

Hints of a DB revival and other developments on the pension landscape

Visitors to BenefitsCanada.com who type in a web address for a broken link will find a page with a lighthearted reply that reads: “Like a newly launched defined benefit plan, this page also does not exist.”

It doesn't seem like a wild claim to make, but one employee at a pension plan did, at one point, take issue with the bleak reference to the defined benefit landscape. Defined benefit plans still have life left in them, the person suggested.

It turns out there was something to what the person was saying. In April, the OPSEU Pension Trust announced the launch of a new plan, OPTrust Select, that would be available to employers in the broader public sector, charitable and not-for-profit industries. The new option will target employers that currently don't have a defined benefit plan but may provide a capital accumulation program.

Not long after, the Colleges of Applied Arts and Technology pension plan announced a similar move. In its case, the new plan, DBplus, will target the broader public, private and not-for-profit sectors across Canada. In both cases, the new plans provide for lower contribution and benefit levels than in their existing schemes. By combining the administrative benefits of a multi-employer scheme with more affordable contributions, the plans do offer attractive features for employers looking to introduce a pension offering or improve what they currently have. In CAAT's case, it has been inviting other employers to join its existing plan for several years (see page 8 of this month's issue for a story on an employer that has done just that). The new scheme, then, represents another option for organizations looking to join.


The moves reflect a sudden burst in pension activity in Canada aimed at addressing coverage gaps. On the capital accumulation side, one of the newer options in the works is a

program called My65+, which is essentially a group tax-free savings account aimed largely at home-care workers with no workplace pension. The program, led by Toronto-based Common Wealth in partnership with the Service Employees International Union, features flexible contribution rates, as well as the option for automatic escalation and the opportunity to bargain for

mandatory contributions. It's an interesting concept in light of the role of TFSA's as alternative savings vehicles for low-income workers given that withdrawals, unlike with registered retirement savings plans, don't affect their eligibility for government benefits like the guaranteed income supplement.

It's good to see such promising developments in the works. Of course, the industry has some way to go in addressing the many ways Canadians experience gaps in pension coverage. One of the gaps is for people in non-traditional work arrangements, such as freelancers and contract workers. So what can the industry do for people in that situation, as well as those who tend to change jobs fairly frequently? As Fraser Wiswell, assistant vice-president for group retirement solutions at Manulife Financial Corp., told *Benefits Canada's* Benefits and Pension Summit

recently, options for addressing the portability challenge include individually directed pension accounts to which different employers could make contributions.

The new offerings in the works now or potentially in the future are by no means a complete answer to the challenge of retirement adequacy and pension coverage as the nature of work continues to shift. They do, however, show that innovation is happening. It may be time, then, to update the broken links reference on BenefitsCanada.com to reflect the new developments. We're open to suggestions on what a replacement line could read. 



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CONSULTANTS REPORT

Benefits Canada's annual look at trends in the consulting industry is coming up in the **July/August issue**.

DC INVESTMENT TRENDS

Benefits Canada's Defined Contribution Investment Forum will take place Sept. 19-20 in Toronto. Contact Lauren Harris at **lauren.harris@tc.tc** for more details.

SANOFI SURVEY

The annual **Sanofi Canada health-care survey** is now out. Go to **sanofi.ca** to read all of the insights and results in the full report for 2018.