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The Multi-Sector Pension Plan (“MSPP”) has been designated as a Specified Ontario Multi-Employer Pension Plan, or SOMEPP. This letter is for information only. It does not require any action by you.

The MSPP is a Multi-Employer Pension Plan (MEPP) under the Pension Benefits Act of Ontario (PBA). The plan is registered in Ontario as the majority of its members are employed in Ontario. The MSPP currently has over 171 active participating employers and over 14,000 members. The SOMEPP designation allows the MSPP temporary relief from the standard solvency funding requirements under the PBA.

The Actuarial Valuation and Review performed as of January 1, 2015 showed that the total projected employer and employee contributions coming into the Plan are more than sufficient to cover the costs of the Plan on a “going-concern” basis. This means employer and employee contributions to the Plan are sufficient to cover the cost of the next year’s accrual of benefits (the normal cost), the administrative expenses of the Plan, and the annual amortization payment in respect of the going-concern unfunded actuarial accrued liability.

Normally, the Plan would be required to make amortization payments to pay off its solvency shortfall (the transfer ratio of the MSPP is 0.518 so the solvency shortfall is 48.2% at January 1, 2015). However, since Multi-Employer Pension Plans are much less likely to be wound up than single-employer plans, Ontario created the SOMEPP rules. With the SOMEPP status, the Plan will not need to make amortization payments in respect of the solvency shortfall until 2017 based on the extension of the SOMEPP rules.

In the unlikely event of a Plan wind-up in this period, the Plan’s assets may not be sufficient to fund all accrued benefits. Under current Plan rules, members, former members and retired members employed by employers that terminate their participation in the MSPP are subject to an accounting under which the contributions made by the employer and its employees are compared to the benefits paid and promised to the members, former members and terminated members associated with the terminating employer, and benefits may be reduced if the assets are less than the value of benefits.

If you have any questions or want more information, please contact the MSPP office at: (905) 889-6200 or 1-800-287-4816 (toll free anywhere in Canada).

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