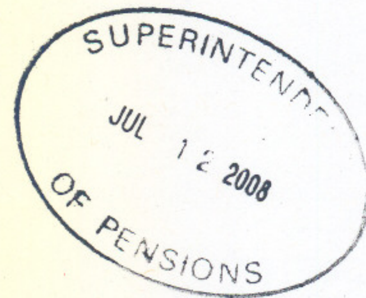
YEARS
NSGEU

GOLDEN SOLIDARITY
1958-2008



Submission

To The

Nova Scotia Pension Review Panel

In Response
To The Discussion Paper of May 28/08

By
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Friday, July 11, 2008

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SCHEDULE A - NSGEU Member Pension Plan Coverage According to Local 45

A) Introduction

1. These are the comments of the Nova Scotia Government and General Employees Union (NSGEU) on the Discussion Paper issued by the Pension Review Panel on May 28, 2008. NSGEU supports the submissions from the Nova Scotia Federation of Labour as set out in its submission on July 4, 2008. However, we wish to make additional comments that reflect the particular situation of our members. We appreciate the opportunity to put our views forward to the Panel and look forward to meeting with the Panel in person to discuss these views.

2. NSGEU is the largest trade union in Nova Scotia. We represent approximately 25,000 members who are employed in the public sector. We represent civil servants, correctional workers, liquor store clerks, employees of the Capital District Health Authority, public health and drug dependency workers, employees of municipalities, school boards and post secondary education institutions. We represent home care workers and residential care workers and a variety of other occupational groups.

3. Most NSGEU members have a defined benefit pension plan. Ninety-two percent of NSGEU members are covered by twelve defined benefit plans. More than three-quarters of these are members of two defined benefit pension plans – the Public Service Superannuation Plan and the Nova Scotia Association of Health Organizations Pension Plan. About six percent of our members have some variation on a defined contribution pension plan or a group RRSP. Less than two percent of NSGEU members have no retirement income plan at all other than the public system. Attached as Schedule A is a detailed list of NSGEU Locals and the pension coverage of the members in those locals.

4. Almost half of NSGEU members are members of the Public Service Superannuation Plan which is not covered by the *Pension Benefits Act*. These members are both direct government employees such as civil servants, corrections employees and employees of government agencies such as the Nova Scotia Liquor Commission and the Workers Compensation Board. The *Public Service Superannuation Act* also covers NSGEU members whose work has been devolved out of the Civil Service to the District Health Authorities, the Nova Scotia Community College and

smaller entities such as Nova Scotia Business Incorporated and Université Saint Anne. The Public Service Superannuation Plan is not within the mandate of the Pension Review Panel. The Plan has very particular issues and characteristics. The benefits in the Plan are very good, the rates of contribution by Plan members are very high and the Plan is underfunded. However, the Public Service Superannuation Plan is distinct in that the Province of Nova Scotia guarantees payment of pension benefits by statute.

5. The NSAHO Pension Plan is a defined benefit pension plan available to health care employees who work for the District Health Authorities, the Capital District Health Authority and other health organizations. It is presently undergoing a transformation from a pension plan with multiple employer participants to a jointly sponsored multi-employer plan.

6. Pension issues are very high on the priority list of NSGEU members. We receive inquiries every week from members who have concerns about their pensions. In recent years, pension issues usually rate in the top three priority issues for collective bargaining. Accordingly, pension issues including ensuring the viability of defined benefit pension plans are very important to NSGEU.

7. In this submission, we will address the questions raised in the Committee's discussion paper in the same order as they are raised in the Discussion Paper itself.

B) Goals of the *Act*

Question: Should pension legislation and regulation have goals other than those listed?

8. As stated in the Discussion Paper, the main objective of the *Pension Benefits Act* is to safeguard employee entitlements to benefits promised under pension plans.

9. This objective has been reiterated in the successive Annual Reports of the Superintendent of Pensions under the *Act*. In the most recent Annual Report for the year ending March 31, 2006, the Superintendent stated as follows:

> "The main objective of the Pension Benefits *Act* is to safeguard employee entitlements to benefits promised under pension plans. This is accomplished through the establishment of minimum funding standards and minimum benefits standards in respect of eligibility requirements, vesting and locking-in, employer contributions, transfer rights, spousal benefits, prohibitions against sex discrimination and disclosure of information. "

10. The *Act* should also include as its purpose the establishment, extension and improvement of pension plans throughout the Province. This objective is implicit in s. 10(a) of the *Act*, which sets out the duties of the Superintendent in part as follows:

> 10 The Superintendent shall
>
> (a) promote the establishment, extension and improvement of pension plans throughout the Province; ...

11. It is clearly in the public interest of the Province to encourage a thriving pension system and the right to retire with dignity and financial security.

> 11 Consistent with this objective is the promotion of defined benefit plans, which are widely acknowledged to provide better and more secure pensions.

12. These purposes should be expressly stated in the *Pension Benefits Act* to provide guidance in the interpretation and application of the *Act*.

13. The *Pension Benefits Act* should also confirm that pension funds are for the benefit of employees, not employers. This fundamental principle was succinctly articulated by Justice MacPherson of the Ontario Court of Appeal in *Huus v. Ontario (Superintendent of Pensions)*, [2002] O.J. No 524 (QL) (O.C.A.):

> [25] I start with this observation: pension plans are for the benefit of employees, not the companies which create them. They are a particularly important component of the compensation employees receive in return for their labour. They are not a gift from the employer; they are earned by the employees. Indeed, in addition to their labour, employees usually agree to other trade-offs in order to obtain a pension. ...

14. Of course, the important functions of pension plans for employers should not be forgotten. As noted by the Supreme Court of Canada in *Monsanto Canada Inc. v. Ontario (Superintendent of Financial Services)*, [2004] 3 S.C.R. 152

> [39] ... the provision of pensions serves a number of labour market functions which benefit the corporate sector, including attracting a labour supply, reducing turnover, improving morale, increasing productivity and efficiency, promoting loyalty to the corporation, and so on... In short there are many reasons for employers to maintain pension plans ...

C) Types of Plans

Question: Are there plan designs not in use that would provide the benefits of DB plans while minimizing the risk?

Question : Should the current trend towards less DB plans be accepted, or should regulators permit DB plans that may be more attractive to employers by reducing funding risks?

Question: Should new forms of DB pension plans be permitted to enhance their availability?

15. For convenience, we will discuss these questions together. We strongly support the submissions to the Panel from the Nova Scotia Federation of Labour which stress the importance of defined benefit pension plans to working people and the importance of defined pension plans to Canadian society. We agree that the Panel should recommend feasible approaches for

expanding workplace defined benefits plans and ways to initiate a broad based debate on the necessary expansion of the public pension system such that all Nova Scotians have financial security in retirement.

1) Overall Trends

16. The trend towards fewer defined benefit plans has not been consistent over time. Furthermore, the precise reasons for the overall trend are not known.

17. The most recent Annual Report by the Superintendent of Pensions for the year ending March 31, 2006, indicates the following:

- As of January 1, 2005, there were 32,584 Nova Scotia members participating in DC plans, 135,979 participating in defined benefit plans, and 3019 in other hybrid plans.
- Participation in both defined benefit and defined contribution plans increased between 2004 and 2005.
- The number of defined benefit pension plans across Canada with Nova Scotia members declined 20% from 1996 to 2005. The number of defined contribution plans with Nova Scotia members increased by 6.7%
- The number of defined contribution plans registered in Nova Scotia declined 9% between 1996 and 2005. The number of defined benefit plans has increased each year since 2002.

18. Whatever the trend may be, the Province should be encouraging the creation of defined benefit plans and their extension to as many employees as possible. The Province should confirm its policy preference for well-funded defined benefit plans, which can best provide Nova Scotians with security and dignity in their retirement.

19. The general decline in defined benefit plans should not serve as a reason to retreat from defined benefit plans and accept or encourage reduced retirement security with "hybrid" plans that may include a significant defined contribution component.

20. Even more troubling than the general trend towards fewer defined benefit plans is the clear trend toward less participation in all types of pension plans by both the total Nova Scotia labour force and employed paid workers in the Province.

21. This trend is reflected in the following chart compiled from the Superintendent's Annual Reports:

Participation in Pension Plans

	Members as % of Total Labour PaidForce		**Members as % of Employed Workers**	
	Nova Scotia	Canada	Nova Scotia	Canada
1980	37.8	39.7	46.2	47.7
1982	38.7	38.9	46.0	46.8
1984	35.5	37.2	47.1	46.5
1986	36.4	36.7	46.8	45.7
1988	36.3	37.0	45.7	44.9
1989	35.8	37.2	44.0	44.6
1990	35.8	37.6	43.6	44.8
1992	39.3	38.4	49.4	47.5
1993	39.3	37.8	49.8	47.4
2001	34.1		42	
2003	34.3		41.6	
2005	34.8		42.2	
2006	34.8		41.9	

22. To quote the Nova Scotia Federation of Labour in its Submission (July 4, 2007): "the real crisis is not so much the gradual decline of defined benefit plans, ***but rather the declining coverage of workplace pensions in general.***"

2)Risk

23. The three questions which are set out above and which are posed in the Discussion Paper emphasize the risks of defined benefit plans to employers. We disagree with the emphasis upon risk to employers. The emphasis in the *Pension Benefits Act* ought to be on securing the funding of pensions as they accrue so that pensions are fully funded and can deliver the benefits that they

promise whether or not an employer becomes insolvent. Furthermore, contrary to the apparent assumption behind these three questions, the risks of defined benefit plans are borne both by employers and employees.

