

ACPM June-November 2024 Newsletter

I. LEGISLATION

Federal

Federal Regulations Exempting Negotiated Contribution (NC) Pension Plans from Solvency Funding Requirements

On June 5, 2024, the federal government published an exemption notice related to the proclamation of Bill C-30 amendments related to NC pension plans. Moving forward, NC plans must:

- Adopt enhanced going concern funding standards – specifically, a funding buffer for normal costs and going concern liabilities;
- Prohibit any amendments that improve benefits and would result in a going concern ratio of less than 1.05; and
- Develop governance and funding policies that include specified information.

These amendments are in force as of May 24, 2024.

[Federal Regulations Exempting NC Pension Plans from Solvency Funding Requirements](#)

Federal Bill C-69, *Budget Implementation Act, 2024, No.1*, receives Royal Assent

On June 20, 2024, Bill C-69 received Royal Assent. Bill C-69 includes the following amendments to the *Pensions Benefits Standards Act, 1985 (PBSA)*, and *Pooled Registered Pension Plans Act (PRPPA)*:

- Amends the PBSA to require the Office of the Superintendent of Financial Institutions (OSFI) to publish information related to the plan investments of specified federally regulated pension plans. The information to be disclosed was noted to be set out in regulations, which are further discussed in this newsletter.
- Amends the PRPPA to require administrators of pooled registered pension plans to provide certain plan members with written notice of their right to terminate membership in the plan by notifying the administrator.

[Federal Bill C-69, Budget Implementation Act, 2024, No.1, receives Royal Assent](#)

Federal Bill C-59, *Fall Economic Statement Implementation Act, 2023*, receives Royal Assent

On June 20, 2024, Bill C-59 received Royal Assent. Bill C-59 includes amendments to the *Income Tax Act* regarding retirement compensation arrangements (RCAs), which have the following effects:

- These amendments provide that fees or premiums paid to secure or renew a letter of credit (or a surety bond) for certain RCA trusts will not be subject to the refundable tax.

- Employers will also now be allowed to request a refund of previously remitted refundable taxes in respect of fees or premiums paid for letters of credit (or surety bonds) by certain RCA trusts.

[Federal Bill C-59, Fall Economic Statement Implementation Act, 2023, receives Royal Assent](#)

Federal Draft Regulation re Solvency Reserve Accounts & MEPPs

On September 14, 2024, the federal government released draft regulations on solvency reserve accounts and solvency funding requirements for multi-employer pension plans.

[Federal Draft Regulation re Solvency Reserve Accounts & MEPPs](#)

Proposed Amendments to Federal *Pension Benefits Standards Regulations*

On November 2, 2024, the federal government published proposed amendments to the *Pension Benefits Standards Regulations, 1985* that would require certain federally regulated pension plans to disclose certain investment information to OSFI. For more information, please see the following bulletin: [Department of Finance Proposes Public Disclosure Requirements for Federally Regulated Pension Plan Investments](#)

Ontario

Ontario Amends Regulation re JSPPs

On October 16, 2024, Ontario filed Regulation 395/24, which amends the O. Reg. 909 under the *Pension Benefits Act* in respect of jointly sponsored pension plans. This amendment had been previously released in draft form during the summer.

[Ontario Amends Regulation re JSPPs](#)

Ontario Publishes PBA Regulations re Target Benefits

On October 16, 2024, Ontario filed various regulations under the *Pension Benefits Act* to implement a permanent framework on target benefit pension plans. For more information, please see the following bulletin: [Ontario Finalizes Regulations for Target Benefit Plan Framework](#)

Québec

Québec Regulation regarding Supplemental Pension Plans

On June 5, 2024, Québec published O.C. 942-2024: *Regulation to amend the Regulation respecting supplemental pension plans*. The following changes were included:

- Members or spouses aged 55 years or older can request that all or part of the funds in a life income fund or variable benefit plan be paid out in one or more installments, irrespective of any other amounts set or received for the fiscal year, provided they meet certain conditions and deadlines;

- New rules for calculating temporary and life income for members and spouses who are under 55 years old.

The regulation is in effect as of January 1, 2025.

[Québec Regulation RE Supplemental Pension Plans](#)

Québec Regulation to Amend Regulation re Exemption of Certain Categories of Plans from SPPA

On November 6, 2024, Québec published the *Regulation to amend the Regulation respecting the exemption of certain categories of pension plans from the application of provisions of the Supplemental Pension Plans Act*.

