



How safe is your pension?

A Canadian Bar Association series supporting legal wellness

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This Legal Health Check offers information about how secure your workplace pension is likely to be. The answer depends on things like the type of pension you have (defined contribution (DC) or defined benefit (DB)) and whether your employer goes bankrupt.

- **My plan provides a DC pension. Does my employer guarantee the amount I get when I retire?**

No. That amount will depend on contributions you and your employer made over time, and investment gains and losses.

- **My plan provides a DB pension. Does my employer guarantee the amount I get when I retire?**

This type of pension promises a certain amount of retirement income calculated by a formula. If the plan is short on funds, members continue to get their pensions and the employer must make extra contributions to the plan until it is fully funded.

- **My plan is terminated and does not have enough to pay pensions as promised. What happens now?**

This only applies for DB plans. Again, if the plan is short on funds, members continue to get their pensions and the employer must make extra contributions to the plan until it is fully funded.

- **My employer went bankrupt. What happens to my workplace pension plan?**

If the plan is short on funds AND the employer goes bankrupt, the pension authority will terminate the plan.

- With a DC plan, members will receive their account balance (contributions made plus return on investments).
- With a DB plan, the plan will be administered by someone specializing in plan terminations. The value of members' pensions will be protected if there is enough money in the plan.
- If a DB plan does not have enough money to protect the value of members' pensions, the pensions will be reduced. Some members may receive certain defined benefits earned while working in Ontario from the Ontario Pension Benefits Guarantee Fund.

For links and resources, visit cba.org/healthcheck



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