24. The main "risk" for employers is the uncertainty of funding requirements over time. This risk arises in part from the vagaries of the financial markets, including pension fund investments in equities and long-term interest rates and also changing actuarial assumptions. Deficits in funding require additional contributions from employers.

25. However, it is important to note that the amount of risk an employer faces is also the result of choices made by an employer in managing and investing the pension fund. If an employer uses its investment policy to position itself for the positive gains of financial markets (and a corresponding reduction in contributions), then it will also expose itself to the possibility of losses (and a corresponding increase in contributions). In addition, an employer cannot adopt aggressive actuarial assumptions in order to reduce its contributions without exposing itself to the possibility that those assumptions will not be borne out.

26. The exclusive control that employers have over the governance, management and investment of a pension plan creates "risks" for employees, most importantly the risk of inadequate funding of a pension plan should the employer become insolvent. The most significant risk in a defined benefit plan is the risk that the employees will not get the benefits which have been promised because the plan is not funded fully.

27. In the public sector, for the most part, there is no risk of employer insolvency. However, there remains the risk that employees will not receive the benefits that they have been promised if the plan is underfunded. In the public sector an unfunded pension plan leads to the necessity of increased contributions by the employees. If the underfunding is serious enough it leads to a reduction in benefits.

28. We have seen both of these outcomes in Nova Scotia. The inadequate funding of the Teachers Pension Fund necessitated both increased contributions and reduced benefits. The

inadequate funding of the Public Service Superannuation Plan has led to significant increased contributions from employees. Underfunding has forced the affected parties to re-examine the administration of their plans and take steps to limit the exclusive control that their employer has over the governance, management and investment of a pension plan by moving towards joint governance.

29. Where the employer has exclusive control of the administration of a pension fund this creates further risks for the employees. It results in poor pension plan governance, lack of participation of employees and retirees in pension plan governance, lack of information about the pension plan, its governance and its funded status and lack of information. These factors combine to create the risk to employees that their pension fund is poorly managed and poorly invested. More seriously, the inherent conflict of interest between the employer's own economic interests and its role as pension plan administrator can result in inadequate funding and the close relationship between the plan's actuary and the employer can result in the use of assumptions that are advantageous to the employer but not to the plan and its beneficiaries.

30. In our view, the purpose of the *Pension Benefits Act* should be to protect employees from the risks of underfunding and the failure to pay accrued pension benefits. An emphasis on employer risk in the considerations of the Panel put the focus of your considerations in the wrong location.

3)Asymmetry of Risk

31. The Discussion Paper makes reference to the claims of various parties that there is asymmetry of risk in defined benefit pension plans to the disadvantage of employers. The asymmetry of risk theory does not stand up to close scrutiny and should not be accepted as a basis for changes to the funding rules under the *Pension Benefits Act.*

32. The theory posits that employers bear all of the investment risk in a defined benefit plan since they are solely responsible to fund pension deficits, but they have either uncertain or no entitlement to pension surpluses, either in an ongoing plan or on a plan wind up. According to the theory, if employers are given legislated entitlement to surplus on wind up and easier access

to surplus from an ongoing plan, they would be more inclined to over-fund pension plans, rather than fund at minimum levels.

33. This theory underscores the inherent conflict of interest between an employer's corporate interests and its fiduciary duty as a pension plan administrator to plan members and beneficiaries. The focus of pension plan funding should be ensuring sufficient funds to pay the promised benefits – not surplus use and ownership.

34. The asymmetry of risk theory ignores several realities. First, it ignores business reality. Companies do not pay more into a pension plan than they must. They limit their payments to the minimum required by law, regardless of their entitlement to surplus. That is why minimum funding standards should not be reduced and should even be increased.

35. If one were to accept that employers have been pursuing minimum funding strategies because they are uncertain about surplus use and ownership, then employers are guilty of poor plan governance and funding policies. Like everyone else, employers know that as financial markets go up and down, which they will, the assets and liabilities of a pension plan will go up and down. A minimum funding strategy will inevitably lead to funding shortfalls. Given the realities of financial markets, a minimum funding strategy is a poor funding strategy. Complaints about the use and ownership of surplus should not be allowed to justify or excuse a poor funding strategy. Employers should not be rewarded for their poor plan governance and funding by legislating increased access to and ownership of surplus.

36. The theory also ignores the history of employer surplus use through significant contribution holidays throughout the 1980's and 1990's. It is simply not true that employers do not get any benefit from surpluses. In addition to taking contribution holidays, employers in the 1980's and 1990's have used pension plan surplus to reduce their contributions to pension plans by paying their contributions out of that surplus.

37. Based on the available information in the Superintendent's Annual Reports under the *Pension Benefits Act*, between 1995 and 2005, employers paid their contributions from surplus rather than to contribution holidays in the amount of approximately $275 million dollars. Unfortunately, no statistics on contribution holidays are provided prior to 1995. During the same

period, employers' special payments totaled approximately $425 million dollars. If the employers had not used surplus to pay their contributions, it appears that special payments would have been significantly reduced.

38. The following table provides more detailed information from the Superintendent's Annual Reports on this point:

	Contributions				
Year Ending March 31st	Employee Required	Employee Voluntary	Employer Current Service	Employer From Surplus	Employer Special Payments
1993	$63,087,000	$2,155,000	$68,352,000	$21,000,000	$18,267,000
1995	64,457,000	3,141,000	89,736,000	11,377,000	20,883,000
1996	66,027,000	4,290,000	93,667,000	15,359,000	27,504,000
1997	63,596,571	2,892,259	82,286,426	22,843,263	31,165,762
1998	57,130,100	3,692,900	71,107,300	30,699,000	15,452,600
1999	61,622,082	3,799,532	82,361,636	35,393,276	11,199,224
2000	70,733,592	4,297,249	120,125,308	24,939,610	12,688,150
2001	79,380,496	5,141,672	114,957,179	40,371,293	8,311,712
2002	92,082,098	6,158,407	129,941,527	34,540,640	14,555,580
2003	102,641,505	6,599,899	159,903,068	12,121,671	52,628,147
2004	113,650,987	7,201,464	183,025,594	7,999,163	58,382,567
2005	131,899,244	8,672,281	202,525,553	3,439,797	83,948,133
2005	131,487,719	8,354,141	209,569,311	16,532,969	70,890,147
Total				**$276,616,682**	**$425,876,022**

39. Employers have also used pension surpluses to fund generous early retirement packages, used to "buy-out" older employees when "downsizing" was necessary. By using pension plans in this way to fund their human resource needs, employers were able to avoid significant costs

associated with severance, common law notice or pay in lieu of notice, and, in unionized workplaces, employee seniority and bumping rights. There are no statistics available to quantify the cost of these early retirement buy-outs to pension plans and the value to corporate bottom lines but during the 1990's these buy-outs were common.

40. A further difficulty for the asymmetry of risk theory is that it has yet to be empirically proven that employers bear all of the downside risk of investment performance. This point was made in a recently issued paper by the C.D. Howe Institute and authored by James E. Pesando and titled "Risky Assumptions: A Closer Look at the Bearing of Investment Risk in Defined-Benefit Pension Plans" (June 2008). The paper includes the following conclusion at p. 10:

> "Neither economic analysis nor existing empirical evidence permits a definitive conclusion as to the manner in which investment risk is distributed between plan sponsors and plan members in DB plans. Indeed, the distribution of investment risk may vary across plans, according to the "pension deal." In the absence of definitive evidence, it is not appropriate to argue (for example) that plan sponsors are entitled to plan surpluses because only plan sponsors bear the downside risk of investment performance."

41. The asymmetry of risk theory is artificial and represents a misleading, short-term or "snapshot" view of the operation and funding of pension plans. Public pension policy in Nova Scotia and its legislative framework should not be driven by such a short-term perspective that may reflect only temporary circumstances. A short-term view would simply result in more ad hoc "tweaking" in response to the particular market conditions and funding issues that have been facing pension plans in recent years.

42. Indeed, the pension funding "crisis" is already turning around. The 2008 Survey on Pension Risk conducted by Watson Wyatt in association with the Conference Board of Canada found that corporate respondents are less likely to see the pension funding risk as a long-term crisis. In a Press Release dated April 28, 2008, the results of the survey are explained in part as follows:

...

> "The percentage of CFOs that think that there is a crisis that will be long-lasting has dropped significantly in the past couple of years.

Twenty-six (26) per cent of CFOs responding to the fifth annual survey indicated that they felt the crisis was long-lasting, down from highs of 61 per cent in 2006 and 48 per cent in 2007. Meanwhile, 31 per cent of CFOs view the crisis as cyclical.

A total of 168 Canadian organizations responded to the 2008 Survey on Pension Risk... Both CFOs and senior human resources executives (VPs HR) were surveyed. Forty-three (43) per cent of VPs HR respondents consider the pension crisis to be long-lasting, compared to 40 per cent in 2007, but down from a high of 67 per cent in 2006.

The extent to which respondents believe that CFOs must be heavily involved in making plan design decisions seems to be on the decline, allowing greater involvement of VPs HR in the future," said Ian Markham, Director, Pension Innovation, Watson Wyatt Worldwide. "The role that HR plays in making plan design decisions is expected to increase in five years.

...

The trend of converting pension plans from defined benefit (DB) to defined contribution (DC) appears to be slowing down. Less than 3 per cent of respondents are implementing some form of DB-to-DC conversion in the next 12 months, down from nine per cent in the last 24 months.

