

## 30,000 FEET – FIRST QUARTER, 2013

*The Biggest Stories of The Quarter With Significant Ongoing Impact*

### THE GREAT ROTATION

One of the biggest stories of the quarter is the perceived movement of monies from bonds back into equities, dubbed “The Great Rotation”. If so, the main reason is that global economies are stabilizing, which is increasing the appetite for equities. Another reason is the historically low yields on bonds, which create a significant price risk in the medium term.

#### WHY PLAN SPONSORS SHOULD CARE

In fact, the flow into equities might be mainly money on the sidelines. Either way, this development may have major implications for asset mix strategies within pension plans and might prompt a review of de-risking measures.

### PRPPS GETTING OFF THE GROUND

While progress remains slow, there were further signs that PRPPs will eventually be launched. The federal budget in March renewed the government’s commitment to make PRPPs available and Saskatchewan announced in its budget that it intends to introduce PRPP legislation later this year.

#### WHY PLAN SPONSORS SHOULD CARE

PRPPs are a big piece in the evolving pension landscape. Greater certainty in how they will look will give employers greater confidence in proceeding with their own retirement programs.

### CHANGE IS IN THE AIR

The pension event of the quarter was the **National Summit on Pension Reform** that was held in New Brunswick in February. The highlight was a detailed discussion of the Shared Risk Pension Plan, a new hybrid that was recently adopted by certain public sector plans in New Brunswick.

#### WHY PLAN SPONSORS SHOULD CARE

A growing number of stakeholders across the country, encompassing management and labour as well as both public and private sectors, are coming to accept that traditional DB pension plans may not be sustainable and that the future may lie in hybrid plans such as Shared Risk and Target Benefit Plans. Expect to see more developments in the years to come.