Yesterday afternoon, Henry and I met with Bruce Macnaughton, Director of Pensions and Income Security, in the Ministry of Finance, and two of his colleagues. We had requested this meeting to seek clarification on the status of the COU Working Group on Pensions final report in light of the new pension measures contained in the 2010 provincial budget.

You may recall that the COU report laid out a framework in which the universities would undertake a number of actions in exchange for an exemption from solvency funding. The actions included increasing employee contribution rates, limiting contribution holidays, accelerating the funding of plan amendments, amalgamating plan assets to save on administrative expenses, and establishing a transfer agreement to facilitate moving benefits between plans.

In the March budget, the government stated that it would consider additional temporary relief for broader public sector plans that met certain conditions related to greater sharing of risk and governance, such as joint governance for future service, more equitable sharing of costs (ie. higher member contributions), linking future benefits to plan performance and adjusting benefits to make plans more sustainable.

In the meeting, Bruce affirmed that the government will not be providing permanent solvency relief to the universities as proposed in the COU report. However, the Expert Commission recommendation that jointly sponsored pensions be exempted from solvency funding (provided a number of conditions are met) is still on the agenda for consideration in the changes to the *Pension Benefits Act* which will be introduced in 2010.

When we asked specifically what temporary solvency relief the government would be offering to plans that met the government's conditions, Bruce was noncommittal, but noted that the government was mindful of the problems created in other jurisdictions that suspended solvency payments without securing agreement that changes to the pension plan would be forthcoming (when we asked for an example, Bruce offered Memorial University, where the deficit in the pension plan continued to grow after solvency payments were suspended).

When we asked about the process by which pension plans would engage with the government on securing temporary relief in exchange for pension amendments, Bruce indicated that they were in discussions with COU (and others) on how this might be done. The government is aware that on the one hand, they are going to need to write a regulation under the *PBA* to allow for these measures, but on the other, negotiations will have to go on at the local level, with each university potentially devising its own solution within the framework outlined in the budget. He noted that all of the employers do have the option of simply paying what they owe under the *PBA* as currently written, which would require no changes to pension plan structure or governance.

Henry and I outlined OCUFA's concerns with the process by which the COU Working Group report had been financed and carried out. We requested that as we move forward from this point, the employee point of view be sought in the drafting of the regulation, and that we look for ways to improve communications on these issues.

In summary, it appears that the current emphasis of the government as outlined in the budget is on local solutions to pension issues, with COU possibly playing a role in devising the temporary solvency relief regulation, but not much more.

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