The increasing influence of the HR function will allow respondents to use plan design to address the issue of attracting and retaining highly-skilled or high-performing employees," said David Burke, Canadian Retirement Practice Director, Watson Wyatt Worldwide. "Respondents continue to view DB plans as superior to other retirement savings arrangements for employee retention, which may be due partly to concerns they have expressed about the ability of DC plans to provide adequate retirement income for plan members."

...

43. Pension policy should be based on a long-term view that situates current issues in their full, historical context.

4)Different Models of Plan Design

44. The *Pension Benefits Act* does not create a sufficiently clear framework for certain types of pension plans that should be recognized and regulated appropriately. The types of plans which presently exist in Nova Scotia include both plans which are clearly regulated and those which are not:

a) Single employer pension plans (SEPPs) – the single employer defined benefit pension plan is common in Nova Scotia; it is recognized and regulated by the *Pension Benefits Act* and proposals for improvement in this regulation will be made elsewhere in this submission;

b) Multiple employer participant pension plans - these are plans like the "old" NSAHO Pension Plan which are defined benefit plans and which are not particularly different from single employer pension plans and in which individual employers continue to be liable to meet funding requirements both on a current basis and on wind-up;

c) Specified multi-employer pension plans (SMEPPs) – these plans are common in the construction industry and constitute negotiated contribution plans where employer contributions are fixed, benefits are defined but benefits are reduced when funding is inadequate;

d) Multi-employer pension plans (MEPPs) – these are pension plans established and maintained for employees of two or more employers who contribute to a pension fund to provide a pension benefit that is determined by service with one or more of the employers such as the Union of Nova Scotia Municipalities Pension Plan and possibly the Police Association of Nova Scotia Pension Plan;

e) Jointly trusteed plans (JTPs) - any of the SEPPs, MEPPs or SMEPPs can be governed by a joint trusteeship. There ought to be a suitable regulatory framework for jointly trusteed plans that fit in these different circumstances;

f) Jointly sponsored plans (JSPs) – the *Pension Benefits Act* does not provide an adequate framework for jointly sponsored plans other than SMEPPs. The

NSAHO plan is currently in transition from a multiple participating employers plan to a jointly sponsored plan.

45. In our view, the Panel should consider each of these different types of plans and the degree to which they are adequately regulated by the *Pension Benefits Act* and recommend changes accordingly.

46. Among these various types of plans, the Nova Scotia Government and General Employees Union urges the Panel to recommend a suitable regulatory framework that promotes joint governance of pension plans.

47. NSGEU also proposes that the Panel recommend a clear framework for new multi-employer defined benefit pension plans that could operate province-wide in specific sectors or be provided by the Nova Scotia Pension Agency whose charter provides for additional pension plans approved by the Minister of Finance.

48. We urge the Panel to make strong recommendations to the government for changes in the *Pension Benefits* Act that promote joint governance of pension plans and to consider in particular jointly sponsored plans, joint trusteeship and limited joint administration as discussed below. There are models of plan design that provide the benefits of defined benefit plans while minimizing the risks to both employers and employees, including: jointly-sponsored plans, mandatory joint trusteeship, and multi-employer plans.

a) Jointly Sponsored Plans

49. Jointly sponsored pension plans provide defined benefits and are sponsored by one or more employer and one or more trade unions. A Jointly sponsored plan can be a MEPP, but is not necessarily so. This plan design is increasingly used in the public sector. However, it currently plays little, if any, role in the private sector. An example of such a plan in Nova Scotia is the Teachers' Pension Plan established under the *Teachers' Pension Act*, S.N.S. 1998, c. 26. A specific form of jointly sponsored plan is recognized in the Ontario *Pension Benefits Act*, and that *Act* prescribes special rules for such plans.

50. A jointly sponsored plan like the new NSAHO Plan, which will be sponsored by health care organization employers and the trade unions representing their employees, should be required to be administered by a separate and independent board of trustees with equal representation from the sponsors. There should be mandatory retiree representation on the board of trustees that governs and administers the plan. Plan terms and contribution rates should be subject to collective bargaining. If the plan has a surplus over a certain level, the sponsors should decide how surplus is used. If the plan has a deficit, the *Pension Benefits Act* should require that employers continue to be responsible for special payments but recognize that employees could contribute to special payments by increased contributions if this is determined in collective bargaining. Underlying the jointly sponsored plan model is a "partnership" between employers, trade unions, and employees.

51. This model promotes good plan governance by creating a clear separation between the employer and the administrator, allowing the needs of beneficiaries to be the paramount consideration. The jointly sponsored plan model also promotes confidence and transparency through the sharing of knowledge and information in the governance and administration of the plan.

52. We submit that the jointly sponsored plan model is an effective means of providing and encouraging defined benefit plans while minimizing the risk to both employers and employees. Since pension plans are for the benefit of employees, but also serve important functions for employers, it makes eminent sense that employers and employees (and their representatives) should share equally in plan governance. Such plans should be expressly recognized in the *Pension Benefits Act*, and, if not mandated for all plans, at least actively encouraged.

53. The Act should provide a mechanism for existing single employer-sponsored plans to transition to the partnership model. The Act should permit a majority of plan members represented by a trade union to elect to transform an employer-sponsored plan into a jointly sponsored and jointly trusteed plan. The Act should expressly recognize the role of trade unions

in such plans (as well as their broader enforcement role in the existing framework of employer-sponsored plans).

b) Jointly Trusteed Plans

54. The *Pension Benefits* Act should provide a framework for the operation of jointly trusteed plans and they should be encouraged. Short of a full jointly sponsored pension plan, any single employer pension plan or multi-employer pension plan can be a jointly trusteed plan. Such a plan would retain the employer's obligations to make special payments where an actuarial evaluation shows a deficit and to make additional payments on wind-up if required but would have the benefit of joint governance.

c) Limited Joint Administration

55. Single employer defined benefit pension plans should not be left to the exclusive control of employers as plan administrators. As has recently been adopted in the Province of Quebec, all single employer defined benefit plans should be administered by a pension committee which includes representatives of the plan members including employees and retirees. While this falls short of full joint governance in the manner of a jointly sponsored or jointly trusteed plans, this would improve governance by eliminating the inherent conflict of interest between the needs of plan beneficiaries and corporate bottom lines. Better governance and administration would also promote better funding policies and thereby reduce the financial risk to employers and the risk to employees that their plan will not be funded if the employer becomes insolvent.

d) Province-Wide Multi-employer Plans

56. NSGEU proposes that the *Pension Benefits Act* should provide a framework for multi-employer defined benefit pension plans to be provided either as jointly trusteed province-wide multi-employer plans or by a public agency such as the Nova Scotia Pension Agency. Many small employers and their employees wish to have a defined benefit pension plan. However, the costs and the complexity of administering a defined benefit plan is prohibitive without a certain critical mass of members. The Province should provide a means for employers to join a defined

benefit pension plan to provide these pension benefits to their employees if they wish or if the plan is negotiated in collective bargaining.

57. We believe that if there were either jointly trusteed province-wide multi-employer plans, employers could agree to participate in these plans and choose from a menu of benefits with different contribution rates and provide pension plans with defined benefits to their employees. Given the lack of development of such plans to date, we think that the public interest demands that the province mandate a public agency such as the Nova Scotia Pension Agency to offer a menu of defined benefit plans to employers. Employers who wish to have a defined benefit plan to retain or attract employees could agree to participate in the plan and make the contributions required at the particular benefit level chosen.

58. Either a jointly trusteed province-wide multi-employer plan or a plan provided by the Nova Scotia Pension Agency would pool risks among larger groups of employers and employees and enhance pension portability. Such a plan would be distinct from the specified multi-employer plans which are typically found in the construction industry and no benefit reductions would be permitted in the event of underfunding. Each employer in the plan would be liable for the special payments or wind-up contributions that expressly related to its own employees and beneficiaries. In such a plan the employers and not the Province would be responsible for the actuarial risk, but such plans could be funded on a going concern basis and not a solvency basis; with multiple employers it would be unlikely that the insolvency of an individual employer would affect the solvency of the plan. Properly administered with conservative actuarial assumptions these arrangements could provided defined benefit plans for employees with some investment risk for the employers, but over the long term stable contribution rates

e) Concluding Points on Different Plan Models

59. We want to emphasize that the main criteria for adopting amendments to the *Pension Benefit Act* to promote new multiple employer pension plans, jointly sponsored plans and jointly trusteed plans should not be to minimize risk to employers. The over-riding purpose of the *Pension Benefits Act* must be to ensure that the benefits promised to employees and retirees are adequately funded and are paid. Expanding the regulation in the *Pension Benefits Act* to various

types of plans would be beneficial by promoting greater joint governance and recognizing the existence of types of plans which are presently in use in Nova Scotia. Plan design should not be chosen that transfers risk from employers to employees and retirees.

D) Defined Contribution Plans

Question: In the case of DC plans, to what extent should an employee's right to make investment choices be limited, and by whom?

60. NSGEU has no comment on this point. Public policy should promote defined benefit plans and the conversion of defined contribution plans into defined benefit plans.

E) Hybrid Pension Plans

Question: Should new forms of hybrid pension plans be permitted to enhance their availability?

61. As stated above, the general decline in defined benefit plans should not serve as a reason to retreat from defined benefit plans and accept or encourage reduced retirement security with "hybrid" plans that may include a significant defined contribution component. The essence of the hybrid plan is that contributions are defined and defined benefits are targeted but benefits must be reduced if the plan is underfunded. While such hybrid plans may be appropriate for SMEPPs in the construction industry their use should not encouraged outside of that sector.