This Regulation will, among other changes:

- Enable the employer to serve as the pension committee, if the plan text so provides, when the plan has not more than 50 plan members and beneficiaries, with the previous threshold being 25; and
- Exempt from the financial report audit every plan whose market value of assets is less than \$5 million, regardless of the number of plan members and beneficiaries.

The Regulation came into force on November 21, 2024.

[Québec Regulation to Amend Regulation re Exemption of Certain Categories of Plans from SPPA](#)

Québec Introduces Budget Bill 80 with Pension-Related Amendments

On November 7, 2024, Québec introduced Bill 80, *An Act respecting the implementation of certain provisions of the Budget Speech of 12 March 2024 and amending other provisions* in the Québec National Assembly. Under Bill 80, the *Act respecting the Québec Pension Plan, Supplemental Pension Plans Act (SPPA)*, and *Voluntary Retirement Savings Plans Act* will be amended, among other acts.

Bill 80 was adopted in principle and referred to Committee on November 19, 2024.

[Quebec Introduces Budget Bill 80 with Pension-Related Amendments](#)

[Bill 80 Adoption in Principle](#) [French Only]

Alberta

Alberta Amends Employment Pension Plans Regulation

On June 20, 2024, Alberta published Regulation 121/2024, which amends the *Employment Pension Plans Regulation* with respect to funding of target benefit plans by:

- Changing the calculation of a provision for adverse deviation (PfAD) for a target benefit plan; and

- Removing most of the items that must be addressed in an actuarial valuation report and cost certificate for a target benefit plan, retaining only the PfAD and PfAD offset.

[Alberta Amends Employment Pension Plans Regulation](#)

British Columbia

B.C. Amends Regulation regarding Division of Pensions

On July 8, 2024, British Columbia published a regulation amending the *Division of Pensions Regulation* under the *Family Law Act*. The following amendments were included:

- Expanding the *Division of Pensions Regulation* to notice of an assignment of a member's spouse's survivor benefits;
- Introducing a new provision for calculating the proportionate share of payments under an annuity that was not purchased by the plan administrator;
- Adding a new transfer requirement specifying that transfers from a locked-in retirement account or life income fund must comply with the *Pension Benefits Standards Act* and relevant regulations; and
- Raising the maximum amount that members and spouses are required to pay plan administrators for transfers from defined contribution accounts and for registering a spouse as a limited member.

[B.C. Amends Regulation regarding Division of Pensions](#)

B.C. Publishes New Pension Division Forms

On August 1, 2024, British Columbia published new Division of Pension forms under the *Family Law Act*.

[B.C. Publishes New Pension Division Forms](#)

Nova Scotia

Nova Scotia Amends General Regulation under the *Pension Benefits Act*

On October 24, 2024, Nova Scotia amended the *General Regulation* under the *Pension Benefits Act*. This includes the following changes:

- New requirement for plan administrators to send biennial statements to former members; and
- Reduce the age at which individuals can take advantage of the small benefit unlocking rules from age 65 to 55.

These amendments, as well as the related parts of Bill 419, come into force on April 1, 2025.

[Nova Scotia Amends General Regulation under the *Pension Benefits Act*](#)

II. OTHER INDUSTRY NEWS

Federal

OSFI Publishes “InfoPensions 30”

On June 3, 2024, OSFI published a series of updates and reminders for plan administrators, actuaries and other pension service providers in “InfoPensions 30”.

[OSFI Publishes “InfoPensions 30”](#)

OSFI’s First Quarterly Release

On August 22, 2024, OSFI initiated its first pilot of quarterly guidance releases (Quarterly Releases). This approach, with guidance issued on four scheduled dates each year, is designed to enhance predictability.

The guidance covered key risks outlined in the Annual Risk Outlook and included, among others:

- Final Guideline E-21 on Operational Risk and Resilience
- Updates to the Life Insurance Capital Adequacy Test Guideline

Additionally, OSFI is releasing the 2024 Memorandum to the Appointed Actuary, which details the requirements for the Appointed Actuary Report.

