

# Bill C-27 – Amending the Pension Benefits Standards Act



## What's the issue?

Bill C-27 establishes a framework for establishing, administering and supervising Target Benefit (TB) pension plans. TB plans offer a target amount as opposed to the specific amount in Defined Benefit (DB) plans. With TB plans, benefits can be reduced if funding deficits develop.

Teachers in Ontario have a DB plan, administered by the Ontario Teachers' Pension Plan and jointly sponsored by the Government of Ontario and the Ontario Teachers' Federation.

DB plans offer Canadians pre-funded, low-cost and shared-risk pensions. The security and predictability of these plans allows members to budget their daily lives in retirement. Such plans operate under a legal covenant obliging employers to fund their employees' earned benefits, guaranteeing retirement security regardless of market volatility.

The proposed Bill C-27 to amend the *Pension Benefits Standards Act* would remove that legal protection, and encourage the proliferation of Target Benefit (TB) plans. This could potentially lower benefits for both current and future retirees.

## Some challenges

**Surrendering defined benefits:** Employers would be allowed to persuade individual active and retired plan members to surrender their earned DB in exchange for a less secure, less stable TB plan. Bill C-27 would undermine accrued (already-earned) benefits, which are legally protected and may not be retroactively reduced.

**Shifting risk:** The conversion could lead to reductions of current and future pension payments, as it would move the financial risk from the employer to plan members.

**Lack of consultation:** Bill C-27 was introduced in the House of Commons on Oct 19th, 2016 without notice or consultation with Canadians at large, and specifically with the pensioners or unions to which it applies the most.

For more information: Bill C-27 <http://bit.ly/BillC27>

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## Questions

- 1 Instead of proceeding with Bill C-27, why won't the federal government actively encourage all private-sector and public-sector employers to introduce, maintain and enhance workplace defined benefit pension plans?
- 2 There is evidence the federal government will bring back C-27 this fall. Are you aware of the bill's long-term impacts on retirees, and what will you do when the House resumes?
- 3 When and how will your party support a defined benefit pension plan that gives retirees more security?



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