicated that it intends for the new funding rules to apply to solvency valuations dated on or after December 31, 2017.

The government has invited stakeholders to provide comments on the proposed funding rules until January 29, 2018. We are reviewing the proposed rules and will provide a more detailed summary early next week to assist employers and other pension plan stakeholders who are reviewing the new rules and planning for their implementation. In the meantime, please do not hesitate to contact any members of the firm's Pension, Benefits and Executive Compensation practice group if you have any questions.

For background information, please consult our prior publication, [Change on the Horizon: Ontario Pension Plan Funding Reform is Coming Soon](#).