OSFI's Fall Quarterly Release

On November 21, 2024, OSFI released its fall Quarterly Release and announced measures to streamline and strengthen its regulatory and supervisory oversight. OSFI released, among others:

- Regulatory Notice on Culture Risk Management
- Final Life Insurance Capital Adequacy Test Guideline

OSFI also shared results from the first phase of their Policy Review where they will rescind 20 guidelines and regulatory advisories.

OSFI will hold a Quarterly Release Industry Day on December 5, 2024, which will give stakeholders the opportunity to gain further insight on the Quarterly Release and ask related questions.

[OSFI’s First Quarterly Release](#)

[OSFI's Fall Quarterly Release](#)

CAPSA Publishes Guidelines re CAPs & Risk Management

On September 9, 2024, the Canadian Association of Pension Supervisory Authorities (CAPSA) released two final guidelines: Guideline No. 3 – Guideline for Capital Accumulation Plans and Guideline No. 10 – Guideline for Risk Management for Plan Administrators. For more information, please see the following bulletin: [Keeping Up With CAPSA: New Guidelines for Capital Accumulation Plans and Risk Management Released](#)

RC4178 Death of a RRIF Annuitant, PRPP Member, or ALDA Annuitant

On September 11, 2024, the Canada Revenue Agency (CRA) published its guidance on the tax implications and reporting requirements when an annuitant of a registered retirement income fund (RRIF), member of a pooled registered pension plan (PRPP), or an annuitant of an advanced life deferred annuity (ALDA) passes away. This guidance covered, among other topics, the general rules, exceptions, and how to address a post-death increase or decrease in value of the accounts.

[Death of a RRIF Annuitant, PRPP Member, or ALDA Annuitant](#)

OSFI Annual Report

On October 15, 2024, OSFI published its 2023-2024 Annual Report, which included highlighting their updates to their Supervisory Framework and other guidelines, and their mandate being expanded through Budget 2023.

[OSFI Annual Report](#)

CRA Updates T4040

On November 1, 2024, the CRA updated Guide T4040, RRSPs and Other Registered Plans for Retirement. Among other minor changes, the updated T4040:

- Discusses First Home Savings Account (FHSA) transfers and integrates references to the FHSA throughout, following the introduction of the FHSA in 2023; and
- Provides guidance for taxpayers who received the 2024 temporary repayment relief for the Home Buyers' Plan.

[CRA Updates T4040](#)

CRA Announces 2025 and 2026 Retirement Savings Limits

On November 1, 2024, the CRA published new retirement savings limits for 2025 and 2026.

[CRA Announces 2025 and 2026 Retirement Savings Limits](#)

OSFI Updates Guidance for Actuarial Reports for DB Plans

On November 15, 2024, OSFI released a revised Guide for the Preparation of Actuarial Reports for Defined Benefit Pension Plans (the Guide). The revised Guide includes:

- Updated requirements regarding the maximum going concern discount rate; and
- Updated funding requirements with regards to NC plans.

The Guide applies to actuarial reports with a valuation date on and after December 31, 2024. Early adoption is permitted.

[OSFI Updates Guidance for Actuarial Reports for DB Plans](#)

Ontario

Ontario FSRA Guidance regarding Pension Plan Amendments

On June 4, 2024, the Financial Services Regulatory Authority of Ontario (FSRA) updated their guidance on pension plan amendments.

This guidance is in effect as of June 4, 2024.

[Ontario FSRA Guidance regarding Pension Plan Amendments](#)

Ontario FSRA Guidance regarding Plan Administrator Roles & Responsibilities

On June 5, 2024, FSRA revised and updated their guidance on plan administrator roles and responsibilities.

The guidance came into effect on June 5, 2024.

[Ontario FSRA Guidance regarding Plan Administrator Roles & Responsibilities](#)

FSRA Releases its Final Approach to Principles-Based Regulation

On September 5, 2024, FSRA released its final approach to principles-based regulation.

[FSRA Releases its Final Approach to Principles-Based Regulation](#)

Ontario FSRA Update – September 2024

On September 9, 2024, FSRA released its Pension Update for September 2024.

[Ontario FSRA Update – September 2024](#)

Ontario Fall Economic Statement 2024

On October 30, 2024, Ontario released its 2024 Fall Economic Statement. Items to note include:

- As discussed previously in this newsletter, the government has finalized regulations supporting a new target benefits framework, which will enable the permanent framework to come into effect on January 1, 2025; and
- An upcoming consultation on variable life benefits, which is discussed further in this newsletter.

