



September 14, 2015

Sandy Roberts, Director
Framework for Target Benefit MEPPs
Pension Initiatives Unit, Pension Policy Branch
Ontario Ministry of Finance
By email: pension.feedback@ontario.ca

Dear Sandy Roberts,

I am writing to provide comments for your consultation process regarding regulatory reform for target benefit (TB) multi-employer pension plans (MEPPs).

The Ontario Nonprofit Network (ONN) is the provincial network for the 55,000 nonprofit organizations across Ontario that make communities more vibrant, innovative and inclusive places to live, work and play. About half of these organizations have paid staff. The community nonprofit sector employs approximately a million people, including part-time employees, and contributes \$50 billion to Ontario's economy.

The retirement income security of Ontario nonprofit sector workers is an important priority for the sector, and we are pleased to see your government address this issue through the Ontario Retirement Pension Plan (ORPP). The announcement of the ORPP has sparked a dialogue in the nonprofit sector about broader pension adequacy issues.

ONN is consequently exploring the viability of establishing a MEPP for the sector, whether new or adapted from an existing plan. This fall, we are launching a nonprofit pensions task force to develop concrete recommendations and a "roadmap" for putting in place a sector-wide pension plan. Recommendations will address (among other things) whether the plan type should be defined benefit, target benefit, or defined contribution. We would therefore urge the government to consider the nonprofit sector when constructing a regulatory framework for TB MEPPs.

In particular, we would like the regulatory framework to take into account our sector's potential interest in establishing a TB MEPP in a predominantly non-unionized environment. The vast majority of Ontario nonprofit workplaces are not governed by collective agreements. As such, our prospective pension plan must be suitable for non-unionized workplaces. We would like to ensure that such an initiative would not be precluded by the forthcoming TB MEPP framework.

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We would like to comment in particular on the questions in Section 7 (“Broader Target Benefit Issues”) of your consultation paper. We are in the process of studying several pension plan models, and among them is a Quebec nonprofit sector-wide plan called the *Régime de retraite des groupes communautaires et de femmes*. Their plan offers helpful guidance on questions of MEPP governance in a non-unionized environment. The plan was constructed as a defined-benefit MEPP for nonprofit organizations such that:

- For an organization to join, its Board of Directors must agree, and so must any union, or at least 70 percent of workers if there is no union.
- Each participating organization sets its total contribution rate (between 2 percent and 18 percent), as long as the employer contribution is at least 50 percent of total contributions. Within these parameters, the rate is determined by employers and salaried employees together for each organization, and it can be changed annually.
- Within a conservative benefit framework, plan members collectively bear the investment and longevity risk, with any deficits paid for by future contributions as necessary.
- A 13-member pension committee oversees the plan:
 - Six representing active members (*comprising the majority because plan members bear the risk*)
 - Two representing retirees
 - Four representing employers
 - One independent member (a retired academic/pension expert)
- Representatives are elected by their constituents at an annual meeting held to report on plan administration, status, and changes.
- At least 50 percent of active and employer representatives must be women (plan members are 86 percent women).
- Pension education for plan members, prospective members, and employers has been a critical component of the plan’s success to date.

The *Régime de retraite des groupes communautaires et de femmes* offers a democratic approach to MEPP governance in non-unionized environments that may be helpful to bear in mind as the Government of Ontario develops a regulatory framework for TB MEPPs in our province. It will certainly inform the options considered by our task force for a nonprofit sector MEPP.

Thank you for considering our submission and please let us know if you have questions about our work on developing a pension plan for the Ontario nonprofit sector.

Sincerely,



Cathy Taylor
Executive Director