

Association of Canadian Pension Management
Association canadienne des administrateurs de régimes de retraite

FOR IMMEDIATE RELEASE

Supreme Court to hear watershed pension surplus case
Are rights of employees and pensioners during a partial wind-up
equitable ?

(Toronto, Canada, June 5, 2003) - - Pension fund managers representing pension plans with assets of \$300 billion said today that they were 'pleased' that the Supreme Court of Canada had decided that it will hear the MONSANTO PENSION case.

The Monsanto case deals with how a pension surplus should be handled when a group of employees is terminated during a partial wind-up. In 2002, the ACPM (Association of Canadian Pension Management) had joined Monsanto in seeking leave to appeal a decision of the Ontario Court of Appeal on the Monsanto case and the Supreme Court announced today it would hear the appeal.

"The Supreme Court's decision to proceed with a full hearing is important because someone has to decide whether terminated employees have the same pension surplus-sharing rights as regular employees and pensioners," said Priscilla Healy, Chair of the ACPM's Advocacy and Government Relations Committee. "The Ontario Court of Appeal's decision says their rights are different, and this will pit groups of employees and pensioners against each other across the country - putting pension peace in peril."

Healy noted that the governments of British Columbia, Alberta and Quebec had dealt with this matter but that Ontario had not yet done so. "We are calling on Ontario to enact remedial legislation similar to B.C., Alberta, and Quebec as soon as possible to ensure that the 'dog-eat-dog' disease doesn't threaten their employees and their pensioners."

ACPM had joined in the lawsuit arguing that surplus should be retained in the plan on the basis of equity among plan members, including those in the terminated group of employees.

"Members remaining in the plan, including pensioners, can be seriously prejudiced where plans that were in surplus at the time of a partial wind-up several years ago are in a deficit position today," Healy concluded.

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