
Pension Benefits Guarantee Fund (PBGF)

Ontario's Pension Benefits Guarantee Fund (PBGF) protects members and beneficiaries of certain single employer defined benefit pension plans. In the event of an employer's bankruptcy, the PBGF guarantees benefits payable from these plans, subject to specific maximums and specific inclusions.

The fund is governed by the [Pension Benefits Act \(PBA\) and Regulations](#), and is administered by the CEO of FSRA.

Detailed information about the PBGF can be found below:

- [PBGF coverage](#)
- [Regulation changes to the PBGF – January, 2019](#)
- [PBGF forms 2.1 and 2.2](#)
- [Related pension policies](#)

Pension Benefits Guarantee Fund (PBGF) report

Year end March 31, 2023

[View in PDF format](#)

About the PBGF

The PBGF is a fund that provides protection to Ontario beneficiaries of **single employer defined benefit (DB) pension plans** in the event of employer bankruptcy where plan assets are not sufficient to make pension payments.





Generally speaking, the PBGF works with the assets in the pension plan to guarantee the first \$1,500 of monthly benefits. Ontario is the only jurisdiction in Canada with a fund of this type.

The main source of inflows to the PBGF are assessments paid annually by sponsors of PBGF-eligible plans at a rate set by the Ontario government.^[1] Assessments are determined based on the PBGF **assessment base** (which corresponds to the plan deficits attributable to Ontario members) as well as plan membership.

Those interested to learn more about the PBGF, please visit FSRA's [website](#).

Market value of PBGF*As at March 31, 2023

Money Market	\$360MM	30%
Government Bonds	\$851MM	70%
Total	\$1,211MM	100%

Projected plan deficits*As at March 31, 2023

Solvency Position of Plans	Solvency Surplus	Solvency Deficits	Total PBGF Eligible Plans
No. of plans	785 [86%]	129 [14%]	914
No. of members	556,567	97,546	654,113
Assessment Base	-	-	\$785MM





Projected solvency position ^{*As at March 31, 2023}

Median projected solvency ratio	115% (Median solvency ratio is at an all time high.)
Percentage of plans with a solvency ratio:	
Greater than 100%	86%
Between 85% and 100%	12%
Below 85%	2%

What should I do as a member of a PBGF-Eligible plan?

1. Review at your annual pension statement, it shows the funded status of your plan.
2. If you are concerned about the solvency of your employer: review FSRA's [bankruptcy guide](#) to understand what happens to your plan when your employer is bankrupt or insolvent.
3. If you believe your employer is facing material business or financial challenges, the plan administrator is not acting in the best interest of pension plan beneficiaries, or any other concerns about your pension rights and entitlements, you may [contact FSRA](#) at any point.

PBGF analysis trends

A large portion of the **PBGF assessment base** is concentrated in three sectors – industrials, materials, consumer discretionary. The number of pension plans in these sectors make up about 55% of the total number of PBGF-eligible plans.

FSRA actively monitors employer sponsor health across all sectors and intervenes where there is a heightened concern as to benefit security.





In an average year, the PBGF receives 5 claims and pays out \$31 million in claims. Most claims are small relative to the total assets of the PBGF, but there have also been high profile insolvencies in the past that required much greater support from the PBGF. FSRA monitors for potential large claims that may be spread between a small number of plans, especially where multiple plans in one sector could be affected at the same time.

Plans in solvency deficit

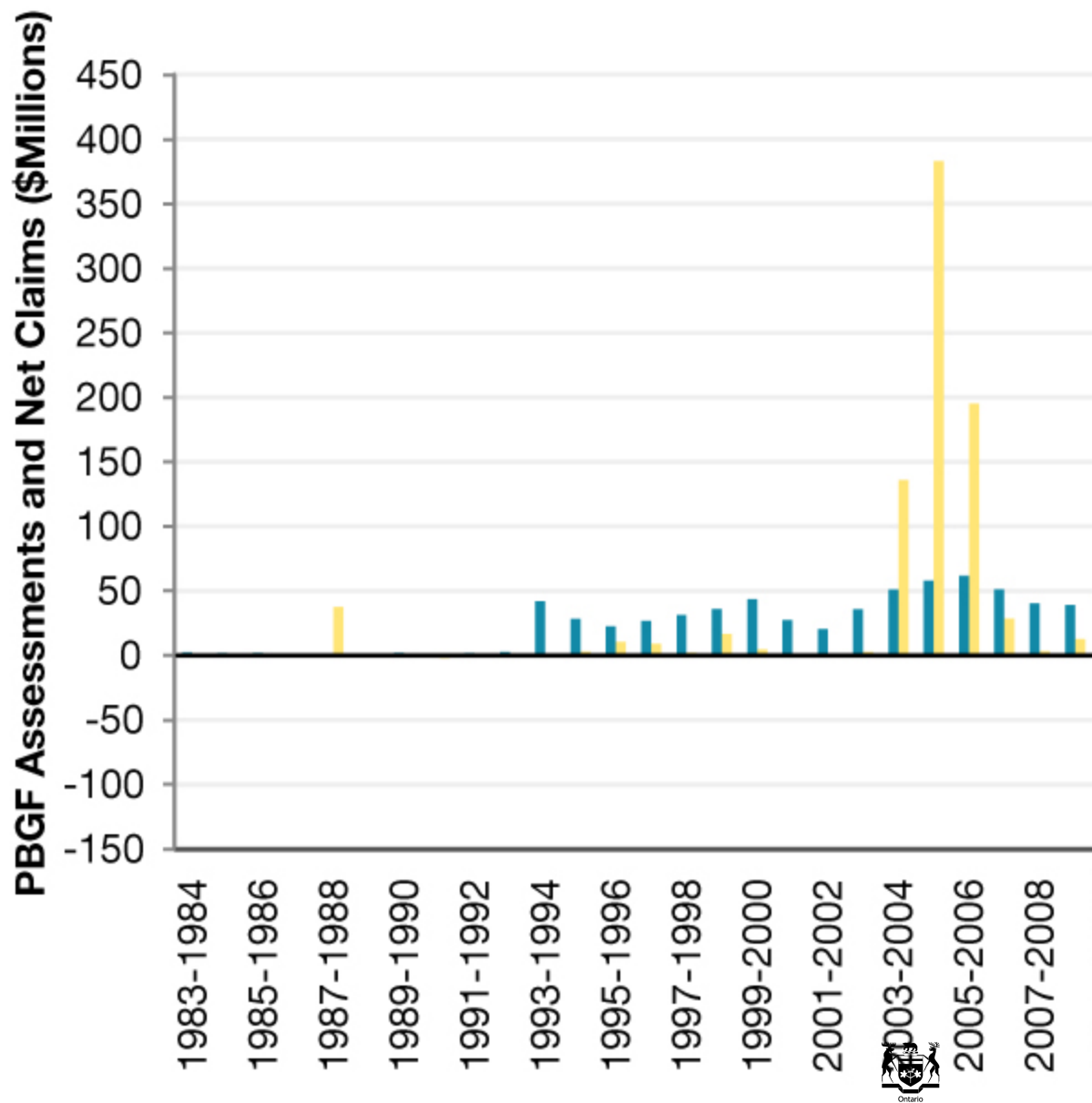
Top 3 Sectors	No. of Plans Solvency [% of all plans in deficit]	Assessment Base	No. of Members
Materials	22 [13%]	\$341MM	22,986
Industrials	44 [20%]	\$67MM	30,607
Consumer Discretionary	14 [11%]	\$30MM	4,477

