

An open letter to Ontario's Minister of Finance

February 6, 2009

The Honourable Dwight Duncan
Minister of Finance
c/o Pension and Income Security Policy Branch
5th Floor, Frost Building South
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Attention: Comments on Report of the Expert Commission on Pensions

Dear Minister Duncan:

Re: In praise of target benefit pension plans

You have received a report from the Ontario Expert Commission on Pensions (OECF) that addresses the future of pensions in Ontario. Of the report's 142 recommendations, we believe that one, in particular, offers an innovative approach to the delivery of sustainable and meaningful pension benefits to Ontarians.

We urge the Ontario government to enact legislation that will allow sponsors to establish Jointly Governed Target Benefit Pension Plans where they are not currently permitted: namely single-employer environments. We fully agree with the OECF report's assertion that target benefit plans offer an attractive alternative to traditional defined benefit or defined contribution plans.

On a conceptual level, there is nothing new about target benefit plans. Currently known as multi-employer pension plans (MEPPs), these plans have been enjoyed by Canadian workers since the 1940s - when they were pioneered in Canada by Sam Eckler. According to the OECF report, they currently provide pension benefits to almost one million Ontario workers (or 43% of all Ontarians covered by pension plans).

We are confident that amending the province's legislation to make target benefit plans available to individual employers would allow interested plan sponsors to:

- better control their pension-related costs through new risk-sharing arrangements,
- provide employees with significantly more income security than defined contribution plans, and
- give individual pension plan members a voice in the management of their plan.

In light of their obvious advantages, we strongly encourage the Ontario government to enact legislation that allows for the broader adoption of target benefit plans in the near term. To ensure success, we further propose that the legislation:

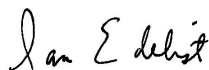
1. exempts target benefit plans from solvency funding as recommended by the OECF,
2. gives employers and their employees latitude to determine how the membership should be represented on the plan's governing body, and
3. allows employers and their employees freedom to negotiate the terms of treatment for benefits already accrued when the target benefit plan is introduced.

Eckler has developed considerable expertise in the design, administration and oversight of multi-employer plans over the past six decades. We would be pleased to meet with you or your staff to further discuss the merits of target benefit plans for Ontario workers, and to share our experience with this type of plan.

Respectfully submitted,



D. Cameron Hunter, FSA, FCIA
Principal



Ian Edelist, FSA, FCIA
Principal