

THE NHL GOES BACK TO THE PAST (PENSION-WISE)

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After a long lockout, the NHL will begin its season this weekend thanks, in part, to a pension plan. Among the sticking points for the players was the desire to return to a defined benefit pension plan. The NHL was somewhat ahead of its time in 1986 when it switched to a DC-only style retirement plan. However, the players in this recent round of bargaining pushed hard for a pension plan, and succeeded. While the NHL has not released very many details about the pension plan, and some of the information we've found is conflicting, a report from CSN Washington suggests that players can be eligible for the maximum benefits permitted by law.

While it is interesting to see an institution as prominent as the NHL buck a clear trend in the retirement space, it goes without saying that this is probably not the beginning of a sea change in retirement benefits back to defined benefit plans. As noted in [this Globe and Mail article](#), even Kevin Westgarth, a Los Angeles Kings forward and a member of the NHLPA's bargaining committee, called moving to a pension plan "way out of style."

While pensions may be way out of style for most of us non-athletes, many U.S. professional sports organizations actually offer some kind of pension plan for their players. So the NHL was actually a bit out of step with the rest of its sports brethren (as the Globe and Mail article also suggests). Therefore, in the NHL's case, this isn't so much bucking a trend, really a return to an industry standard, in a sense.

Interestingly, many of the arguments that were advanced in support of a pension plan for the NHL players, while somewhat paternalistic, could nevertheless be made for rank and file employees of most other industries as well. Essentially, they boil down to the advantages of lifetime income protection. However, in the current environment (outside of professional sports), we think the more likely move for plan sponsors will be to lifetime income options in defined contribution plans, rather than a return to defined benefit plans. What do you think?

MEET THE TEAM



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