F) Disbursement Options for Defined Contribution Plan Members

Question: Should defined contribution members have the ability to use different disbursement options, such as LIP type payments, rather than be required to convert funds on their retirement date?

62. NSGEU has no comment on this point.

G) Funding

Question: Are current rules for measuring and remediation of going concern and solvency deficits appropriate?

63. As stated in the Discussion Paper, the main objective of the *Pension Benefits Act* is to safeguard employee entitlements to benefits promised under pension plans.

64. In furtherance of this objective, the *Pension Benefits Act* and Regulations currently require that pension plans be valued by an actuary at least every three years on both a going concern and solvency basis. We suggest that the Panel should recommend that this requirement continue although the impact of the valuation should be different for different types of plans.

65. Given the fluid nature of pension plan assets and liabilities, it is likely impossible to require that a pension plan be fully funded at all times. However, in the case of single employer-sponsored plans, the current rules for measuring and remediation of going concern and solvency deficits are appropriate. They represent a carefully calibrated balance between benefit security for plan members, affordability for employers, and a reasonable cost for actuarial valuations.

66. While employer groups are advocating for relaxed funding rules (including the use of "contingency reserves" and "letters of credit", and longer amortization periods for solvency deficiencies), all of these proposals can only serve to undermine funding and benefit security and for this reason should be rejected.

67. A going concern valuation measures a plan's funded status on the assumption that the plan will continue operating into the future. This type of valuation is primarily used to calculate sufficient and stable contribution rates. The going concern valuation is useful in calculating the cost of the pension liabilities accrued in a given time frame and therefore of determining the current service cost which has to be paid each year. At present any going concern unfunded liability must be paid off over 15 years (with certain temporary exceptions for MEPPs).

68. In the case of public sector employers which are entirely funded by the provincial government and which deliver public services that will be provided indefinitely, there is little

risk that the employer will become insolvent. In this case the primary tool of valuation should be the going concern valuation. This is an effective measure to calculate and determine the normal costs of the benefits accruing to the pension plan in a given year and therefore the current service cost which must be paid each year in this type of plan. In our view, in these plans, the funding of the plan should be determined by the going concern valuation and that any solvency valuation would be used for information only, as a check on the health of the plan.

69. If a going concern valuation only is required for pension plans of employers that are entirely funded by the province, the amortization period for paying off on funded liability must be significantly lower than fifteen years. The number of years is a matter for expert assessment but, in our view, if only the going concern valuation determines the funding of the plan, any unfunded liability should be paid off over five years.

70. A solvency valuation measures a plan's ability to provide the promised benefits in the event the plan is terminated on the date of the valuation. This type of valuation measures the security of the promised benefits. Any solvency deficiency must be paid off over 5 years (with certain exceptions for university and municipality plans, and for MEPPs). Funding on a solvency basis is effectively "insurance" against the risk of an underfunded plan being terminated on employer bankruptcy or insolvency. Solvency valuation should not be the basis of funding pension plans of the public sector employers entirely funded by the Province which deliver essential public services and will likely do so indefinitely.

71. Until recently, the *Pension Benefits Act* did not require full funding of the pension promise on wind up, even if the employer had sufficient assets to pay off any deficit; an employer was only liable for contributions and amortized special payments that accrued to the date of wind up. However, the Act was amended in December, 2007, to require an employer to fully fund the benefits provided by a pension plan, including grow-in benefits, on a plan wind up. (MEPPs are exempted from this provision.)

72. This amendment was the result of intense lobbying by the United Steelworkers union after the U.S.-based parent company Greenbrier decided to close its Nova Scotia subsidiary TrentonWorks in July of 2007, because it could produce rail cars more cheaply in Mexico. When

TrentonWorks closed, it was not bankrupt or insolvent. However, under the provisions of the *Pension Benefits Act* in force at the time, the company was not obligated to fully fund a substantial deficit in its pension plan – which was in large part caused by a 2002 Regulation that removed the requirement to fund grow-in benefits on a solvency basis.

73. Unfortunately, for the former employees of TrentonWorks, the amendment to the Act was too late. Several months after the amendment came into force and before any money could be collected for the pension plan, TrentonWorks filed for bankruptcy after almost all of its remaining resources had been used up and there were insufficient assets to pay even its secured creditors. As a result, plan members will lose almost $7 million of promised pension benefits.

74. The very recent example of TrentonWorks underscores the importance of solvency funding for safeguarding the promised benefits for private sector employers and for public sector employers which are not entirely funded by government even when an employer does not appear to be at risk of insolvency.

75. While the requirement for employers to fully fund benefits on a wind-up is clearly a step in the right direction, the TrentonWorks example also underscores the need to lobby the federal government to give higher priority to promised pension benefits under the scheme of the *Bankruptcy and Insolvency Act.*

H) Exceptions to Funding Rules

Question: Should there be exceptions to the funding rules for universities, multi-employer pension plans and municipalities, or anybody else?

76. Since solvency funding is effectively "insurance" against the risk of employer bankruptcy or insolvency and the insufficiency of assets to pay the promised benefits, solvency funding rules should take into account the actual risk of this situation occurring for different types of pension plans.

77. In the case of single employer-sponsored plans, the risk is very real – even when a company does not appear to be in difficulty. Again, the recent example of TrentonWorks is a

stark reminder of the ever-present risk. Given the risk, these plans need to continue to be funded on a solvency basis in the short term. The current five year amortization period is an appropriate balance.

78. In the case of university and municipality plans, the risk of employer insolvency and plan termination is very low. As a result, there should be less stringent solvency funding rules for these plans. It is appropriate to take a longer term perspective for solvency funding. While solvency funding should still be required, a longer amortization period is justified for public sector plans. Furthermore, in the case of municipality pension plans, the temporary solvency funding relief unduly restricts the ability to improve benefits by requiring the full cost of any improvements to be paid into the plan immediately. In the event of a partial or full wind-up, any benefit short-falls should be fully funded by the employer as is currently required by the Act and the Regulations.

79. Public sector pension plans for employers who are entirely funded by government and deliver essential public services that likely will be provided indefinitely do not need to meet the requirements of solvency funding provided that the amortization period for funding on a going concern basis is shortened and that solvency valuations are done for information on the health of the plan. In this case care must be taken to ensure a conservative approach to going concern funding.

80. The risk of plan termination is also very unlikely for certain multi-employer plans ("MEPPs"), and in particular specified multi-employer plans ("SMEPPs") in the construction industry. In these plans, the risk of employer withdrawal, insolvency or bankruptcy is pooled across many employers. The insolvency or bankruptcy of one or a few employers does not result in a plan wind up, and plan members continue to participate in the plan. The long-term stability and unique features of multi-employer plans was recognized in the 2002 amendment of the *Pension Benefits Act* to exempt multi-employer plans from the requirement to provide grow-in benefits on a plan wind up. In explaining this amendment in the Legislative Assembly on May 25, 2001, the Honourable David Morse, the then Minister of Environment and Labour, noted that a wind-up of a multi-employer plan "is something that is not likely to ever take place" and "the

likelihood that the plan would ever be wound up is virtually nil." Again, a longer-term perspective on solvency funding is appropriate in the case of these plans.

81. In May of 2001, the Canadian Institute of Actuaries released the Report of the Task Force on Multi-Employer Pension Plans. The Report noted that MEPPs can be materially different than single employer plans. An important difference is that in most MEPPs contribution rates are typically negotiated between participating employers and unions. While contributions are defined under successive collective agreements, these plans generally provide a defined benefit to members. The Report refers to these plans as "negotiated contribution defined benefit pension plans". They are typically constituted as trusts and jointly trusteed by equal numbers of employer and union trustees. The Pension Benefits Act and Regulations allow MEPPs to ultimately reduce benefits in the event of funding shortfalls. At p. 6, the Report describes the consequences of applying solvency funding rules to MEPPs:

> A simplified example may help illustrate why the consequences of applying solvency funding rules to MEPPs are significant. Because contribution rates are fixed, the variable factor is the benefit amount. With solvency funding, the Trustees must limit the pension promise to the amount that can be provided on wind-up (including expected contributions in the next five years). Consider a plan that can comfortably afford a $600 pension on a going concern basis and a $500 pension on a solvency basis. With solvency funding, the benefit is $500 both in the likely event (plan continuation) and in the unlikely event (wind-up). Without solvency funding, the benefit is $600 in the likely event and is still $500 in the unlikely one. Thus today's members are short $100 every month from what could prudently be provided, solely so that their expectations will be met in the unlikely event of wind-up. However, there is no actual improvement in the wind-up benefit by holding the promised benefit down. The task force believes that the "cost" in lower pensions far exceeds the "return," and that fully informed participants would always elect higher current pensions, given that the only offsetting "sacrifice" is the possible failure to meet expectations in the unlikely event of plan termination.

82. In our view, the same principles applied to jointly sponsored pension plan funding. The exceptions for funding rules for university's multi-employer pension plans and municipalities as well as jointly sponsored pension plans should be more clearly set out in the *Pension Benefits Act* and should provide for a conservative approach to going concern funding and solvency valuation for the information of the plan administration only. Any unfunded liabilities on a going concern

valuation should be subject to much shorter amortization periods than the fifteen years required at present. Five years is long enough.

I) Going Concern Funding

Question: Should going concern funding still be a requirement?

83. Going concern funding is important for stable and sufficient funding of pension plans in the long-term. There is no reason to eliminate the current requirements for going concern valuations and funding. In the directly and exclusively government funded public sector only going concern funding need be required provided that the amortization period is shortened significantly.

