



December 15, 2017

Via Mail

The Honourable Charles Sousa
Minister of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Dear Minister Sousa:

Re: Target Benefit Multi-Employer Pension Plan Framework (the "Framework")

As you are aware, MEBCO has for many years been seeking permanent solvency funding relief for Ontario registered multi-employer pension plans. Our members believe that the current temporary solvency funding relief for Specified Multi-Employer Pension Plans (SOMEPPs) should be made permanent. We are, however, aware that the Ministry has suggested that any permanent solvency funding relief would be accompanied by a regulatory requirement to maintain a provision for adverse deviation (PfAD). Accordingly, attached is a framework for a proposed funding framework that has our support. As you will note, the proposed framework does provide permanent solvency relief but also imposes a PfAD requirement. Our proposed framework is based on models already adopted in other provinces.

We also want to comment on the recent Bill 177, the Budget Implementation Bill. We are concerned about the notice requirements that could be imposed by Bill 177. The Bill seems to suggest that a SOMEPP that wants to avail itself of any new funding rules for target benefits would have to "convert" to a target benefit plan and send out "conversion" notices to all its members. However, the reality is that SOMEPPs currently provide and have always provided target benefits and there is in fact no "conversion". Referring to such process as a "conversion" and sending out "conversion" notices to plan members is not only misleading, but would create unnecessary concerns amongst plan members. Instead, a SOMEPP should merely be required to elect to adopt the new funding rules with appropriate notice to the Superintendent. A mandated regulatory notice to members need not be included in this process. At most, a one-time notice to members, similar to the current SOMEPP notice that must be provided with the filing of an actuarial valuation, should be sufficient.

These issues are of great importance to our members and we would be pleased to meet with you at the earliest opportunity to further discuss these matters.

Yours truly,

Robert Blakely
President