



# RETIREMENT SECURITY

The Ontario Liberal government is moving forward on plans to establish the Ontario Retirement Pension Plan (ORPP). The pension plan is a positive step in addressing workers' need for decent pensions. The ORPP, as it is currently planned, is close to the OFL proposal for a mandatory, universal, defined-benefit pension that mirrors the Canada Pension Plan (CPP).

The ORPP promises to help reduce the poverty crisis for seniors by providing additional retirement benefits to over three million workers in the province. The OFL supports the ORPP in principle, however, improvements to the ORPP are necessary to ensure good pensions and widespread coverage for Ontario workers.

## A Universal ORPP

The Ontario Government has proposed exempting employers providing “comparable pension plans” from being required to enroll their employees in the ORPP. This means that many employees will miss out on the ORPP’s benefits upon retirement, such as replacing up to 15 percent of pre-retirement income.

It's the position of the Ontario Federation of Labour that Ontarians deserve a universal ORPP where nobody is left out. By covering all Ontarians, the ORPP would help many more people, be exposed to less financial risk, be more compatible with the successful Canada Pension Plan, and most importantly, be far less costly and easier to administer.

The Ontario government should not assume that people whose employers provide defined benefit and multi-employer pension plans are “taken care of” for retirement. Members in private sector defined benefit plans have too much of their retirement security tied to the company – just ask the Nortel retirees who lost 30 percent of their pension.

In contrast to our reasonable proposals, the business lobby's protests against the ORPP range from weakening the ORPP – by excluding “comparable plans” in the broadest way possible – to just plain axing the plan altogether.

The final decision on the scope of the ORPP, including how many Ontarians will be covered by the ORPP (i.e. to what degree will it be universal, or be full of exclusions for so-called comparable plans), will be made soon in a future piece of legislation, not yet introduced.

**RECOMMENDATION: Do not allow exemptions for so-called “comparable plans” and include all Ontarians in the ORPP, making the ORPP truly universal.**

## Worker Representation in the ORPP Administration

The Ontario Government's 2015-2016 budget implementation legislation, Bill 91, contains measures to create the Ontario Retirement Pension Plan Administrative Corporation (ORPP AC). The ORPP AC will be responsible for operationalizing the ORPP, administering the plan and investing contributions. It will be lead by board of directors composed of between nine and 15 members appointed by the Lieutenant Governor in Council (the Cabinet).

The ORPP AC meets many of the criteria the OFL put forward in its brief to the government on the ORPP, with one important exception: there are no seats reserved for employees on the ORPP Administrative Corporation. The ORPP AC needs to have designated seats for labour representatives if it is to be diverse, transparent, and accountable.

The principle of fair labour representation on provincial pension plans has already been established in Ontario by large multi-employer plans such as OMERS and HOOP. The OMERS Sponsors Board has 14 members, with 7 positions held by employee representatives. On the 15 member OMERS Administrative Board, there are 4 employee representatives. HOOP has a 16 member board, with 8 employee representatives.

**RECOMMENDATION: Labour Unions should be represented on the ORPP Administrative Corporation Board of Directors.**

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**Ontario Federation of Labour**

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