

Financial Institution and Pension Plan Administrator Guide: *The Pooled Registered Pension Plans (Saskatchewan) Act*

An explanation of the PRPP Framework
as it relates to Saskatchewan workers.

PRPP'S IN SASKATCHEWAN

NOTE: This guide applies to financial institutions that issue contracts designed to hold pension funds, and to pension plans, where those contracts or plans are subject to Saskatchewan pension legislation.

This guide does not apply to a Canadian corporation that is interested in becoming a pooled registered pension plan (PRPP) administrator (PRPP Administrator) or that is currently a PRPP Administrator. Information related to being a PRPP Administrator and to the administration of a PRPP can be found on the [PRPP website](#) of the federal Office of the Superintendent of Financial Institutions (OSFI).

1.0 Introduction

The Pooled Registered Pension Plans (Saskatchewan) Act (the PRPP Act) and *The Pooled Registered Pension Plans (Saskatchewan) Regulations* (the PRPP Regulations) came into force on May 1, 2016. In addition, *The Pension Benefits Act, 1992* (the PBA) and *The Pension Benefits Regulations, 1993* (the PBR) were amended effective May 1, 2016. These changes allow for the provision of PRPPs to Saskatchewan employees and self-employed persons.

Effective June 15, 2016, the Government of Saskatchewan entered into the Multilateral Agreement Respecting Pooled Registered Pension Plans and Voluntary Retirement Savings Plans (the PRPP Agreement) with the Governments of Canada, Quebec, British Columbia and Nova Scotia. Effective March 31, 2017, the PRPP Agreement was amended to include the Government of Ontario. Effective November 15, 2017, the PRPP Agreement was amended to include the Government of Manitoba. The PRPP Agreement provides for the efficient regulation and supervision of pooled registered pension plans (PRPPs) across Canada, and addresses how conflicts will be resolved in situations where there are differences between jurisdictions' PRPP legislation. In addition, the PRPP Agreement provides that a corporation is exempt from the requirement to obtain a licence under a provincial PRPP legislation if the corporation has a federal or a Quebec licence. In addition, a federally-licensed PRPP administrator that registers a PRPP under the federal legislation is exempt from the requirement to register that PRPP under the applicable provincial PRPP legislation. Therefore, now that the PRPP Agreement has been executed, the insurance companies which have been granted a PRPP licence by the Office of the Superintendent of Financial Institutions (OSFI) will be able to offer PRPPs to Saskatchewan workers.

Any inquiry related to become a licensed PRPP administrator, registering a PRPP, or amending a PRPP to allow for Saskatchewan participants should be made to the OSFI (Ph: 1-800-385-8647).

For the purposes of this guide, the above shall be referred to as the PRPP Framework. The implementation of the PRPP Framework gives Saskatchewan employees and self-employed

persons more options for saving for their retirement.

Highlights of the PRPP Framework are:

- OSFI is responsible for administrator licensing, plan registration and ongoing plan supervision.
- A licensed PRPP Administrator may offer PRPPs to Saskatchewan employees and self-employed persons.
- Financial institutions that issue locked-in retirement account contracts (LIRA) and prescribed registered retirement income fund contracts (pRRIF) that are subject to the PBA must amend their contracts to reflect the revised PBR.
- Financial institutions may establish pooled retirement savings account contracts (PRSAs) and pooled retirement income account contracts (PRIAs) that are designed to hold PRPP funds, when transferred out of a PRPP.
- Pension plan administrators that are subject to the PBA may amend their plan documents to reflect the revised PBA and PBR to allow for the direct transfer, subject to the completion of a spousal waiver, of pension monies to a PRPP.
- Subject to spousal consent, pension monies can be transferred between accounts / contracts that are subject to the PRPP Act and plans / contracts that are subject to the PBA.
- A spouse may waive his or her right to designated beneficiary status under a PRPP, PRSA or PRIA.

This paper provides information as follows:

- Section 2.0 – Impact to Financial Institutions
- Section 3.0 – Impact to Pension Plans
- Appendix A – Transfer In / Transfer Out Chart
- Appendix B – Prescribed Forms

This publication has no legal authority. The applicable legislation should be used to determine specific requirements.

2.0 Impact to Financial Institutions

Financial Institutions must amend their existing LIRA and pRRIF contracts (discussed in further detail under section 2.1).

