

## **Making Workplace Pension Plans More Sustainable**

*Province Helping Businesses Compete While Protecting Retirement Security*

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Ontario is moving forward with changes that will help ensure workers' retirement benefits are protected and maintained, while enabling business to grow and be more competitive.

Changes will help keep defined benefit pension plans healthy and sustainable. Employers will continue to be required to ensure pension funds are appropriately funded and to pay into a reserve to protect benefits for workers and retirees. In addition, employers will also be required to make additional contributions should the plan's funded status fall below a certain level. Employers will have greater flexibility in managing their pension contributions, allowing them to plan for their pension costs more easily. There will be no impact on the pensions that retirees now receive as a result of these changes.

Along with new funding requirements, additional measures will protect benefit security for plan members and retirees. The monthly guarantee provided by the Pension Benefits Guarantee Fund will be increased by 50 per cent, from \$1,000 a month to \$1,500 a month.

The government intends to introduce legislation in the fall to enable these changes and will be consulting on the details of new regulations.

Helping businesses maintain their workplace pension plans while protecting benefit security for workers and retirees is part of our plan to create jobs, grow our economy and help people in their everyday lives.

### **QUOTES**

" Everyone deserves a secure retirement. By providing more flexibility, defined benefit pension plans will remain a vital part of our retirement income system in Ontario. With these changes, we are also ensuring that pension plans are affordable for businesses and benefit security for workers and retirees is protected."

- Charles Sousa  
Minister of Finance

" CARP commends the Ontario government for its continued focus on improving financial security for retirees. With unprecedented gains in longevity and historically low interest rates,

defined benefit pension plans have experienced significant challenges in recent years. We are pleased to see that the government has taken a balanced approach to funding reform by providing welcome relief to plan sponsors while also improving plan security for pension recipients."

- Wanda Morris

Vice-President, Advocacy and COO, Canadian Association of Retired Persons

" With these modernized pension rules, the government is directly helping Ontario's business community stay competitive. The changes provide employers with greater flexibility within the funding rules without impacting the current benefits earned by workers and received by retirees, or the security of these benefits."

- Winston Woo

Chair of the Finance & Tax Committee, Canadian Manufacturers and Exporters

## QUICK FACTS

- These reforms will help protect the almost one million Ontarians that rely on defined benefit pension plans for income in their retirement.
- Defined benefit pension plans provide retirees with regular payments calculated based on factors such as length of service and salary levels.
- The Pension Benefits Guarantee Fund is unique among Canadian jurisdictions and requires employers to make regular contributions to the fund to protect pension benefits in the rare event an employer goes bankrupt and its pension plan is underfunded.
- In 2016, the government consulted on how Ontario should modernize the funding framework for defined benefit pension plans, and received more than 90 submissions.

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