



September 13, 2011

Mr. Jack Walsh
Vice President
Canadian Federation of Pensioners
121 Ashbourne Drive
Toronto, Ontario
M9B 4H9

Dear Mr. Walsh:

Thank you for your organization's submission on pension reform. I am pleased to have the opportunity to outline the Ontario Liberal position on the vital issues you have raised.

Ontario Liberals recognize the importance of a strong pension and retirement income system. That is why we have worked hard over the past eight years to achieve a record on pension reform of helping pensioners that is unmatched by that of any other Ontario government in recent memory.

We appointed the Ontario Expert Commission on Pensions. We passed two major pieces of pension reform legislation with the unanimous consent of the legislature, constituting the most significant reforms of Ontario's pension system in over two decades. We helped stabilize pension plans at companies including General Motors, Chrysler, Stelco and AbitibiBowater. We put the Pension Benefits Guarantee Fund (PBGF) on a more stable footing. And we helped advance a major national policy debate on the future of Canada's retirement income system.

Your submission raises a number of issues about the rules regarding defined benefit pension plans. Our reforms to these rules have included:

- Modernizing funding rules
- Clarifying surplus rules and providing a dispute resolution process to resolve surplus entitlement issues
- Making it easier to restructure pension plans affected by corporate reorganizations — including those in the public sector that resulted in split pensions — while protecting benefit security

.../2

- Extending the benefits of plan members affected by layoffs
- Eliminating the uncertainty and administrative burden of partial plan wind-ups
- Strengthening regulatory oversight, improving plan administration and reducing compliance costs
- Increasing transparency and access to information for plan members and pensioners
- Providing for a more sustainable PBGF.

Ontario Liberals would continue to move forward with pension reform by making the regulatory amendments required to implement many of these new provisions. As we have done to date, we would pursue these amendments in a way that balances the interests of workers, retirees and plan sponsors. As indicated in the 2011 Budget, Ontario Liberals also remain open to addressing the remaining recommendations in the Expert Commission's report, including recommendations on the role of the pension regulator.

We also took significant steps to protect Ontario pensioners and workers affected by the global economic downturn. This included:

- Strengthening the PBGF through a series of reforms and a \$500-million grant
- Responding to the request from Nortel pensioners for greater choice by passing legislation to provide an option for the transfer of funds into a life income fund (LIF)
- Providing pension funding relief for AbitibiBowater to help the company restructure and return to financial viability to protect pensioners, jobs and communities.

Ontario Liberals are also concerned about the two-thirds of Ontarians who do not have a workplace pension plan. With an aging population and low personal savings rates, more needs to be done to ensure that the retirement income system remains strong for tomorrow's retirees. That is why we have advocated a two-pronged strategy for strengthening the system: a modest enhancement to the Canada Pension Plan and reforms to allow more low-cost, accessible savings options for those who do not currently have access to a pension plan. A re-elected Liberal government would continue to work with federal, provincial and territorial colleagues in advancing these reforms.

The PCs and NDP do not have credible records of protecting pensioners. When they were last in government, neither party succeeded in reforming a system badly in need of change. The Harris-Hudak PCs' attempt at pension reform, Bill 198, was an unbalanced set of changes that would have removed important rights from pensioners and workers — and ultimately failed when Ontario Liberals, together with other groups,

forced the PCs to withdraw. The NDP's disappointing record on pensions includes creating special rules to allow large companies to drastically underfund their pension plans, a move that — as many of your members know all too well — put the retirement of thousands of workers and retirees at risk.

Ontario Liberals are the only ones with a positive plan to move Ontario forward. Together, we got through the recession the Ontario way — we protected education and health care, stood by workers in the hardest hit industries and worked together to find new opportunities for our province and our families. Our strong leadership, experienced team and thoughtful long-term plan are getting results for Ontario families.

Eight years ago, under the dark days of Conservative cuts and conflict, Ontario was moving backwards. Today, our schools are rated among the world's best, our health care ranks first in Canada, and old jobs are coming back while new jobs are being created in emerging industries like advanced manufacturing and clean energy.

Our plan is getting results and Ontario is turning the corner out of recession. Ontario is back on track. The Hudak PCs would take us off track and put our fragile recovery at risk with their reckless schemes.

We need to keep moving forward, together.

Yours truly,

A handwritten signature in black ink, appearing to read "Dalton McGuinty". The signature is written in a cursive, flowing style.

Dalton McGuinty
Leader of the Ontario Liberal Party
Premier