Financial institutions should review their existing client forms and communication materials (discussed in further detail under section 2.2).

Financial Institutions may establish the new contracts – PRSAs and PRIAs (discussed in further detail under section 2.3 and 2.4).

2.1 Amendments Required to Existing LIRA and pRRIF Contracts

The Pension Benefits Amendment Regulations, 2016 introduced changes to the provisions governing locked-in retirement account contracts (LIRAs) under section 29 of the PBR and to the provisions governing prescribed registered retirement income fund contracts (pRRIFs) under section 29.1 of the PBR.

As a result, existing LIRAs and pRRIFs must be amended in order to allow for:

- the transfer of LIRA and pRRIF pension monies to a PRSA or PRIA
- the transfer of pension monies from a PRPP, PRSA or a PRIA into a LIRA or pRRIF

The Pension Benefits Amendment Regulations, 2017 introduced changes to *The Pension Benefits Regulations, 1993* which clarified the manner in which money that is held in a LIRA and/or pRRIF which originated from a PRPP must be administered. Monies held in a LIRA or pRRIF, where some or all of that money came from a PRPP, are subject to section 34 of the PBA.

Appendix A provides a summary of acceptable transfers between PBA accounts / contracts and PRPP Act accounts / contracts; in addition, the chart provides a summary of required spousal waiver and consent forms.

2.2 Updates Required to Forms and Communication Materials

FCAA has updated the narrative found on the reverse of the prescribed forms; in addition, FCAA has updated the content of much of their policy bulletins. Forms specific to PRPPs can be found on our website as well. Please visit FCAA's website for the most current forms.

2.3 Pooled Retirement Savings Account Contract

The PRPP Regulations introduce a new contract called a pooled retirement savings account contract (PRSA). A PRSA is very similar to a LIRA, with only one substantial exception – in the event that the PRSA contract owner has a spouse, a life annuity purchased from a PRSA need not be a joint-life annuity. Under a LIRA, if the LIRA contract owner has a spouse, a life annuity purchased from a LIRA must be a joint-life annuity with at least a 60% survivor's benefit, unless the spouse waives this right.

A PRSA must:

- be registered as a retirement savings plan under the *Income Tax Act (Canada)* (ITA),
- be issued to hold locked-in funds that are the subject of a transfer, and
- meet the requirements of the PRPP Act and section 16 of the PRPP Regulations.

An issuer of a PRSA contract must not accept any transfer unless the PRSA contract is in a form that complies with the PRPP Act and PRPP Regulations.

2.3.1 Transfer in Options / Transfer out Options under a PRSA

Appendix A provides a summary of acceptable transfers in and transfers out of a PRSA; in addition, the chart provides a summary of required spousal waiver and consent forms.

2.3.2 Death Benefits under a PRSA

On the death of the PRSA contract owner, the surviving spouse is entitled to the PRSA funds. If there is no surviving spouse or if the spouse has waived the right to a survivor's benefit, the designated beneficiary or estate of the PRSA contract owner will receive the PRSA funds.

To the extent permitted under the ITA, the surviving spouse may receive a lump-sum payment or transfer the PRSA funds to:

- A PRPP or pension plan,
- A LIRA or pRRIF,
- A RRSP or RRIF,
- A PRSA or PRIA, or
- A life insurance company to purchase an immediate or deferred life annuity.

In all other cases, the death benefit is paid as a lump sum payment to the designated beneficiary or the estate.

If the PRSA provides, the spouse can waive the right to a survivor's benefit by completing Form C. Form C is revocable by the spouse any time before death. Appendix B provides a summary of prescribed forms related to death benefits and PRSAs.

2.3.3 Spousal Relationship Breakdown and Maintenance Orders under a PRSA

A PRSA is subject to the division on spousal relationship breakdown provisions as set out in section 13 of the PRPP Act. In addition, the PRSA is subject to attachment for the purpose of enforcing a maintenance order as defined in *The Enforcement of Maintenance Orders Act, 1997*. The fees for an attachment can be no more than \$250 plus tax.