J) Funding at Wind-up

Question: Should there be a requirement for full funding at wind-up?

84. The requirement that an employer fully fund the promised benefits on a full or partial plan wind-up is a critical to ensuring that the *Pension Benefits Act* satisfies its main objective, namely to safeguard employee entitlements to benefits promised under pension plans.

85. The December, 2007 amendment to the Act that required full funding on wind-up was unanimously supported by all parties in the Legislature, reflecting a clear consensus that public policy should not allow employers with the ability to pay to simply walk away from their obligations to employees and retirees who worked hard for and earned the pension benefits they were promised. Yet, this was the case prior to "TrentonWorks" amendment.

86. In our view, the requirement for full funding at wind-up is and should be a requirement on the employer whether or not there is a single employer defined benefit pension plan, a multiple employer defined benefit pension plan, a jointly sponsored pension plan or a jointly trusteed pension plan. In any of these arrangements, it is the duty of the employer to ensure that that the pension plan is adequately funded while the business is a going concern. If the plan is

not adequately funded the employer must be liable and should be obliged to pay the amounts necessary to fully fund the plan. In multi-employer pension plans the individual employer should be liable only for the costs of wind-up that relate to their own employees or retirees.

K) Province-wide Plan

Question: Is the idea of a province wide pension plan for some public or private employers a good idea? Should such a plan operate as a multi-employer pension plan?

87. As noted above, NSGEU supports the idea of a province wide pension plan offered by the Nova Scotia Pension Agency. Such a plan would permit employers of any type to choose between a menu of defined benefit plans and to make the appropriate contributions to those plans based on collective bargaining or on contracts of employment. The plans offered by the Nova Scotia Pension Agency would ultimately be funded by employers if there is an unfunded liability and the province should not bear the liability for funding. The advantage of such a province wide plan would be to pool funding and pool investment risk with low administration costs to permit smaller employers to offer a defined benefit plan to their employees.

L) Plan Surplus

Question: Should legislation speak to the question of the ownership of plan surpluses? If so, what should it say?

Question: Is the concept of "deferred wages" valid? And if so, is there any current validity to it with respect to the determination of the responsibility for funding and for entitlement to plan surplus?

88. This question raises two separate issues that is the use of actuarial surplus while the plan is a going concern and the ownership of surplus on wind-up or partial wind-up of the plan.

1) Use of Actuarial Surplus

89. As pointed out earlier in this submission, the significant increases in special payments to amortize unfunded liabilities of single employer pension plans in recent years can be attributed in part to the use of contribution holidays and the payment of employer contributions from actuarial surplus in previous years. The reality of stock market volatility and the decline in long term interest rates in the last several years has had a major impact on the funding of many single employer defined benefit pension plans by decreasing the actuarial value of assets and increasing the actuarial cost of the liabilities of the plan. Although there is nothing we can do about long term interest rates and the volatility of the stock markets, these economic factors have made it clear that the funding requirements in the *Pension Benefits Act* are not adequate. In our view, the funding requirements in the *Pension Benefits Act* need to be tightened up to avoid the periodic crisis that result from fluctuating values due to volatility in the stock markets.

90. To this end, NSGEU suggests that the Committee should recommend that the Province request the federal government to raise the upper limit on plan surplus in the *Income Tax Act*. The present limit of ten percent of liabilities does not permit a sufficient cushion from the sometimes wild fluctuations in the value of equities which have contributed to a cycle of surplus and deficit in pension plans over time.

91. Furthermore, whether or not the federal government agrees to raise the limit on surplus in defined benefit plans, Nova Scotia funding requirements should ensure that actuarial surplus is not used for contribution holidays or the payment of employer contributions from surplus until the *Income Tax Act* limits have been reached. This will require a defined benefit plan which has an actuarial surplus either on a going concern valuation or a solvency valuation to maintain a cushion to lessen the impact of cyclical declines in the values of plan assets. The surplus identified in an actuarial valuation is illusionary when the likelihood of fluctuations in the market value of assets is considered. By denying the use of actuarial surplus until the *Income Tax Act* limits are reached, more reliable funding will result.

92. Where the *Income Tax Act* limits have been reached, the *Pension Benefits Act* should permit the use of actuarial surplus to fund improved benefits or contribution holidays agreed upon between the plan sponsor and the plan members. Where there is a union or unions representing employees in the defined benefit plan, the use of surplus above *Income Tax Act* limits should be a matter for negotiation between the employer and the unions, or failing agreement, for settlement by a third party arbitrator. Where there is no union representing employees, the members should be entitled to vote on proposals from the employer to improve benefits or to take contribution holidays or both.

93. Where contribution holidays are permitted, the *Act* should require that the contribution holiday cease immediately on the funded status of the plan going below the income tax limits. The plan should require an employer taking a contribution holiday to submit annual mini-valuations to the Superintendent in addition to the tri-ennual full valuations in order to continuously monitor the funded status of the plan so as to be able to respond promptly when the funded status goes below the *Income Tax Act* limits.

2) Actual Surplus on Plan Wind-up or Partial Wind-up

94. The ownership of plan surplus on plan wind-up or partial wind-up raises different issues. The ownership of such plan surplus is presently governed by the wording of the pension plan and by trust law principles. In our view, trust law principles should be respected but they should be codified and included in the *Pension Benefits Act* in conjunction with a new minimum standard on plan surplus.

95. In our view, the *Pension Benefits Act* should expressly recognize the entitlement of plan members to surplus when the plan assets are held in trust for plan members without reservation. The rights of members to surplus under trust law should be incorporated in the *Pension Benefits Act*. Where the plan assets are not held in trust for the plan members without reservation, there should be a minimum standard for the treatment of surplus on wind-up or partial wind-up that requires actual plan surplus to be used to fund indexation of pensions and where this is unnecessary the sharing of plan surplus between the employer and beneficiaries.

96. NSGEU's proposal on the use of actual surplus is based on the fact that pension benefits are deferred wages and that employees and retirees should be entitled to the benefit of these deferred wages and the investment income generated by them. While, in our view, it is undeniable that the contributions made by the employer to a pension fund are deferred wages, the interaction between these deferred wages and the minimum funding requirements of the *Pension Benefits Act* which requires special payments from time to time makes the issue more complicated.

97. In collective bargaining over monetary issues, ultimately the employer's position is driven by the total costs of a settlement. In bargaining monetary issues the employer makes decisions based on the total cost of compensation and on the total incremental cost of the monetary package under negotiation. Pensions are one of the key aspects of the monetary package and a significant cost item. Negotiating a defined benefit pension plan requires a union to accept a monetary package that excludes other cost items. To keep a pension plan or to improve it the union negotiates a monetary package which reflects the priority given to retirement income rather than other items. In a contributory defined benefit pension plan, employees contribute to the pension fund and their contributions are mixed with the employer's contributions and invested to generate financial returns in the total fund. As the table on page 9 illustrates, where the employer pays its contributions to the plan from plan surplus or takes a contribution holiday, the employee contributions may exceed employer contributions.

98. Where there is no union representing employees, an employer may offer a defined benefit pension plan to non-union employees to attract and retain the employees in relation to the general labour market and often to simply provide good terms and conditions of employment for employees. The overall compensation package offered to employees includes the pension benefits. The employer contributions are deferred wages as part of that overall compensation package.

99. In our submission, the portions of a pension fund attributable to employee contributions must certainly be recognized as the property of the employees. Furthermore, the portions of the pension fund which can be attributed to deferred wages of employees should also be recognized

as the property of the members of the plan. It may be that the employer is required to make special payments due to unfunded liabilities from time to time as required by the minimum standards for funding in the *Pension Benefits Act*, not from collective bargaining or individual contracts of employment. In these circumstances, a portion of the surplus on wind-up may be regarded as the employer's property provided the employer has not paid contributions from surplus or taken contribution holidays in previous years which balance out special payments. It may also be that the employer is particularly skillful in investing the pension fund or that there is a windfall from the financial markets but in a properly funded plan, these amounts will be much less than the contributions made by the employer and employees to cover the normal cost of pension liabilities from year to year.

100. To recognize this economic reality NSGEU proposes that the *Pension Benefits Act* should incorporate the rights of members to a surplus under trust law and should establish minimum standards to address actual surplus on wind-up or partial wind-up.

3) Trust Law

101. The Discussion Paper issued in relation to the 1998 review of the *Pension Benefits Act* and Regulations proposed that the Act should codify the application of trust law principles to the issue of entitlement to surplus. The Discussion Paper proposed that the *Act* should confirm the entitlement of plan members and beneficiaries to surplus on wind-up when the plan assets are held in trust for the exclusive benefit of plan beneficiaries, and the corresponding entitlement of the plan sponsor to surplus on wind-up in all other cases. The 1998 Discussion proposed the following:

> "3. Establish in the PBA the entitlement of members to surplus when the plan assets are held in trust for the plan members without reservation. This would mean incorporating the rights of members to a surplus under trust law in the PBA.
>
> 4. Clarify that in all other instances, the surplus belongs to the plan sponsor in accordance with the existing requirements of the PBA."

These proposals were ultimately not included in the amendments to the Act.

102. If a pension plan was established by an employer as a trust fund for the exclusive benefit of the beneficiaries, then that exclusive entitlement to the benefit of the fund is an important part of the pension promise. To fulfill the main objective of safeguarding employee entitlements to benefits promised under pension plans, the Act should recognize all of the promised benefits of a trust fund – including surplus. Contrary to employer arguments based on the "asymmetry of risk" theory, the Act should not confiscate surplus benefits from employees or absolve employers of their pension promise where they have established a pension trust.

