THE PENSION BENEFITS AMENDMENT REGULATIONS, 2017

An explanation of the amendments made to *The Pension Benefits Regulations, 1993* effective August 25, 2017.

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Financial and Consumer Affairs Authority

HIGHLIGHTS OF *THE PENSION BENEFITS AMENDMENT REGULATIONS, 2017*

Introduction

The Pension Benefits Regulations, 1993 (Regulations) were amended by *The Pension Benefits Amendment Regulations, 2017* effective August 25, 2017.

The Regulations, as amended, introduce the term "limited liability plan" (LLP). LLPs are private sector defined benefit pension plans which are subject to subsection 40(5) and (6) of *The Pension Benefits Act, 1992* (the Act), but do not include Specified Plans[1]. In general, the funding obligations towards an LLP are limited by collective bargaining agreement or contract and, in the event that contributions are not sufficient it meet the funding obligations, it is possible to reduce benefits (past, future or both).

In general, the Regulations were amended to implement the following changes for LLPs:

- Remove the requirement to fund solvency deficiencies;
- Require provision for adverse deviations (PfAD) to be funded on the current service cost (CSC);
- Require plan administrators to provide additional communication to plan members;
- Restrict increases to pensions in pay;
- Allow LLP pension plan contracts to be amended to provide the option to calculate commuted values (CV) based on the plan's going concern assumptions and to permanently decrease the CV to the funded position of the plan; and
- Provide that the transfer deficiency rules do not apply to the transfer out of a CV thatis calculated under a LLP based on the plan's going concern assumptions.

In addition, the Regulations were amended to clarify the treatment of funds held in a locked-in retirement account (LIRA) and prescribed registered retirement income fund (pRRIF) where the funds originated from a pooled retirement pension plan (PRPP).

Regulatory and Funding Regime for Limited Liability Plans

LLPs are private sector defined benefit pension plans which are subject to subsection 40(5) and (6) of *The Pension Benefits Act, 1992* (the Act), but do not include Specified Plans[2].

Further to the brief outline provided above, our publication "Administrator's Guide for Limited Liability Plans" provides more information regarding the LLP regulatory regime.

Transfer Deficiency Rules

[1] A Specified Plan means a plan listed in Table 1 of Part II of the appendix to the Regulations.

Where a CV of benefits in an LLP is calculated, in accordance with the plan documents, using the plan's going concern assumptions, the transfer deficiency rules of the Regulations do not apply to that transfer out of the plan.

Pooled Retirement Pension Plans

A clarification was made regarding the treatment of funds held in a LIRA or pRRIF, where the funds originated from a PRPP. Money in a LIRA or pRRIF is subject to section 34 (i.e. post-retirement survivor's benefits) of the Act, this includes money that was transferred into the LIRA or pRRIF from a PRPP.

Form 0.1 and Form 3 Updated

Adding clarity with respect to the interaction with PRPP money and transfers, the following forms found in the Part I of the appendix of the Regulations were amended:

- Form 0.1 – Spouse's Waiver of Designated Beneficiary Status Under a Locked-In Retirement Account Contract
- Form 3 – Spouse's Waiver of 60% Post-Retirement Survivor Benefit

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