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The Member-Funded Pension Plan : a Defined Benefit Pension Plan that Limits the Employer's Financial Risk

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The decision of an employer to offer a pension plan to its employees is an important one. Various types of pension plans may be offered, and the financial risk of the employer depends on the type of plan chosen.

While union and employees generally prefer defined benefit pension plans, employers are now very reluctant to implement such plans because of the financial liability they entail.

A new type of plan exists since 2007, called the "Member-Funded Pension Plan" and is mainly intended for unionized workers.

By adding a new type of defined benefit pension plan in which the employer assumes a limited risk, the Québec Government is offering a new option which may be interesting to some employers.

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