2.3.4 Unlocking Provisions under a PRSA

The following unlocking provisions apply to a PRSA:

- Shortened life expectancy (PRSA may provide):
 - the funds in a PRSA can be unlocked due to shortened life expectancy. Form D and, if the owner has a spouse, Form E, must be completed and filed with the issuer of the PRSA:
- Small benefit (PRSA may provide):
 - the funds in the PRSA can be unlocked if the total amount of all locked-in funds is less than 20% of the yearly maximum pensionable earnings in effect in the year in which the withdrawal occurs.
- Non-Residency Unlocking (PRSA must provide):
 - The funds in the PRSA can be unlocked due to non-residency statutes. These are the conditions of such unlocking: The owner of the contract must:
 - be a non-resident of Canada as determined for the purposes of the ITA,
 - not have resided in Canada for at least two consecutive years,
 - provide the issuer of the PRSA with written evidence that CRA has determined that the owner of the PRSA is a non-resident of Canada for the purposes of the ITA,
 - file Form D with the issuer of the PRSA,
 - if the owner has a spouse, file Form E with the issuer of the PRSA.

Appendix B provides a summary of prescribed forms related to unlocking provisions and PRSAs.

2.3.5 Creditor Protection under a PRSA

The funds in the PRSA may not be assigned, charged, alienated, anticipated or given as security and are exempt from execution, seizure or attachment, and any transaction that purports to assign, charge, alienate, anticipate or give as security the funds in a PRSA is void. This is except for division on spousal relationship breakdown and maintenance enforcement purposes.

2.4 Pooled Retirement Income Account

The PRPP Regulations introduce a new contract called a pooled retirement income account contract (PRIA). A PRIA is very similar to a pRRIF that is subject to the PBR, with only one substantial exception – in the event that the PRIA contract owner has a spouse, a life annuity purchased from a PRIA need not be a joint-life annuity. Under a pRRIF, if the pRRIF contract owner has a spouse, a life annuity purchased from a pRRIF must be a joint-life annuity with at least a 60% survivor's benefit, unless the spouse waives this right.

A PRIA must:

- be registered as a retirement income fund with the ITA, and
- must meet the requirements of the PRPP Act and section 17 of the PRPP Regulations.

An issuer of a PRIA shall not accept any transfer unless the contract is in a form that complies with the PRPP Act and PRPP Regulations.

2.4.1 Transfer in Options / Transfer out Options under a PRIA

Appendix A provides a summary of acceptable transfers in and transfers out of a PRIA; in addition, the chart provides a summary of required spousal waiver and consent forms.

2.4.2 Death Benefits under a PRIA

On the death of the PRIA contract owner, the surviving spouse is entitled to the PRIA funds. If there is no surviving spouse or if the spouse has waived the right to a survivor's benefit, the designated beneficiary or estate of the PRIA contract owner will receive the PRIA funds.

To the extent permitted by the ITA, the surviving spouse may receive a lump sum payment or transfer the PRIA funds to:

- A PRPP or pension plan,
- A LIRA or pRRIF,
- A RRSP or RRIF,

- A PRSA or a PRIA, or
- A life insurance company to purchase an immediate or deferred life annuity.

In all other cases, the death benefit is paid as a lump sum payment to the designated beneficiary or the estate.

If the PRIA provides, the spouse can waive the right to a survivor's benefit by completing Form G. Form G is revocable by the spouse any time before death. Appendix B provides a summary of prescribed forms related to death benefits and PRIAs.

2.4.3 Spousal Relationship Breakdown / Maintenance Enforcement under a PRIA

A PRIA is subject to the division on spousal relationship breakdown provisions as set out in section 13 of the PRPP Act. In addition, the PRIA is subject to attachment for the purpose of enforcing a maintenance order as defined in *The Enforcement of Maintenance Orders Act, 1997*. The fees for an attachment can be no more than \$250 plus tax.

2.4.4 Unlocking Provisions under a PRIA

There is no maximum amount that can be transferred out of a PRIA; as such, there are no additional unlocking provisions.

2.4.5 Creditor Protection

The funds in the PRIA may not be assigned, charged, alienated, anticipated or given as security and are exempt from execution, seizure or attachment, and that any transaction that purports to assign, charge, alienate, anticipate or give as security the funds in a contract is void. This is except for division and maintenance enforcement purposes.

2.5 Why the PRIA and PRSA?

FCAA has fielded several questions related to why the decision was made to create two new contracts rather than simply either 1) harmonize with and use the federal PRPP contracts or 2) harmonize with and use the PBA contracts.

