



Success story

A successful, complex, multi-plan merger
with a public company

The situation

Torstar Corporation and its union partners place high value on a sustainable pension benefit for its employees. Its workforce was covered by a mix of defined benefit (DB), defined contribution (DC) and Group RRSP programs. The organization was searching for ways to manage pension balance sheet volatility, while still providing secure and valuable defined pension benefits, and focusing management effort on its business and transformation.

Key factors

- Employees across Canada, with a mix of non-bargaining and bargaining staff represented by two unions – Unifor (Local 87-M) and Teamsters
- Approximately 5,000 DB, DC, and Group RRSP members, including deferred and retired members
- Eight DB plans with assets of approximately \$900 million
- Publicly traded company in the competitive and evolving media industry

Who is Torstar?

In its own words, Torstar Corporation is a broadly-based media company listed on the Toronto Stock Exchange (TS.B). Its businesses include the Toronto Star, six regional daily newspapers in Ontario including The Hamilton Spectator, and more than 70 weekly community newspapers in Ontario; flyer distribution services; and digital properties including thestar.com (with local editions in Toronto, Vancouver, Calgary, Edmonton and Halifax), wheels.ca, toronto.com, save.ca, and a number of regional online sites.

Why DBplus for members?



Eliminates pension cost volatility as contributions can be accounted for on the same basis as contributions to a DC plan while still providing a highly valuable DB plan.



Torstar is able to offer different DBplus fixed contribution rates to different groups of employees based on their differing needs.



Flexible, phased-in contribution rates for employees, making it easier for employees whose past plan contribution rates were lower.



Allows employees who are members of Torstar's Group RRSP and DC plans to 'trade-up' to a secure DB plan.

How CAAT is a win-win for members AND employers

- CAAT is a jointly sponsored pension plan that helped address Torstar's pension risks and is more cost efficient than running multiple single employer pension plans.
- A pension merger with the CAAT Pension Plan allows Torstar to cost-effectively exit the pension risk management business. By eliminating pension volatility on their balance sheet, it allows Torstar to have more predictable pension costs thereby providing an overall benefit to the business.
- CAAT offers – through its DBplus plan design – secure, predictable lifetime pension income with early retirement features, which is highly desirable to Torstar employees across all age and income groups.
- CAAT is able to replicate all past Torstar DB benefits, plus provide valuable conditional inflation protection increases in retirement.

The outcome

The voting process with Torstar's DB plan members resulted in overwhelming support (97%), in favour to merge with the CAAT Plan.

The Financial Services Regulatory Authority (FSRA) provided consent to the transfer of assets from Torstar Corporation's eight defined benefit (DB) pensions plans into the CAAT Pension Plan. The assets – totalling almost \$900 million – were transferred to CAAT on December 2, 2019.

The Torstar merger was the first time a private sector single employer pension plan (SEPP) merged with a jointly sponsored pension plan (JSPP).

With the merger, CAAT assumed the management and administration of pensions, allowing Torstar to focus on its core businesses, and provides employees of Torstar with a secure lifetime pension.

Torstar is now able to have virtually all employees participate in a common form of pension benefit program – DBplus.

‘We believe this merger represents an important step forward for Torstar and for our registered defined benefit plan members. We are pleased that members have provided a strong endorsement of the merger.’

Lorenzo DeMarchi, Executive Vice President & Chief Financial Officer of Torstar Corporation

‘Pension expense and contributions related to the CAAT plan are based on a fixed percentage of earnings with the expense expected to be approximately \$4 million lower in 2019 than our combined 2018 expense for our registered defined benefit plans and defined contribution type plans.’

Torstar’s Q2 Financial Results (July 31, 2019)

To discover how DBplus can meet the needs of an organization, get in touch with us. Visit our website at dbplus.ca or contact us at Pension-Solutions@caatpension.ca.

DBplus is open to workplaces of different sizes, sectors, and industries across Canada. There are exceptions that apply which may require individual regulatory approval from appropriate provincial authorities.



250 Yonge Street
Suite 2500, P.O. Box 40
Toronto ON M5B 2L7

Toll Free: 1.866.350.2228
Phone: 416.673.9000
Fax: 416.673.9029