103. Whatever changes are made in the *Pension Benefits Act* over the disposition of actual surplus on wind-up or partial wind-up, there is no legitimate public policy reason to take away legal or equitable rights of employees under a pension trust and the *Pension Benefits Act* should recognize this.

4) New Minimum Standards

104. We do not agree with the second proposal of the 1998 Discussion Paper, i.e. that, other than where the employees own the pension fund under trust law, the surplus belongs to the plan sponsor. In our view, this proposal does not recognize either the employees' contributions to their pension benefits or the element of deferred wages in the employer's contributions and the investment gains on both.

105. In our view, the purpose of the *Pension Benefits Act* and defined benefit pension plans is to ensure that employees receive the pension benefits promised to them. This would better be served by a minimum standard that requires that any actual surplus upon wind-up or partial wind-up be used to purchase protection from inflation for the plan beneficiaries. Inflation, even at relatively low levels, has a devastating effect on the value of the pension received by a retired employee. After ten years of inflation at the current levels, the value of the pension to a retiree will be eighty percent of its value at the date of retirement. At twenty years at current rates of inflation, the pension will be less than half of the value of the pension at the date it was first paid. We cannot ignore the possibility that high levels of inflation will return and this will devastate the retirement income of employees covered by a defined benefit pension plan.

106. In our view, any actual surplus on wind-up or partial wind-up should be utilized to purchase as much inflation protection as possible, given the amount of funds, to maintain the value of the retiree's pension by indexing payments to inflation.

107. The use of plan surplus to provide inflation protection is completely consistent with trust law principles and is also consistent with the purpose of the defined benefit pension plan and the overall purpose of the *Act*. It would be a great tragedy if an employer were permitted to take pension plan surplus while the beneficiaries see their standard of living eroded year by year.

108. In the event that the actual plan surplus on wind-up or partial wind-up or any part of it is not needed for inflation protection due to the presence of indexing in the plan itself or when full inflation protection is assured, the actual plan surplus should be dealt with negotiation and by sharing the surplus, and by failing agreement, be determined by a third party arbitrator. The *Pension Benefits Act* should require an arbitrator to take into account both the employee and the employer contributions which constitute the deferred wages of the employees as well as any contribution holidays and any special payments made by the employer to comply with the minimum standards with funding in the *Pension Benefits Act* which cannot properly be considered as deferred wages.

109. The Act could provide for an expeditious and cost-effective procedure for determining surplus ownership in the event of a dispute. For example, questions concerning surplus ownership could be remitted immediately to an expert pension tribunal which is discussed below or to arbitration, subject to a full right of appeal to the Nova Scotia Court of Appeal.

110. In summary, the NSGEU submits that the *Pension Benefits Act* should be amended to establish the entitlement of members of a pension plan to surplus when the plan assets are held in trust for the plan members without reservation. Where the plan assets are not held in trust for the plan members without reservation any actual surplus on wind-up or partial wind-up should be used to fund indexation of pension benefits. Where additional funds remain the surplus should be shared between the plan beneficiaries and the employer by negotiation. Failing agreement

binding arbitration should be used which recognizes the employee contributions and the employer contributions and the investment gains on both to the extent that they constitute deferred wages and balance this by taking into account special contributions made by the employer to comply with the minimum funding standards in the *Pension Benefits Act*.

111. This proposal assumes significant changes to the funding requirements in the *Pensions Benefit Act* to provide the assurance that pension plans are funded on a current basis and that special payments are kept to a minimum.

L) MEPPs

Question: How should funding concerns for MEPPs be addressed? Would permitting the implementation of a different type of Hybrid pension plan be useful for MEPPs?

Question: Which of the funding tests should apply to MEPPs?

Question: Should regulators facilitate the further development of hybrid plans? Would the Quebec model be an attractive option for Nova Scotia employers?

112. Funding concerns for MEPPs should be addressed by recognizing the low risk of plan termination and taking a longer term perspective on the funding of these plans.

113. As noted above there is more than one type of multi-employer pension plan. The funding requirements for specified multi-employer pension plans and jointly sponsored plans will be different from multi-employer pension plans which provide a defined benefit and employers remain responsible to make special payments to fund deficits.

114. It is unnecessary and inappropriate to facilitate the further development of hybrid plans in the MEPP sector. Hybrid plans would only serve to reduce benefits.

N) Governance

Questions: Should government attempt to define, audit, and regulate "good governance"? Why or why not? If so, what types of governance issues should be regulated?

115. Good pension plan governance is vital to safeguarding employee entitlements to the benefits promised under pension plans. Therefore, to further its main objective, the *Pension Benefits Act* should establish minimum governance requirements to supervise governance and promote good plan governance.

116. The Canadian Association of Pension Supervisory Authorities ("CAPSA") has developed a set of 11 principles, with supporting guidelines, for pension plan governance. The principles and guidelines were developed in consultation with stakeholders and have been "test driven" by pension plan administrators. These principles and guidelines provide a useful foundation for a set of legally binding minimum governance requirements for all pension plans in Nova Scotia. Every pension plan should be required to adopt a governance policy which takes these guidelines into account.

117. The CAPSA principles and guidelines confirm the fiduciary and other duties of plan administrators to members and beneficiaries and require the following:

- The establishment of governance objectives for the oversight, management and administration of the plan, which should be clearly documented;

- The clear description and documentation of all participants in the pension plan governance process and all actions taken;

- The establishment of performance measures and regular monitoring the performance of participants who have decision-making authority in the governance process, and procedures for follow-up actions to correct inadequate performance;

- That the administrator, delegates and committees in the governance structure should together possess and apply the knowledge and skills to fulfill governance responsibilities,

and that the plan administration be provided with the necessary appropriate training and ongoing education;

- Access to relevant, timely and accurate information by the plan administrator and, as necessary, any delegates to enable them to perform their responsibilities effectively;

- The establishment of an internal control framework, commensurate with the plan's circumstances, that addresses the plan's risks, including policies on: documentation, record keeping, funding, fund investment, expense control, benefits administration, outsourcing, compliance, and communication, fees, and delinquency control;

- The establishment of appropriate mechanisms to oversee and ensure compliance with the legislative requirements and pension plan documents and policies;

- A communication policy and the communication of the governance process to plan members, beneficiaries and other stakeholders to facilitate transparency and accountability, and the establishment of a procedure for handling member inquiries and complaints, and a conflict resolution process;

- The establishment of a code of conduct and a policy to address conflicts of interest; and

- Regular reviews by the plan administrator of its plan governance procedures and practices to assess their effectiveness compared to the plan's governance objectives.

118. In addition to these principles and guidelines, the Act could require a minimum frequency of meetings for the plan administrator, and require the administrator to hold an annual general meeting to which all plan members and beneficiaries would be invited.

119. Any regulation of governance must strike a careful balance. They must be specific enough to enable compliance, reporting, and oversight by the regulator, while being flexible enough to apply to all types and sizes of plans.

120. The Act should require Plan governance policies to be filed with the Superintendent. Plan administrators should be required to report on their compliance as part of the annual filing requirements under the Act.

121. The governance policies should be made available to all plan members and beneficiaries. The Act could require all plan documents to be posted in the workplace in the same manner as workplace health and safety policies must be posted under the *Occupational Health and Safety Act*. Copies of all plan documents should also be available on request to the administrator.

122. The Act should authorize the Superintendent to make orders requiring corrective action to bring governance into compliance with the Act. The Act should further authorize the Superintendent of Pensions to intervene and impose an administrator on a pension plan where governance by the existing administrator falls below a minimum standard, such as gross negligence or failure to comply with corrective orders.

123. In addition to establishing minimum governance standards for plan administrators, the *Pension Benefits Act* should clarify the roles and responsibilities of pension plan "service providers" who perform work for pension plan administrators, including: actuaries, custodians, benefits administrators, lawyers, accountants, auditors, investment managers, and investment consultants.

124. Currently, the fiduciary duties of administrators and "agents" are set out in s. 29 of the *Pension Benefits Act*. Under ss. 29(1), administrators are required to "exercise the care, diligence and skill in the administration and investment of the pension fund that a person of ordinary prudence would exercise in dealing with the property of another person". Subsection 29(2) stipulates that an administrator or a member of a board of trustees must use all knowledge and skill they ought to have by reason of profession or calling: ss. 29(2). Subsection 29(4) authorizes an administrator, when it is reasonable and prudent to do so, to employ "agents" to carry out any act required to be done in the administration of the pension plan and the administration and investment of the pension fund. Subsection 29(6) extends the fiduciary-type duties of administrators to all employees and "agents" of the administrator.

125. We suggest that the Panel recommend the approach adopted in Quebec to this question of "agent". Under s. 153 of the Quebec *Supplementary Pension Plans Act*, a service provider that exercises a discretionary power belonging to the plan administrator is subject to the same duties and standards as the administrator in the exercise of that power. However, it would be preferable that the Act specify which service providers are "agents".

126. In particular, the actuary should be expressly recognized as an agent and subject to a fiduciary duty to plan members and beneficiaries. Pension plan actuaries are exposed and vulnerable to the inherent conflict of interest that faces employers acting as plan administrators. In the case of single employer-sponsored plans, actuaries are hired by the employer and they may feel pressure to act in the employer's corporate interest rather than the interest of the pension plan and its beneficiaries. The Act should confirm the actuary's accountability to plan members and beneficiaries.

O) Cost of Governance

Question: Given that there are associated costs with governance, what is an appropriate cost for "good governance"?

