

## **Pension Plan Conversion: Notice and Consent/Objection Process**

Ontario's *Pension Benefits Act* (PBA) sets out a framework that facilitates and regulates the conversion of a single-employer pension plan (SEPP) to a newly created jointly sponsored pension plan (JSPP). There are a number of steps in the conversion process, including notice and information to employees and retirees in the pension plan, and a consent/objection process for pension plan members (or their bargaining agents) who will be impacted by the conversion if it is approved.

### **Notice to Members**

The plan administrator of the SEPP must provide **notice** of a proposed conversion to a JSPP to members, former members, retired members and other persons entitled to benefits under the SEPP, to any trade union that represents members of the SEPP, and to the Superintendent of Financial Services (the Chief Executive Officer of the provincial pension regulator, the Financial Services Commission of Ontario).

### **Required Content of Notices**

The required content of the notices is detailed in the PBA and related regulations, and includes:

- information about the benefits provided under the SEPP;
- actuarial information about the SEPP;
- information about the benefits to be provided under the JSPP; and
- the nature of a JSPP.

The notices must also contain personal data and calculations concerning the member's accrued pension under the SEPP, and the member's accrued pension after joining the proposed JSPP (which benefits will be equivalent).

The data and calculations must be "fresh" in the notices – which means that the information on which they are based cannot be older than 6 months.

## Consent/Objection Process

- For members who are represented by a trade union, the trade union may consent on behalf of the members it represents. The definition of trade union includes both certified bargaining agents and bargaining agents (such as UTFA) that are not certified. Before consenting on behalf of its members, each bargaining agent will likely decide to hold an internal vote among plan members in the bargaining unit to determine whether a majority support moving to the new JSPP. Where a trade union consents, the trade union is considered to consent on behalf of all of the plan members in the bargaining unit.
- If a member *is not represented* by a trade union, the plan administrator must provide the member with a **consent form**, in addition to the notice.
- Finally, in addition to the notice to retired members, former members and other persons entitled to benefits under the SEPP, the plan administrator must also provide each of these persons with an **objection form**.

## Consent/Objection Thresholds for Conversion to the New Plan

In order for a proposed conversion to proceed, the PBA and regulations require:

- **at least 2/3 (two-thirds)** of the members of the SEPP give their consent; and
- **no more than 1/3 (one-third)** of the retired members, former members and other plan beneficiaries under the SEPP, as a group, object.