[Ontario Fall Economic Statement 2024](#)

Ontario Publishes Consultation Paper re Variable Life Benefits

On November 12, 2024, Ontario published a consultation paper on variable life benefits (VLBs). By issuing this paper, the Ministry seeks to gather input on a future framework for VLBs that provide a new lifetime option for retirees, while protecting members' interests. The consultation period ends on January 10, 2025.

[Ontario Publishes Consultation Paper re Variable Life Benefits](#)

Ontario FSRA Update – November 2024

On November 20, 2024, FSRA released its Pension Update for November 2024.

[Ontario FSRA Update - November 2024](#)

FSRA Launches Consultation on 2025-26 Statement of Priorities and Budget

On November 14, 2024, FSRA launched a public consultation on its proposed statement of priorities and budget for 2025-2026. In this statement, FSRA outlines two pension priorities:

- Enhancing the prudential supervision of the pension sector: FSRA intends to (a) continue the prudential supervision of large public sector pension plans; (b) implement the supervisory approach of multi-employer pension plans; and (c) support the implementation of the new Target Benefits framework, including the conversion process.
- Advancing regulatory excellence and improving plan member outcomes: FSRA aims to (a) advance a risk- and principles-based approach to the regulation and supervision of pension plans; (b) modernize key pieces of guidance and pension forms; and (c) improve public education and knowledge of the pension sector.

Comments on the statement are due by December 6, 2024.

[FSRA Launches Consultation on 2025-26 Statement of Priorities and Budget](#)

New Brunswick

New Brunswick Proposed Guidelines regarding Shared Risk Plan Asset Transfers

On June 13, 2024, New Brunswick published their proposed guidelines respecting asset transfers involving shared risk plans. Comments were due by August 12, 2024.

[New Brunswick Proposed Guidelines regarding Shared Risk Plan Asset Transfers](#)

Alberta

Alberta Update re PfAD Amendment

On June 20, 2024, the Alberta Superintendent of Pensions published EPPA Update 24-01 and draft Interpretive Guideline #22 – Provision for Adverse Deviation. This update addresses the *Employment Pension Plans Regulation* with respect to funding of target benefit plans.

The final Interpretive Guideline #22 was published on October 22, 2024.

[EPPA Update 24-01](#)

[Interpretive Guideline #22 - PfAD](#)

Implementation of Multilateral Instrument 93-101 Derivatives: Business Conduct

On September 14, 2024, the National Instrument 81-102 Investment Funds was amended by Multilateral Instrument 93-101.

In this instrument, the definition of an “eligible derivatives party” was updated to include a pension fund that is regulated by OSFI or a pension commission or similar regulatory authority of a jurisdiction of Canada or a wholly owned subsidiary of the pension fund.

This amendment came into force on August 31, 2024.

[Implementation of Multilateral Instrument 93-101 Derivatives: Business Conduct](#)

British Columbia

B.C. Draft Guideline regarding Information Security

On July 8, 2024, the British Columbia Financial Services Authority (BCFSA) published a draft Information Security Guideline for B.C. Pension Plan Administrators. This guideline will replace an earlier one that applied to all sectors regulated by BCFSA, and will only apply to pension plans. Comments were due by September 6, 2024.

[B.C. Draft Guideline regarding Information Security](#)

Québec

Retraite Québec Update re ESG

Retraite Québec has released information on environmental, social, and governance (ESG) factors in pension plans, including findings from a survey of plan administrators and planned actions.

Survey Findings:

- Half of the administrators surveyed considered themselves “beginners” in sustainable investments, while 14% rated their knowledge as “advanced.”
- 63% of administrators had discussed sustainable investments with their portfolio manager in the past year.
- 30% had developed or updated a sustainable investment policy to include ESG factors.
- Among those without a sustainable investment policy, 26% plan to create one by next summer, and 31% cited insufficient knowledge as a barrier to considering ESG factors.

Retraite Québec’s Actions:

- Added a new question to the Annual Information Return to monitor ESG factor consideration.

- Create various information and training tools on ESG factors.
- Advised plan administrators to refer to CAPSA's Guideline for Risk Management for Plan Administrators, which covers ESG factors.

[Retraite Québec Update re ESG](#)