

PENSION UPDATE

Ontario Pension Funding Reform

Background

In the 2015 Ontario Economic Outlook and Fiscal Review the government announced it planned to extend temporary solvency relief similar to measures introduced in 2009 and 2012, as well as review the province's current solvency funding framework.

Temporary Solvency Relief

Effective July 1, 2016, temporary solvency relief has been extended for private-sector pension plans. The relief measures apply to the first valuation report filed with a valuation date on or after December 31, 2015 and before December 31, 2018.

Relief measures include:

- Consolidating existing solvency payments into a new five-year payment schedule, and
- Extending the payment schedule to 10 years for new deficiencies subject to consent from plan members.

Solvency Funding Framework Review

The government appointed David Marshall, former president and CEO of the Workplace Safety and Insurance Board to lead the review of the current solvency funding framework. A Stakeholder Reference Group was established and has been in consultation with sponsors, unions, retirees, the broader public sector and experts on this topic. Discussions helped shape a public consultation paper focused on reforming funding rules for defined benefit pension plans.

The paper outlines a number of potential alternative funding options under two general approaches:

1. Modifying current solvency funding rules, and
2. Eliminating existing solvency rules and strengthening going concern funding.

The Ministry of Finance will be accepting feedback on this topic and other related issues outlined in the paper up to September 30, 2016.

For more information, please visit <http://www.fin.gov.on.ca/en/pension/solvency/>

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