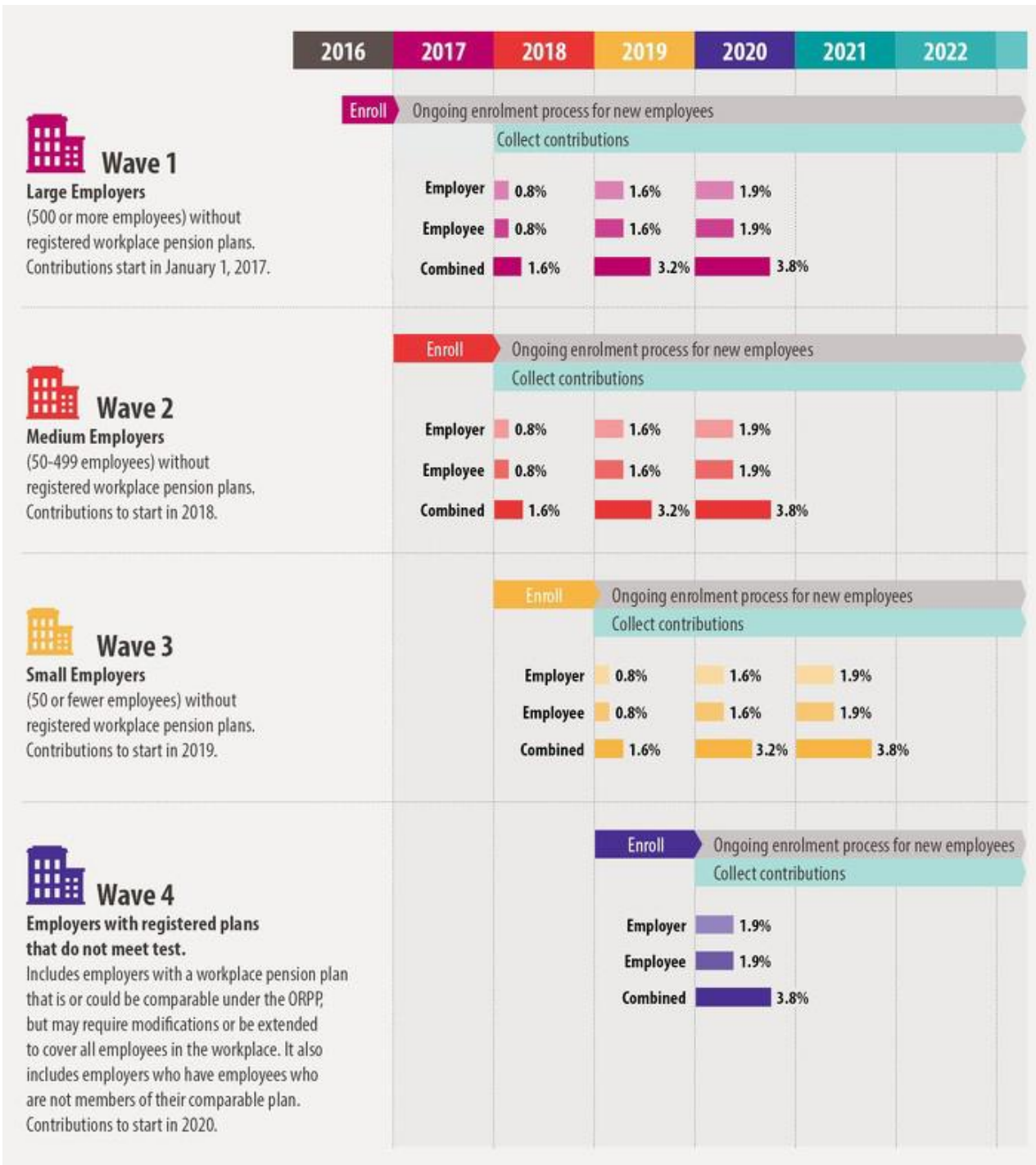


The Ontario Retirement Pension Plan (ORPP) Fact Sheet Summary

- The Ontario Retirement Pension Plan (ORPP) aims to replace 15 per cent of an individual's earnings, up to \$90,000. The estimated pension for an individual with \$90,000 in annual earnings is \$12,815, based on 40 years of service.
- Employers would be required to pay contributions on behalf of employees employed in Ontario, and also collect and remit contributions from those employees.
- Employees and employers will contribute 1.9 per cent each (3.8 per cent combined) on an employee's annual earnings up to \$90,000.
- The ORPP would not be applicable to those in a comparable plan. Comparable plans need to meet a minimum contribution threshold, be locked-in and be regulated by existing provincial pension standards. Other capital accumulation plans, such as deferred profit sharing plans (DPSPs) and group RRSPs, are not considered comparable.
- Many pension plans have subsets/classes of employees who are enrolled in the same pension plan, but do not have identical benefits. For example, some employers have different benefits for part-time and full-time employees. The comparability test will apply at the level of a subset of employees. This approach would streamline the administrative process of assessing plan comparability. A subset must be clearly identifiable in the employer's registered pension plan or collective bargaining agreement in order to be recognized
- To meet the comparability test, defined benefit (DB) plans must meet a minimum benefit accrual rate of 0.50 per cent. Defined contribution (DC) plans must have a minimum annual contribution rate of eight per cent with at least 50 per cent matching the minimum rate from employers. Hybrid plans will be evaluated to determine if they meet threshold levels for comparability.
- Voluntary workplace pension plan contributions will not be applicable when determining if a DC plan is comparable to the ORPP. Employers who offer such plans will have until Jan. 1, 2020 to make any necessary changes to allow them to meet the minimum total mandatory contribution rate of 8 per cent for DC plans under the comparability test
- The Government is looking at developing "buy back" mechanisms for employees to buy past service credits when they were unable to contribute to the ORPP. The Government is also examining ways to allow employers with comparable plans to opt-in and participate in the ORPP.
- Contributions would be phased in, reaching 1.9 per cent each from employers and employees by the third year of participation. Enrolment will take place over four waves, which are illustrated in the Government's diagram on the next page.

- Benefits would be paid starting in 2022 and earned as contributions are made. Benefits will be indexed to inflation.
- In the case of a funding shortfall, the ORPP Administration Corporation (AC) board of directors will operate within a prescribed set of actions, which include reversing any previous actions taken during a funding excess and reducing benefit indexation up to a certain limit. If the shortfall has not been improved by the actions, the board may increase contribution rates by up to 0.2 per cent. The actions will be approved by the Chief Actuary before they are implemented. In the event of a more significant funding shortfall, the board will work with the Chief Actuary to make recommendations to the government on which actions are needed to return funding sustainability.
- The ORPP AC will start contacting employers in early 2016 regarding their existing plans and coverage for employees.
- An initial board of directors has been selected to oversee the beginning activities of the ORPP AC, establish the organizational structure, select service delivery partners and oversee the employer verification process. The members are: Susan Wolburgh Jenah, Chair, Murray Gold and Richard Nesbitt. An independent nomination committee will be responsible for recruiting and recommending future board member candidates, whom will then be appointed by the Lieutenant Governor in Council.

Enrolment Phases



Source: Government of Ontario (modified Feb. 16, 2016 to reflect the new ORPP announcement).