



Municipal Retirees Organization Ontario

**Protecting the Pensions and Enhancing the Quality of Life
for all OMERS Pensioners**

SUBMISSION

To

Bill Morneau,

Special Advisor – Ontario BPS Pension Efficiencies

July 9, 2012

1. Municipal Retirees Organization Ontario supports Defined-Benefit pension plans; therefore, we support in principle the consolidated management of smaller pension funds in Ontario's broader public sector.
2. We agree that making better, more stable investment returns and lower per-unit management expenses available to smaller funds will help to maintain the viability of Defined-Benefit pension plans.
3. We do not support the creation of a new Ontario public sector pension fund management agency.
4. Instead, every smaller BPS pension fund should be managed on a contract basis by one of Ontario's large, professional, non-profit, public sector pension plans.
5. Such contracts must include pension fund investment management; pension contributions must be kept separate from the pension fund of the large contractor plan.
6. At the option of the smaller plan, such contracts could also include the administration of contributions and pension payments on behalf of the smaller fund, provided that these transactions be kept separate from the transactions of the large contractor plan.

7. It is not necessary for all the smaller BPS pension plans to be managed by a single large contractor plan.
8. As OMERS pensioners, we have faith in OMERS' investment expertise and its excellent level of service to plan members. We strongly support its strategy to expand its funds under management in order to achieve long-term stable investment returns.
9. OMERS must be afforded a fair opportunity to manage some smaller BPS pension plans; OMERS already has contractual agreements to manage three other pension funds (we note that the Teachers Pension Plan does not have experience with third party fund management contracts).
10. We encourage you to advise the Minister to reach further toward consolidated management of smaller pension funds.
11. For example, the Arthurs Commission supported the concept that small pension funds in the private sector should be encouraged or given incentives to contract with large, independent, professional plans.
12. Similarly, we encourage the Minister to permit – or even to provide incentives for – large public sector plans, through subsidiaries, to offer low-cost non-employment pension plans (Pooled Registered Pension Plans).
13. We agree that all Ontario BPS pension plans should be funded on a 50/50 employee/employer basis, in order to ensure fairness within the Ontario BPS and help to maintain the viability of Defined-Benefit Plans.
14. Again, we encourage you to advise the Minister to reach further in his target of 50/50 pension plan funding and joint independent pension plan management.
15. Measures could be considered which would encourage 50/50 funding, as well as joint and independent management, of private sector pension plans. Again, such measures would help to maintain the viability of Defined-Benefit plans.

Thank you for this opportunity.

William Harford, President,
Municipal Retirees Organization Ontario