

Friday November 04, 2022

Canadian Federation of Pensioners Response to Public Consultation on FSRA proposed 2023-24 Statement of Priorities and Financial Plan

The Canadian Federation of Pensioners (CFP) advocates on behalf of defined benefit pension plans and their members. Founded in 2005, the CFP is the united voice of 22 retiree groups who work together to improve pension security across Canada. Nine of our groups represent pensions registered in Ontario.

We concur with the proposed Strategic Pillars and FSRA-wide Priorities. Our comments relate to FSRA's Pension Priorities (Section 9).

CFP Comments:

- 9.1 OVERVIEW: CFP is pleased to see in FSRA's overview of Pension Priorities that it has, since its launch proactively supported the protection of benefits in Ontario's pension sector. Further to that FSRA has taken a focus on single employer defined benefit plans where there may be a concern over the security of benefits. This is of great importance to us, as we have seen the seriously disturbing results of situations of plan sponsor insolvencies and underfunded pensions of several of our Member organizations and their members, suffering through the losses they incurred. We applaud FSRA for their work in monitoring and dealing with situations by being proactive in attempting to avoid these outcomes.
- We add a note of caution about your emphasis on large public-sector plans. We understand this is more efficient, but insolvencies affect each plan member the same (financial loss, anxiety, etc.) whatever the size of the plan.
- Review of the long-term viability and financial sustainability of the Pension Benefits Guarantee Fund: CFP is pleased that Ontario, while the only province in Canada to have a provincial protection plan that provides some form of financial protection to

pensioners, still has pensioners faced with losses to their pension plan, when in a bankruptcy or pension plan wind up. Unfortunately, as the PBGF was established over forty years ago, it has not had any inflation or cost of living adjustment or improvements made in financial protection, since its inception. The only adjustment made was in conjunction with legislative changes made to Solvency funding in 2017, when the funding protection dropped from 100% to 85 %, so that the increase in the PBGF from \$1,000 monthly to \$1,500 monthly, was basically a wash. We are asking that FSRA, include in their review the importance of bringing the level of financial protection of the PBGF up to a level commensurate with protection for our times and also commensurate with other protection plans internationally, such as the U.K. and U.S.

- 9.1 KEY DELIVERABLES: WORK WITH COLLEAGUE REGULATORS (CAPSA): CFP is recommending inclusion in discussions, regarding Multi-Jurisdictional legislation between provinces, in determining the Province in which a DB Plan is registered and regulated. According to the regulations of Plurality, the jurisdiction in which a DB Pension Plan is registered is based on the current number of Active Employees in that plan, with no consideration given to the number of Retiree's in that plan, even though many or most of the DB Plans in today's world have double or triple the number of retirees in comparison to the number of active employees. This also allows for "Jurisdictional shopping" in the hands of plan sponsors. Numbers of Retirees in the Plan should also be taken into consideration.
- PLANNED OUTCOMES: CFP again applauds FSRA for "promoting good administration of pension plans and protecting and safeguarding the pension benefits and rights of plan beneficiaries." by "Improved risk monitoring and assessment of significant and systematically important plans under supervision"
- 9.2 OVERVIEW: FSRA is committed to supporting the government in its development of a new target benefit framework for multi-employer pension plans: CFP requests that FSRA work with the government to ensure that no change is imposed on the beneficiaries of single employer DB plans through possible conversions to Target Benefit Plans, as the existing DB plans are comprised of pensioners' Deferred Wages.

CFP thanks you for the opportunity to provide our comments so your priorities for 2023/2024 can better ensure the security of our members' pensions.