There are several reasons for this decision, which are:

1. It was determined to not harmonize with the federal PRPP regime with respect to the maximum amount that can be withdrawn after retirement from a PRSA or PRIA contract. New PRSA and PRIA contracts were established that closely harmonize with

the PBA regime with respect to the fact that there is no maximum amount that can be withdrawn after retirement.

2. Under the PBA, when a member or contract owner retires and where that member or contract owner has a spouse, the only form of annuity that can be elected is a joint-life form with at least a 60% survivor's benefit. The spouse can waive this entitlement and the member or contract owner can then elect a different form of pension / annuity.

Under the PRPP regime, when a member or contract owner retires and where that member or contract owner has a spouse, the member or contract owner is not restricted to a joint-life form of retirement benefit but can elect from several different options. There is no spousal waiver required in order to elect something other than a joint-life form of annuity.

There are new PRSA and PRIA contracts which ensure that PRPP members continue to have the option of electing a retirement benefit that is not restricted to a joint-life form in the event that the PRPP member or a contract owner had a spouse.

There is no 60% survivor benefit requirement under an RRSP. PRPPs are designed to be similar to RRSP with respect to this matter.

3.0 Impact to Pension Plans

Pension Plan Administrators may want to review their plan documents and determine what, if any, amendments are required. It is not mandatory that a pension plan provide for the direct transfer of pension plan monies from a plan to a PRPP, however a plan can be written to do so.

It is not permissible for a pension plan to allow for the direct transfer of pension plan monies to a PRSA or a PRIA.

3.1 Updates Required to Forms and Communication Materials

FCAA has updated the narrative found on the reverse of the prescribed forms; in addition, FCAA has updated the content of much of their policy bulletins. Forms specific to PRPPs can be found on our website as well. Please visit FCAA's website for the most current forms.

3.1 Amendments May be Made to Plan Documents

The PBA was amended to allow for the transfer of a member's entitlement from a pension plan that is subject to the PBA to a PRPP that is subject to the PRPP Act. In the event that the

member has a spouse, prior to transferring the entitlement, the plan administrator must receive a signed Form 3 - Spouse's Waiver of 60% Post-Retirement Survivor Benefit from the member's spouse.

4.0 Additional Resources

FCAA's PRPP Webpage: <http://fcaa.gov.sk.ca/consumers-investors-pension-plan-members/pension-plan-members/pooled-registered-pension-plans>

OSFI's PRPP Webpage: <http://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/prpp-rpac/Pages/default.aspx>

CRA's PRPP Webpage: <http://www.cra-arc.gc.ca/tx/rgstrd/prpp-rpac/menu-eng.html>

5.0 Contact Us

For additional information please contact:

Pensions Division
Financial and Consumer Affairs Authority
4th Floor, 2365 Albert Street
REGINA SK S4P 4K1

Email: pensions@gov.sk.ca

Tel: (306) 787-7650

Fax: (306) 798-4425

Web site: www.fcaa.gov.sk.ca

Updated: November 2017
(minor update June 1, 2018 re: URL for FCAA PRPP webpage)

Appendix A – Transfer In / Transfer Out Charts, including Spousal Waiver / Consent Form Requirements

Transfer In and Transfer Out Charts – Saskatchewan - PRPPA & PBA**TRANSFER INTO CHART**

