

# RBC to stop offering defined-benefit pensions

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**Royal Bank of Canada**, the country's biggest bank, is terminating its defined-benefit pension plan for new employees.

RBC, which along with its financial services rivals was among a shrinking number of employers offering a guaranteed retirement income to all employees, will close the defined benefit plan to new hires effective Jan. 1, 2012.

"The changes are a responsible way for RBC to better manage the retirement program by ensuring more predictable pension costs in the future," the bank said in an

internal statement.

"This will enable RBC to continue to provide retirement benefits that reflect current market trends."

Defined contribution plans

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**RBC INTERNAL STATEMENT**

have become a popular choice for companies in recent years because the payout at retirement is based on investment performance rather than a guaranteed amount provided by a defined benefit pension.

A prolonged period of low interest rates, combined with market volatility since the financial crisis of 2008, has accelerated the shift to defined contribution plans.

A spokesperson for RBC said the bank is enhancing a defined contribution plan that will be available to both new and existing employees if they choose.

Enhancements will include an automatic RBC contribution, higher matching contributions, and higher annual company contribution limits.

"We've increased the value of our defined contribution plan because we want to stay market competitive," said Katherine Gay, a bank spokesperson.