127. As with other expenses of a pension fund, the costs of governance must be reasonable and prudent. It's difficult to be more specific.

P) Changes in the Regulatory System

Question: Does the current regulatory system work effectively? Are there unnecessary rules and regulations in place? If so, what are they? Should the appeal process be changed? If so, how?

128. There are several aspects of the current regulatory system that should be amended to make it work more effectively.

129. First, the current disclosure and reporting obligations on the plan administrator are inadequate – both for the Superintendent, for advisory committees and for plan members and their unions.

130. Currently, the *Pension Benefits Act* requires some limited disclosure and reporting to plan members and advisory committees. However, the information that must be either disclosed or reported, and the frequency of reporting, is not sufficient for plan members, advisory committees or unions to understand the state of a pension plan.

131. For example, the Act requires the administrator to send an annual statement to every plan member. This is essentially a statement of the individual's pension "account". The annual statement must include information such as:

- The date on which the member became vested
- The name of the person's designated beneficiary
- The number of years of pensionable employment
- The accrued annual pension benefit
- The date at which the employee is eligible for reduced and unreduced benefits

132. This information says nothing about the financial health or quality of governance of the plan.

133. Plan members should be entitled to know about the operation, administration and funding of their pension plan. The Act should require the annual reports to members to include the following information (expressed in language that members can understand):

- The plan's governance structure and policies, including funding and investment policies
- Any amendments made to the plan during the previous year
- The structure of plan assets and liabilities
- Pension fund investments and quarterly investment reports from the fund's investment managers
- The rules governing surplus
- Responsibility for actuarial deficits

- Annual administrative costs and their breakdown
- Whether the employer is taking a contribution holiday

134. All of this information should also be included in the annual filing with the Superintendent under the Act. Anything filed with the Superintendent should be provided to the advisory committee and to any trade union representing employees. The advisory committee and trade union should have convenient and easy access from the plan administrator to all of the documents that support this information such as plan valuations and plan documents as well as all correspondence to and from the Superintendent that relate to the plan.

135. In addition, just as the *Occupational Health and Safety Act* requires an employer to post health and safety policies in the workplace, an employer should be required to post the pension plan, any amendments, and the governance policy. If available, these documents should also be posted on an employer's Local Area Network (LAN) that is accessed by employees for information.

136. Another shortcoming of the current Act is the absence of any requirement to for the administrator to report information to a union that represents plan members. Under the act, the administrator must on written request make certain plan documents available for inspection by a member or a trade union. The Act should require the administrator to <u>send</u> to a union copies of all documents relating to a pension plan that are filed with the Superintendent, including:

- Plan amendments
- Actuarial reports and any mini-valuations
- Wind-up reports
- All of the information about the plan that is sent to individual members

137. In addition, the Act requires clarification of the documents and information to which a trade union representing plan members is entitled. In a recent plan wind-up affecting plan members represented by the Nova Scotia Government and General Employees Union, the Superintendent of Pensions refused to provide the union with a copy of a wind up report on the ground that the report contained personal information concerning various employees, and the wind up report is not a prescribed document that must be provided to a trade union on request.

The Superintendent proposed that the union make a request for the report under the *Freedom of Information and Protection of Privacy Act.* Ultimately, the employer provided the union with a copy of the wind up report. The Act needs to recognize and support the very important role that unions play in representing and enforcing plan members interests.

138. The Act should recognize and permit social, ethical and environmental considerations as a valid part of the investment process. Each plan should have an investment policy that includes this element.

139. The existing dispute resolution scheme under the Act is ineffective. It contains steps that are effectively unnecessary, adding to the time and cost of the process.

140. Under the current scheme, the Superintendent makes "proposed orders" to require compliance with the Act. There is a right to require the Superintendent to hold a hearing and reconsider the proposed order. The Superintendent's reconsideration decision is then subject to a broad right of appeal to the Supreme Court of Nova Scotia. A review of the Superintendent's Annual Reports under the Act since 1977 reveals that the Superintendent has never reversed a proposed order on reconsideration.

141. In addition, a review of the orders appealed to the courts shows that, of the 9 decisions appealed, 6 were further appealed to the Nova Scotia Court of Appeal. No case has been granted leave to appeal to the Supreme Court of Canada.

142. All stakeholders would be better served by a different process. Proposed orders by the Superintendent should be appealable as of right to a specialized pension tribunal. A new expert tribunal should be created to hear appeals from the decisions of the Superintendent or at the Superintendent's failure to make an order when requested. This should be a part-time tribunal with its members selected on the basis of their expertise and experience in pension matters. Alternatively, the Teachers' Pension Plan Appeals Committee, established under the *Teachers' Pension Act*, could be reconstituted as a more general pension tribunal.

143. Decisions of the tribunal should be subject to appeal directly to the Nova Scotia Court of Appeal, as is the case with decisions of the Workers' Compensation Appeals Tribunal.

144. The Act must also be clarified to provide that the refusal of the Superintendent to make a proposed order when a complaint or request is made can also be appealed. For example, if a plan member advised the Superintendent that the administrator was not complying with the terms of the plan, and the Superintendent sided with the administrator and refused to make an order, the plan member should be entitled to appeal. A decision to not make an order is still a decision.

145. The standing of unions to seek or challenge a proposed order and to appeal on behalf of members under the Act should also be confirmed.

146. The decisions of the tribunal should be made publically available and accessible on an electronic database, such as CANLII, to provide guidance and authority with respect to the interpretation and application of the Act.

147. The powers of the Superintendent should be enhanced and expanded to permit the Superintendent to monitor and access the risk of default on pension benefits in pension plans reporting to her. She should have the power to order additional valuations if that is appropriate. She should be supervising the use of contribution holidays or the payment of employer contributions out of actuarial surplus over the *Income Tax Act* limits. The Superintendent should have the power to take aggressive action when a pension plan becomes insolvent and there is a risk of employer insolvency.

Q) Minimum Numbers

Question: Should a plan have a minimum number of members before the government will regulate it? If so, what minimum number of members would be appropriate?

148. If a plan is registered under the Act, then it should be regulated under the Act. The members of a pension plan, whether they are four or fifty, are entitled to the protections of the Act.

R) Vesting and Locking-in

Question: To what extent should regulators attempt to regulate an employee's right to access funds?

149. No changes should be made to add further exceptions to the locking-in requirements in the *Pensions Benefit Act*. In our view, any contributions by the employee and the employer and the investment gains arising from them should be locked-in from the time the employee joins the plan. Immediate vesting and locking-in would mean that all pension contributions and income earned by them will be used for retirement income when it is needed.

S) Grow-in Benefits

Should the legislation require grow-in benefits to be provided on plan wind up?

Should legislators maintain the requirement to fund grow-in benefits on wind-up?

150. In our view, the grow-in benefits in Section 79 of the *Pensions Act* should continue to be required and they should be funded. For most of our members it is unlikely that there will be a plan wind-up or a partial wind-up so grow-in benefits are not an issue for most of our members. However, some of the smaller bargaining units who are not direct government employees could be faced with a wind-up or a partial wind-up. Where there is a plan termination the grow-in benefits will relieve employees from the erosion of their pensions due to actuarial reductions and thereby mitigate the negative effect on employees of a wind-up or a closure.

T) Safe Harbour Rules

Should "safe harbour" rules be established that would give DC plan sponsors and administrators protection form litigation?

151. There should be no "safe harbour" rules to protect employers from litigation.

U) Phased Retirement

What other issues are raised by phased retirement and what should be the regulatory position of Nova Scotia?

152. Because of the shortage of registered nurses and other health workers there exists a form of phased retirement in which employees retire and the return to employment as casuals. In our view, such employees should have the option to receive their pension but continue working. This would permit them to exercise their seniority to work full time or regular part-time if they wished. They would still have the option of retiring and working as a casual. We do not favour a phasing in of pension benefits by providing a reduced pension while employees continue to work.

V) TFSAs

What should be the regulatory position of Nova Scotia with respect to TFSAs for pension purposes?

153. Since funds can be withdrawn from TFSASs at any time for any purpose, TFSAs should not be regulated as pension funds. Their use should be left to the individual.

W) Other Issues Not Addressed by the Questions in the Discussion Paper

154. There are other minimum standards which should be adopted in Nova Scotia but are not raised for discussion by the Discussion Paper.

155. In our view, measures should be taken which give greater portability to pension benefits. Under the present system an employee leaving one pension plan can only take the value of that plan into a pension plan with a new employer if the new employer agrees. We suggest that the *Act* should permit employees to join the plan of the new employer by transferring the commuted value of their accrued pension rights to the new plan. The *Act* or the Regulations should

establish the formula used to calculate the employee's pension credits in the new plan. Employees should also be able to leave their accrued pension rights in the former pension plan or transfer the value of that plan to another locked-in instrument if they so wish.

156. We have already made a submission to the use of actual surplus on wind-up that would apply the surplus to indexation of pension benefits. Aside from this point, all pension plans regulated by the *Pension Benefits Act* should include a provision that requires pension benefits to be indexed to inflation. In our view, full indexation of pensions is required because even very low rates of inflation significantly erode the value of a pension.

157. We also suggest that the *Pension Benefits Act* should be amended to provide coverage for part-time employees in any circumstances where a plan applies to all full-time employees. Many employees in the public sector work as regular part-time employees and in various categories of temporary and term employment. If a pension plan provides that all full-time employees are required to participate, it should also require all part-time and temporary employees to participate from the date that an equivalent full-time employee would be required to join the plan.

