

Torys on Pension and Employment

P&E 2010-2
March 26, 2010

Ontario Moves Forward with Pension Reform

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Ontario's 2010 budget released on March 25 contains three key pension items: potential solvency funding relief for public sector plans, a possible review of the pension investment regulations and a commitment to further incremental change.¹

The government opened the door to temporary funding relief for public sector and broader public sector pension plans if certain conditions are met. These conditions focus on an increased sharing of risk and governance, and include (i) converting to joint sponsorship for future service; (ii) more equitable sharing between plan sponsors and members with respect to the normal cost of providing benefits; (iii) linking some future benefits, such as inflation protection, to plan performance; and (iv) enhancing cost certainty and affordability through benefit adjustments that make the plan more sustainable.

In October 2009, the federal government proposed reforms to its pension investment rules, which Ontario and most other provinces have adopted by reference. Once the revised federal investment rules are enacted, the Ontario government will examine the appropriateness of these rules, including the 30% rule,² for pension plans registered in Ontario.

Finally, the Ontario government committed to the gradual implementation of broader pension reform, with many changes to come through amended legislation and new regulations.

We look forward to government action on these important initiatives. **T**

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¹ The budget is available online [here](#).

² The 30% rule limits pension funds to owning no more than 30% of a company's shares that are eligible to elect the board of directors.