Newsletter Express

Supplemental Pension Plans

20 July 2016

New Multi-Jurisdictional Pension Plan Agreement

The *2016 Agreement Respecting Multi-Jurisdictional Pension Plans*, which was signed by the governments of British Columbia, Nova Scotia, Ontario, Québec and Saskatchewan, has effect from 1 July 2016. It replaces both the *Memorandum of Reciprocal Agreement* (signed by the governments of Saskatchewan in 1969, Nova Scotia in 1977 and British Columbia in 1994) and the *Agreement Respecting Multi-Jurisdictional Pension Plans* (signed by the governments of Québec and Ontario in 2011).

This *Newsletter Express* is addressed to administrators of pension plans that are registered with supervisory bodies subject to the new Agreement and that have members in Québec and at least one of the other provinces party to the Agreement.

Overview

The 2016 Agreement sets out the rules that apply to pension plans that fall under the authority of more than one of the concerned jurisdictions. The key points of the 2011 Agreement have not changed:

- A single supervisory body, the major authority, supervises a plan with members in more than one province. The major authority is the one with the plurality of active members. The other authorities are referred to as minor authorities.
- The major authority's legislation applies to collective rights (for example, plan administration and registration, amendments to the plan text and annual statements).
- Individual rights and benefits (for example, the right to become a member, death benefits and early retirement) are governed by the legislation in effect where the member or beneficiary works and applicable to the nature of the work.

In recent years, certain jurisdictions have permanently eliminated the requirement that benefits and plan obligations be funded on a solvency basis. This is the case of Québec with the adoption, in 2015, of the *Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans*, which established a new approach to funding using the going concern basis.

The 2016 Agreement confirms that benefits that were funded on a solvency basis (before an amendment to a jurisdiction's pension legislation that took effect after 1 January 2014) are considered to be funded on that basis for the purpose of allocating assets. This provision is extended to all members whose benefits are governed by legislation that has been amended, and is comparable to the protections afforded by the *Supplemental Pension Plans Act* since 1 January 2016.

The 2016 Agreement also clarifies how transitional provisions are applied when a new government becomes a party.

Public consultation by the Canadian Association of Pension Supervisory Authorities (CAPSA)

Discussions between the signatories of the 2016 Agreement and other governments are currently in the works. Their purpose is to amend the Agreement by setting out new rules on the allocation of the assets of multi-jurisdictional plans on termination or division. Between now and 2018, CAPSA expects to hold a public consultation on the amendments to the 2016 Agreement.

Note that the *Memorandum of Reciprocal Agreement* and the 1969 agreement between the Gouvernement du Québec and the federal government on behalf of the territories continue to apply to plans in jurisdictions where the government is not party to the 2016 Agreement or whose supervisory authority is not subject thereto. Québec does not currently have an agreement with the federal government regarding members whose work is under federal jurisdiction.

For further information

You can consult the 2016 Agreement on the Web site of the Canadian Association of Pension Supervisory Authorities (CAPSA) or read Retraite Québec's press release dated 2 June 2016 (French only).

Writer: Catherine Hamel
Translator: Hali Hackenschmidt

Version originale française disponible sur notre site Web.

For more information, contact our:

Information Officer
Direction des régimes complémentaires de retraite
Retraite Québec
Case postale 5300
Québec (Québec) G1K 0G4

Telephone
Québec region: 418 643-8282
Toll-free: 1 877 660-8282
Fax: 418 643-7421
Online: www.retraitequebec.gouv.qc.ca

Retraite Québec