



Employee Benefit Plan Services

February 21, 2007

L I M I T E D

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The Honorable Carole Taylor
Minister of Finance
PO Box 9049 Stn. Prov Govt.
Victoria B.C. V8W 9E2

Re: Multi Employer Pension Plans and British Columbia Pension Regulation

Dear Ms. Taylor:

Thank you for your letter of February 8, 2007. I would like to focus on the subject of measuring the health of a pension plan operating in a declining economy.

I do understand that there are some who believe that the current rules for solvency that reign over multi employer pension plans are correct, the majority of those in the pension industry, including the Canadian Institute of Actuaries, have been vocal that the solvency rules applied to multi employer pension plans need to be revised. These rules are having the negative result of reducing coverage in pension plans – a result I am sure your Ministry would be disappointed in achieving.

There are better tests to determine the financial health of a multi employer pension plan. You had indicated in your letter that some plans, in fact, do wind up and that it is possible for a sector to decline. I agree with this concern - this is the reason solvency tests were developed in the first place. However, there are other tests, such as the monitoring of plan enrollment, hours worked and other economic data available to the Ministry of Finance which would be more productive than solvency rules applied to all sectors of the economy.

Again, it seems to me that your Ministry would have the goal of creating confidence in the pension system. Instead, the legislation has resulted in a negative attitude towards pensions, and an emerging lack of faith in the pension system in British Columbia. Plan members cannot comprehend why a government would have legislation that would take away their pension today in anticipation of a remote, future event. Unfortunately this is the reality for many, many of British Columbia's pension plan participants. Unfortunately, thousands of British Columbians have already had their monthly pensions reduced due to solvency legislation. Imagine going to your mailbox and receiving a cheque for 50% of what you received last month! Imagine forgoing a raise, year after year, in order to put more money into a pension plan to fund for a remote future event. It is no wonder British Columbia's plan members are cynical about pensions.

I do appreciate that your Ministry will have discussions on this subject with a variety of interested parties. While these discussions are ongoing, I urge you to place a moratorium on funding for solvency for multi employer pension plans. This will prevent the further loss of pension income for thousands of British Columbians.

On behalf of our multi-employer pension plan clients and their members, we thank you again for your consideration of this matter.

Sincerely,


Susan Bird, CEBS
President

C: Ingrid Ochodek, CEBS, Consultant/Executive Administrator, Employee Benefit Plan Services Ltd.
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Training and Scholarship Trust Funds, Corporate Life and Health Insurance Plans.*