Transfer is GOING INTO a ...	Transfer is FROM a ...	Notes	Forms	Which Party is the Form Filed With?
PRPP	PRPP, PRSA, PRIA	Allowed	No spousal form	n/a
	Pension Plan	Allowed	Form 3 (PBA 32(2.1); PBR 31(1))	Pension Plan Administrator
	LIRA, pRRIF	Not allowed	n/a	n/a
PRSA	PRPP, PRSA, PRIA	Allowed	No spousal form	n/a
	Pension Plan	Not allowed	n/a	n/a
	LIRA	Allowed; Only after PRSA has been established	Form 3 (PBR 29(4)(c.1))	LIRA Contract Issuer
	pRRIF	Allowed; Only after PRSA has been established	No spousal form	n/a
PRIA	PRPP	Allowed	Form F (PRPPSR 17(5)(b)(ii))	PRPP Administrator
	PRSA	Allowed	Form F (PRPPSR 17(5)(b)(ii))	PRSA Contract Issuer
	PRIA	Allowed	No spousal form	n/a
	Pension Plan	Not allowed	n/a	n/a
	LIRA	Allowed; Only after the PRIA has been established	Form H (PRPPSR 17(7)(d))	LIRA Contract Issuer
	pRRIF	Allowed; Only after the PRIA has been established	No spousal form	n/a
Pension Plan	PRPP	Allowed, if the plan allows	No spousal form	n/a
	PRSA	Allowed, if the plan allows	No spousal form	n/a
	PRIA	Allowed	No spousal form	n/a
	Pension Plan, LIRA, pRRIF	Allowed	No spousal form	n/a
LIRA	PRPP, PRSA, PRIA	Allowed	No spousal form	n/a
	Pension Plan, LIRA, pRRIF	Allowed	No spousal form	n/a
pRRIF	PRPP	Allowed	Form 1.1 (PBR 29.1(4)(b)(ii))	PRPP Administrator
	PRSA	Allowed	Form 1.1 (PBR 29.1(4)(b)(ii))	PRSA Contract Issuer
	PRIA	Allowed	No spousal form	n/a
	Pension Plan	Allowed	Form 1 (PBR 29.1(4)(c.1))	Pension Plan Administrator
	LIRA	Allowed	Form 1 (PBR 29.1(4)(c.1))	LIRA Contract Issuer
	pRRIF	Allowed	No spousal form	n/a

TRANSFER OUT OF CHART

Money is currently in a ...	Money is going to a ...	Notes	Forms	Which Party is the Form Filed With?
PRPP	PRPP, PRSA	Allowed	No spousal form	n/a
	PRIA	Allowed	Form F (PRPPSR 17(5)(b)(ii))	PRPP Administrator
	Pension Plan	Allowed, if the plan permits	No spousal form	n/a
	LIRA	Allowed	No spousal form	n/a
	pRRIF	Allowed	Form 1.1 (PBR 29.1(4)(b)(ii))	PRPP Administrator
PRSA	PRPP, PRSA	Allowed	No spousal form	n/a
	PRIA	Allowed	Form F (PRPPSR 17(5)(b)(ii))	PRSA Contract Issuer
	Pension Plan	if the plan allows and if the payments are similar to those of a PBA pension	No spousal form	n/a
	LIRA	Allowed	No spousal form	n/a
	pRRIF	Allowed	Form 1.1 (PBR 29.1(4)(b)(ii))	PRSA Contract Issuer
PRIA	PRPP, PRSA, PRIA	Allowed	No spousal form	n/a
	Pension Plan, LIRA, pRRIF	Allowed	No spousal form	n/a
Pension Plan	PRPP	Allowed	Form 3 (PBA 32(2.1); PBR 33(1))	Pension Plan Administrator
	PRSA, PRIA	Not allowed	n/a	n/a
	Pension Plan, LIRA	Allowed	No spousal form	n/a
	pRRIF	Allowed	Form 1 (PBR 29.1(4)(b)(ii)(D))	Pension Plan Administrator
LIRA	PRPP	Not allowed	n/a	n/a
	PRSA	Allowed; Only after the PRSA has been established	Form 3 (PBR 29(4)(c.1))	LIRA Contract Issuer
	PRIA	Allowed; Only after the PRIA has been established	Form H (PRPPSR 17(7)(d))	LIRA Contract Issuer
	Pension Plan, LIRA	Allowed	No spousal form	n/a
	pRRIF	Allowed	Form 1 (PBR 29.1(4)(b)(A))	LIRA Contract Issuer
pRRIF	PRPP	Not allowed	n/a	n/a
	PRSA	Allowed; Only after the PRSA has been established	No spousal form	n/a
	PRIA	Allowed; Only after the PRIA has been established	No spousal form	n/a
	Pension Plan	Allowed	No spousal form	n/a
	LIRA	Allowed	No spousal form	n/a
	pRRIF	Allowed	No spousal form	n/a

Appendix B – Prescribed Forms Related to PRSA and PRIA Unlocking and Death Benefits

Circumstance	Form
Shortened life expectancy under a PRSA	Form D and E
Non-residency unlocking from a PRSA	Form D and E
Death benefit from a PRSA	The spouse is the beneficiary, unless the spouse completes Form C prior to the date of death
Death benefit from a PRIA	The spouse is the beneficiary, unless the spouse completes Form G