

One plan. Many employers. Target benefit pension.

A multi-employer pension arrangement offers benefits for members by reducing risk and providing pension stability. And, a target benefit pension offers employers protection against long-term risks and liabilities. Your Steelworkers Pension Plan (SPP) is both a multi-employer plan AND a target benefit pension. This balance of member and employer needs is a unique pension arrangement unlike anything you would see at a bank or financial institution, and much different than typical pension plans or Group RRSPs..

What is a multi-employer pension plan?

Historically many employers did not offer pension plans. For most of those who did provide pensions, the traditional approach was for each employer to offer a stand-alone pension plan to employees as a benefit and future source of retirement income. Many of these pensions provided a guaranteed income based on a formula, so the financial crisis of 2008 left many traditional pension plans in a deficit situation with unfunded liabilities.

The model of the single employer pension plan was not a good fit for some sectors right from the start, particularly in the construction industry where workers regularly moved from one job site and one employer to another. For many years building trades unions and industry associations have sponsored multi-employer pension plans.

The mode of a single employer pension was also not a good fit for many smaller employers, who did not believe they could afford the administrative costs of a pension plan. In that situation, a multi-employer pension plan, which allows different employers to join a larger plan was attractive.


The 2008 financial crisis prompted more people to think differently about pensions and look for alternate ways to provide employees with future financial security, but without the risks associated with a single-employer plan that depended on the financial health of just one company. As a result, multi-employer pension plans, which had already proven themselves in different economic sectors, grew in popularity, driven primarily by union groups working to protect plan members with lower-risk options and sustainable pension alternatives.

Multi-employer pension arrangements are designed to bring employers together into one group plan with a common goal of providing retirement benefits to employees. All employers contribute to the plan and the contributions are pooled together and managed by professionals to provide the pension benefit to members.

The “multi-employer” benefits for plan members...

A key advantage of a multi-employer plan like Steelworkers Pension Plan is the “in it together” approach to providing retirement income for plan members. By having many companies making contributions to one plan, the financial responsibility for funding the benefits is shared across all of those companies from different industries and representing different segments of the market.

For a plan member, this means that any pension risk is greatly reduced. Even if the member’s employer was to become insolvent and unable to make the necessary pension contributions, other employers continue to make contributions to the plan and the plan can continue.



The other advantage to this multi-employer approach is the diversity of companies contributing to the plan. There can be a mix of market sectors and companies from a variety of industries. This diversification provides an extra level of protection, so if a particular industry is impacted and seeing a high rate of insolvencies (for example, Covid impacts on the hospitality industry) companies in other market sectors and industries would not be impacted and would continue to contribute to the plan. This diversification offers protection for the plan and for members.

The “target benefit” pension design for employers...

While most employers are keen to provide the multi-employer advantages and benefits for their plan members, employers also need to protect themselves in case of unforeseen situations in the future, like the financial crisis in 2008.

Enter the “target benefit” pension plan arrangement that includes mechanisms to protect employers from catastrophic situations like this. Employers can feel confident about providing pension benefits to their employees, while also knowing that, in a worst-case scenario, adjustments can be made to member benefits to balance the funding and protect the plan for the future.

Bringing it all together for members AND employers...

As a union-run plan, Steelworkers Pension Plan is all about helping USW members secure stable, predictable retirement benefits for a financially secure retirement. SPP’s “multi-employer” structure helps to reduce risks for members. And, its “target benefit” plan design reduces risks for employers so that they can be comfortable and confident offering SPP pension benefits to their USW members.

In short, Steelworkers Pension Plan delivers a smart, balanced approach to reduce risk and deliver sustainable pension benefits for plan members into the future!