

The Financial Services Regulatory Authority of Ontario MEPP Review

The Financial Services Regulatory Authority of Ontario (FSRA), an organization dedicated to promoting good administration of pension plans and safeguarding the pension benefits and rights of pension plan beneficiaries, released the results of their thematic review focused on governance, risk management practices, and communication strategies. ['Defined Benefit Multi-Employer Pension Plans – Leading Practices Information Guidance'](#) sets out the following as leading practices effective March 18, 2021.

Governance Practices:

1. A comprehensive **orientation policy** to on-board new trustees.
2. **Trustee education policies** to support trustees in fulfilling their role as plan fiduciaries.
3. **A trustee succession plan** to ensure continuity on the Board of Trustees and good plan administration.
4. **Plan enrolment policies and procedures** that support members remaining connected with their pensions.
5. **An investment policy** that considers industry leading practices relevant to how the plan assets will be invested and how trustees will resolve conflicts of interest, should they arise.

Risk Management Practices:

1. **A risk management policy** that integrates funding and benefit policies and outlines the material risks facing the pension plan along with a plan to either mitigate or respond to these risks.

Communication Practices:

1. **Plain language communication for plan beneficiaries** as to the nature of their pension plan such that they can make informed decisions. This includes **clearly explaining the potential and likelihood for benefit adjustments**.
2. **Regular, ongoing dialogue between the trustees, advisors and key stakeholders** involved in the plan supports awareness, collaboration, and operational effectiveness.

While the above leading practices are for consideration of MEPP Boards of Trustees, FSRA recognizes that each pension plan is unique and must manage its own challenges appropriately and may therefore be limited in their ability to implement all leading practices. There are no compliance obligations to the Guidance.

FSRA will also work in consultation with the MEPP Standing Technical Advisory Committee to pilot benchmarking leading practices for Ontario-registered DB MEPPs against the leading practices in this Guidance. The goal will be to increase awareness about these practices and to provide trustees with a tool to better understand how their plan's policies and procedures relate to the broader MEPP universe.

The leading practices in this Guidance are aligned with PBI recommendations to clients. Because of the nature of MEPPs, and in particular the fact that there is limited ability to increase contributions because they are collectively bargained and the fact that accrued benefits can be reduced, an aligned team approach guided by established policies and procedures will provide valuable insight and direction for a successful pension plan today and long into the future.