X) Conclusion

158. In conclusion, the Nova Scotia Government and General Employees Union urges the Nova Scotia Pension Review Panel to fix the present *Pension Benefits Act* failure to ensure that pension plans are properly funded. Different types of pension plans should be regulated with different rules as appropriate. One size does not fit all. As a matter of overall policy, we urge the Panel to recommend to the Province that the use of contribution holidays and payment of employer contributions from surplus be limited to circumstances where the surplus exceeds the *Income Tax Act* limits and there is agreement between the beneficiaries and the employer on the use of such surplus. Further, as a matter of policy you should recommend that various measures of joint governance be promoted and encouraged in the *Pension Benefits Act* and that the principle of transparency and openness be adopted ensuring that beneficiaries, advisory committees, trade unions and the Superintendent receive all relevant information to ensure that pension plans are being properly administered. The Panel should recommend new minimum

standards on the use of surplus, immediate vesting and locking-in, greater portability and plan governance.

159. We very much appreciate the opportunity to make our views known to the Panel and would be happy to expand on them or clarify our submissions as you wish.

160. All of which is respectfully submitted on Friday, July 11, 2008.

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Ms. Joan Jessome
President,
Nova Scotia Government and General Employees Union

SCHEDULE A

NSGEU Member Pension Plan Coverage According to Local (July 2008)

DB Coverage (11 Plans) - 77 Locals/Sublocals with 22,599 or 92% of membership
DC/Group RRSP (7 Plans) - 21 Locals/Sublocals with 1,463 or 6% of membership
No Coverage - 5 Locals/Sublocals with 423 or 1.7% of membership
Totals 103 Locals/Sublocals with 24,485 members or 99.7%

Local #	Name/Division	Pension Plan	Type of Plan	No.Members[1]
1	Civil Service	Public Service Superannuation Plan (PSSP)	Defined Benefit	640
2	Civil Service	PSSP	Defined Benefit	196
3	Civil Service	PSSP	Defined Benefit	664
4	Civil Service	PSSP	Defined Benefit	405
5	Civil Service	PSSP	Defined Benefit	316
6	Civil Service	PSSP	Defined Benefit	551
7	Civil Service	PSSP	Defined Benefit	1,205
8	Civil Service	PSSP	Defined Benefit	1,534
14	Civil Service	PSSP	Defined Benefit	162
16	Civil Service	PSSP	Defined Benefit	221
17	Civil Service	PSSP	Defined Benefit	164
18	CBU	Defined Contribution/Group RRSP	Defined Contribution	44
19	CDHA – Support Services	PSSP/NSAHO Plan /Old Federal	Defined Benefit	1,105
20	Hearing and Speech	NSAHO Plan	Defined Benefit	130
22	IWK	NSAHO Plan	Defined Benefit	603
23	IWK	NSAHO Plan	Defined Benefit	495

[1] The figures for the number of members come from the membership count figures as of Wednesday, July 2, 2008.

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
24	Crothall Laundry	No Plan	Not Applicable	76
25	Tri-County Housing Authority	Employer Registered Pension Plan	Defined Contribution	17
26	Cobequid Housing Authority	Employer Registered Pension Plan	Defined Contribution	34
27	Evergreen Home for Special Care	NSAHO Pension Plan	Defined Benefit	126
29	VON Bedford Caseload Planners	VON Canada National Plan	Defined Benefit	51
30	Home Support – Digby & Clare	Defined Contribution	Defined Contribution	32
31	VON Annapolis	VON Canada National Plan	Defined Benefit	133
32	Yarmouth/Argyle Home Support	No Plan	No Applicable	35
33	Richmond County Home Support	Defined Contribution	Defined Contribution	41
34	Northwood Homecare	NSAHO Pension Plan	Defined Benefit	332
35	VON Colchester	VON Canada National Plan	Defined Benefit	186
36	Antigonish and Area Homemaker Service	No Plan	Not Applicable	28
37	Guysborough County Home Support	Defined Contribution	Defined Contribution	23
38	Northwood Homecare Staffing Officers	NSAHO Pension Plan	Defined Benefit	25
39	Inverness County Home Support	Defined Contribution	Defined Contribution	75
40	VON –Tri-County	VON Canada National Plan	Defined Benefit	32

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
41	Duncan MacMillan Nursing Home	Defined Contribution	Defined Contribution	32
42	CDHA – Health Care	NSAHO Pension Plan/PSSP/Federal Public Service Plan	Defined Benefit	3,306
43	Canadian Blood Services	National CBS Plan	Defined Benefit (11) & Defined Contribution (34)	54
44	Nova Scotia Business Inc.	PSSP	Defined Benefit	26
45	Université Sainte-Anne	PSSP	Defined Benefit	59
46	Property Valuation Services	PSSP	Defined Benefit	121
53	Halifax Regional School Board	HRM Pension Plan	Defined Benefit	223
55	Workers' Compensation Board	PSSP	Defined Benefit	361
60	Municipality of County of Pictou	Defined Contribution	Defined Contribution	17
62	Chisholm Youth Services	Group RRSP	Group RRSP	16
63	Metro Community Living	Group RRSP	Group RRSP	50
64	Colchester Residential Services Society	Defined Contribution	Defined Contribution	74
65	Shelburne Group Home	Pension Plan with Directions Council	???	21
66	Regional Residential Services Society	Group RRSP	Group RRSP	321

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
67	Veith House	No Plan	Not Applicable	8
70	South Shore Regional School Board	Southwest Regional School Board Support Staff Pension Plan	Defined Benefit	73
71A	Chignecto Central Regional School Board	PSSP	Defined Benefit	124
71B	Chignecto Central Regional School Board	PSSP	Defined Benefit	364
71C	Chignecto Central Regional School Board	PSSP	Defined Benefit	185
72	Le Conseil Scolaire Acadien Provincial	No Plan	Not Applicable	111
73	Annapolis Valley Regional School Board	Nova Scotia School Boards Association Pension Plan	Defined Benefit	436
74	Tri-County Regional School Board	Tri-County Regional School Board Support Staff Pension Plan	Defined Benefit	50
76	City Homemakers Society	Defined Contribution	Defined Contribution	106
77	Dalhousie University Staff Association	Dalhousie University Staff Pension Plan	Defined Benefit	794
78B	Stock Transportation	HRM Pension Plan (24), No Plan For All Other Members	Defined Benefit, Not Applicable	300
79	Saint Mary's University Staff Association	Saint Mary's University Support Staff Pension Plan	Defined Contribution	179
80A	APSEA	PSSP	Defined Benefit	47

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
80B	APSEA	PSSP	Defined Benefit	36
81	Mount Saint Vincent University Staff Asociation	Defined Contribution/Group RRSP	Defined Contribution	105
82	Nova Scotia College of Art and Design	Defined Contribution	Defined Contribution	46
83	Northside Homemakers	???	???	46
84	Cape Breton County Homemakers	Defined Contribution	Defined Contribution	127
85	VON - Pictou County	VON Canada National Plan	Defined Benefit	65
86	Mountain Lea Lodge	Municipality of Annapolis Royal Defined Contribution	Defined Contribution	69
89	South Shore DHA#1 Office and Clerical	NSAHO Pension Plan	Defined Benefit	133
90	South West Nova DHA#2 Office and Clerical	NSAHO Pension Plan	Defined Benefit	164
91	Annapolis Valley DHA#3 Office and Clerical	NSAHO Pension Plan	Defined Benefit	210
93	Pictou County, Cumberland & Colchester East Hants DHAs	PSSP	Defined Benefit	171
94	Cape Breton & Guysborough Antigonish Strait Richmond DHAs	PSSP	Defined Benefit	242

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
95	South Shore, South West Nova and Annapolis Valley DHAs	PSSP	Defined Benefit	173
97	CDHA – Nursing	NSAHO Pension Plan/PSSP	Defined Benefit	2,407
246	CDHA – Office & Clerical	NSAHO Pension Plan/PSSP	Defined Benefit	1,505
267A	NSCC	PSSP	Defined Benefit	33
267B	NSCC	PSSP	Defined Benefit	25
267C	NSCC	PSSP	Defined Benefit	20
267D	NSCC	PSSP	Defined Benefit	34
267E	NSCC	PSSP	Defined Benefit	7
267F	NSCC	PSSP	Defined Benefit	34
267K	NSCC	PSSP	Defined Benefit	32
267L	NSCC	PSSP	Defined Benefit	20
267M	NSCC	PSSP	Defined Benefit	30
267N	NSCC	PSSP	Defined Benefit	40
267Z	NSCC	PSSP	Defined Benefit	238
470A	NSLC	PSSP	Defined Benefit	239
470B	NSLC	PSSP	Defined Benefit	93
470C	NSLC	PSSP	Defined Benefit	83
470D	NSLC	PSSP	Defined Benefit	83
470E	NSLC	PSSP	Defined Benefit	32

Local #	Name/Division	Pension Plan	Type of Plan	No. of Members
480A	Corrections	PSSP	Defined Benefit	20
480B	Corrections	PSSP	Defined Benefit	24
480C	Corrections	PSSP	Defined Benefit	125
480D	Corrections	PSSP	Defined Benefit	3
480E	Corrections	PSSP	Defined Benefit	2
480F	Corrections	PSSP	Defined Benefit	197
480G	Corrections	PSSP	Defined Benefit	1
480H	Corrections	PSSP	Defined Benefit	1
480I	Corrections	PSSP	Defined Benefit	30
1670	NSLC Managers	PSSP	Defined Benefit	145
1995	Cape Breton Regional Police	CBRM Defined Benefit Pension Plan	Defined Benefit	201