

June 3, 2020

Right Honourable Justin Trudeau, Prime Minister of Canada
Honourable William Morneau, Minister of Finance
Honourable Navdeep Bains, Minister of Innovation, Science and Industry
Honourable Deb Schulte, Minister of Seniors
House of Commons
Ottawa, Ontario K1A 0A6

Dear Prime Minister Trudeau and Ministers Morneau, Bains and Schulte,

The COVID-19 pandemic is placing businesses under severe stress. As reported in *The Globe and Mail* on June 1st, the Financial Services Regulatory Agency of Ontario (FSRA) has revealed that 51% of private-sector plans sponsored by companies and public pensions serving government employees had a solvency funding ratio of less than 85% as of March 31, 2020. With Ontario's permanent reduction to solvency requirements in 2018 these pensions are not required to improve beyond 85% solvency. The loss to pensioners is permanent. Furthermore, a number of those plans are now being actively monitored by FSRA. This radical decline in solvency levels is likely being in pension plans across the country.

There will almost certainly be business insolvencies and pension failures. The impact of these insolvencies will be exacerbated for pensioners because of the temporary and permanent solvency relief thresholds introduced by the federal and provincial governments.

In anticipation of these inevitable insolvencies, we are strongly urging the federal government to act decisively to ensure pensioners receive 100% of the pension committed to by their employers.

Under current legislation and regulations, pensioners are excluded from exercising any control or influence over their pensions. Therefore, ensuring pensioners receive 100% of their pension is the responsibility of governments and regulators.

We are renewing our call for federal and provincial governments to work together to protect pensioners.

As an immediate first step, the federal government must introduce a recurring refundable tax credit equal to the annual pension loss experienced by a pensioner in the event that a company becomes insolvent and is not able to meet its pension obligations.

Second, we are calling on the federal and provincial governments to create a pension insurance programs that insures 100% of the pension liability. These programs could be modelled on the Ontario Pension Guarantee Insurance Fund (PGIF). In Ontario, where

insurance is capped at \$1500/month, the government should expand coverage to fully cover all pension losses.

In addition, we recently met with the Canadian Association of Pension Supervisory Authorities (CAPSA). In [our presentation](#), we requested that CAPSA:

- o Include guidance that provisions be in place ensuring pensioners receive 100% of the pension their employer committed to
- o Include guidance that changes with potential negative impact on pensioners be approved by pensioners
- o Support the creation of a third-party study to identify the best way to ensure pensioners receive 100% of their pension

For over a decade, the Canadian Federation of Pensioners and other senior's advocacy groups have carried a consistent message to governments. Pensioners should receive 100% of the pension. The time for action is overdue.

I look forward to discussing next steps as soon as possible.



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