

Citation: Litner, Paul W & Jonathan Marin, “Private-Sector Pension Plans: Have Recent Pension Reforms Addressed the Needs of Plan Sponsors” (2013) 17:1 CLELJ 143

Abstract: Defined benefit (DB) pension plans have historically been an important element in Canada’s “three pillar” retirement income system. However, recessions in the global and Canadian economies have increased pressures on the funding of DB plans, and highlighted the concerns about their sustainability – developments which have prompted governments in Canada to introduce a number of reforms to pension benefit legislation. The authors, counsel to employers and plan sponsors, provide an overview of the existing legislation and the reform process, with particular emphasis on changes to Ontario’s regulatory framework for DB plans as it relates to four key areas: plan solvency and funding, surpluses, partial plan wind-ups, and asset transfers and plan mergers or splits. The paper notes that many if not all of these measures have been well-received by plan sponsors. However, in assessing whether the reforms will have the intended effect of stemming the decline of DB plan participation, the authors question whether the measures taken so far are not “too little, too late,” and suggest that more far-reaching, and permanent, steps will be necessary. The paper also reviews and comments on the main features of the legislation recently enacted by the federal government providing for pooled registered pension plans.