Image





PBGF Assessments And Net Claims Since





Text description for image titled, "PBGF Assessments And Net Claims Since Inception"



Fiscal Year	PBGF assessments and net claims (\$Millions)	
	Assessments	Net Claims
1983-1984	3	1.5
1984-1985	2	0.4
1985-1986	2	-0.1
1986-1987	1	0.2
1987-1988	1	37.7
1988-1989	1	-0.1
1989-1990	2	0.1
1990-1991	2	-2.3
1991-1992	2	1.2
1992-1993	3	1.1
1993-1994	42	1.5





Fiscal Year	PBGF assessments and net claims (\$Millions)	
	Assessments	Net Claims
1994-1995	29	3
1995-1996	23	10.6
1996-1997	27	9.1
1997-1998	32	2.4
1998-1999	36	16.7
1999-2000	44	4.9
2000-2001	27	1
2001-2002	21	1.8
2002-2003	36	2.8
2003-2004	51	136.1
2004-2005	58	383.1





Fiscal Year	PBGF assessments and net claims (\$Millions)	
	Assessments	Net Claims
2005-2006	62	195.3
2006-2007	51	28.8
2007-2008	40	3.5
2008-2009	39	12.9
2009-2010	48	47.8
2010-2011	48	51
2011-2012	58	431.1
2012-2013	111	-11.1
2013-2014	154	36.9
2014-2015	56	14.6
2015-2016	61	1.3





Fiscal Year	PBGF assessments and net claims (\$Millions)	
	Assessments	Net Claims
2016-2017	66	16.2
2017-2018	78	-137
2018-2019	55	3.5
2019-2020	97	-101.3 Negative net claims = recoveries >claims in year
2020-2021	105	14.8
2021-2022	75	3.2
2022-2023	39	16.4

Stress test

A recent PBGF Stress Test conducted by FSRA indicates the PBGF has sufficient assets to pay potential future claims in the following twelve months even under the most severe historical scenario (the Global Financial Crisis).

FSRA continues to work to better understand the sufficiency of PBGF assets in the longer term.

How is FSRA addressing PBGF risks?





With the support of FSRA, the CEO has taken steps to support the PBGF's long term sustainability and adequacy that include:

- Implemented a new [approach to supervision for PBGF-eligible plans](#) where there may be a heightened concern with respect to benefit security.
- Strengthening PBGF predictive analysis by adopting tools such as deterministic stress testing.
- Developing a stochastic model, which will allow the CEO to look at the impact of a wider range of scenarios on the PBGF.
- Monitoring capital markets, the broader economy, and trends in merger / acquisition activity.
- Reviewing the impact of the *Federal Pension Protection Act (Bill C-228)* which elevates the priority of claims relating to plan deficits on insolvency. FSRA expects that this may have a material positive impact on PBGF sustainability.

PBGF financial statements

To see FSRA's PBGF financial statements, read the PBGF section of our past [annual reports](#).

[Pension Benefits Guarantee Fund \(PBGF\) FAQ](#)

Eblasts

- [Reminder: Paying Your Pension Benefits Guarantee Fund \(PBGF\) Assessment Electronically](#) (August 2022)
- [Reminder: Pension Benefits Guarantee Fund Assessment Remittance](#) (April 2022)
- [Reminder: Pension Benefits Guarantee Fund Exposure Data Collection](#) (April 2022)
- [Consultation: Interpretation Guidance on Pension Benefits Guarantee Fund \(PBGF\) Assessment Deadlines and Calculations](#) (February 2021)
- [Reminder: PBGF assessment remittances](#) (February 2021)
- [Data collection for Pension Benefits Guarantee Fund \(PBGF\) exposure](#) (July 2021)
- [Pension Benefits Guarantee Fund – e-payment](#) (July 2021)
- [Pension Benefits Guarantee Fund e-payment option](#) (April 2021)

^[1] See Ontario Regulation 909

