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# Instruction Guide

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**Subject:** Certified Financial Statements (OSFI 60) and Auditor's Report

**Date:** May 2018

## General

The purpose of this Guide is to assist administrators of pension plans registered or having filed an application for registration under the [Pension Benefits Standards Act, 1985](#) (PBSA) in completing the Certified Financial Statements (OSFI 60 or CFS) and submitting an Auditor's Report that are required to be filed with the Office of the Superintendent of Financial Institutions (OSFI).

The Guide does not supersede the requirements of the PBSA, the [Pension Benefits Standards Regulations, 1985](#) (PBSR), the [Directives of The Superintendent Pursuant To The Pension Benefits Standards Act, 1985](#) or any Guidelines that OSFI has issued or may issue regarding the administration of pension plans subject to the PBSA.

A glossary of some of the terms used in this guide is provided in Appendix A.

## Who Must File

The administrator of a pension plan registered or having filed an application for registration under the PBSA, or its agent, must file the CFS and, if required, an Auditor's Report. These returns must be submitted to OSFI while there are assets remaining in the pension fund.

## Filing Due Date

The CFS and, if required, an Auditor's Report must be filed within six months after the end of the plan year to which they relate<sup>1</sup>.

## Filing Requirements

The administrator of a pension plan must submit the CFS and, if required, an Auditor's Report

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<sup>1</sup> Subsection 12(4) of the PBSA.



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using the [Regulatory Reporting System](#) (RRS)<sup>2</sup>.

The administrator must complete the CFS via the upload of a data file or by entering the information directly into the on-line web form in RRS. The Auditor's Report must be submitted by uploading a copy of the document in RRS. All values reported in the returns must be expressed in dollars, not thousands of dollars. However, values may be rounded to the nearest thousand.

Plan administrators are expected to keep a copy of the CFS in their records. This copy should be signed by the plan administrator and be available for examination by the plan members or other parties<sup>3</sup>.

For further information on how to file using RRS, please consult the [Manage Financial Returns User Guide for Insurance Companies and Private Pension Plans](#) and [other RRS training material](#) available on the [OSFI website](#). RRS training material can also be found in RRS in the Documents folder under Training and Support.

## **Certified Financial Statements**

The CFS contains information relating to the pension fund based on the accrual basis of accounting. It includes a *Statement of Changes in Net Assets*, *Statement of Net Assets*, *Notes to the Financial Statements*, and *General Interrogatories*. These statements are special purpose financial statements because they exclude information on obligations regarding accrued pension benefits of the plan (i.e. actuarial liabilities). The information contained in the CFS incorporates only certain elements of Generally Accepted Accounting Principles (GAAP).

## **Auditor's Report**

The following types of Auditor's Reports may be filed with OSFI:

- An Auditor's Report filed on the pension fund – OSFI will accept a statement in the Auditor's Report indicating that the financial statements have been prepared for filing with the regulator and are not appropriate for any other purpose.
- An Auditor's Report filed on the financial statements of the pension plan – OSFI will accept an Auditor's Report on the financial statements of the pension plan that is prepared in accordance with Section 4600 of the Chartered Professional Accountants (CPA) Canada Handbook – Accounting (the Handbook). Section 4600 of the Handbook is the primary accounting standard for pension plans.

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<sup>2</sup> Returns are not considered received at OSFI until the filing process is complete and the returns have been accepted in RRS. If the plan is not registered to use RRS, it should do so immediately. Pension plan administrators must contact the Bank of Canada, as host of the RRS, to register for access to the Bank of Canada secure site and RRS. For assistance in registering, please contact RRS Support at the Bank of Canada by phone at 1-855-865-8636, or by e-mail at [rrs-sdr@bank-banque-canada.ca](mailto:rrs-sdr@bank-banque-canada.ca).

<sup>3</sup> Subsection 28(1) of the PBSA.

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An Auditor's Report is not required to be filed with the CFS if the plan is an insured plan or if

- all funds are held by one insurance company in any type of account, or
- all funds are held in the pooled funds of one trust company, or
- all funds are held by one trust company but not in its pooled funds, and the fair market value of the total assets of the pension fund is less than \$5,000,000.

All other plans, including all plans funded through a Pension Fund Society, are required to file an Auditor's Report with the CFS.

## **Certified Financial Statements (OSFI 60)**

### **REPORTING PERIOD** (page 30.005)

#### **Line 001** – For Plan Year Ending

Enter the end date of the period covered by the CFS.

#### **Line 002** – Number of Months Covered

Enter the number of months (which may not exceed 12) covered by the CFS. A change in plan year end<sup>4</sup> will result in a CFS that covers a period of less than 12 months. Such financial statements should reflect the activity for the period covered and an explanatory note given in the *Notes to the Financial Statements*.

### **STATEMENT OF CHANGES IN NET ASSETS** (page 30.010)

#### **Increase in Assets**

#### **Line 010** – Investment Income

Enter in dollar amount the investment income resulting from interest, dividends, rents and sums earned on investments other than by an increase in their value, whether or not the income has been realized. For example, the yield realized when treasury bonds are cashed in and income generated by securities loans should be reported on this line.

#### **Line 015** – Net Gains (or Losses) on Investments – Realized

Enter in dollar amount the realized gains (or losses) on investments following an investment transaction, including a derivative transaction. They are to be measured from the fair value at the most recent financial statement date. These amounts are also referred to as realized fair value.

#### **Line 016** – Net Gains (or Losses) on Investments – Unrealized

Enter in dollar amount the unrealized gains (or losses) on investments following a change in the fair value of investments, including derivatives, or an adjustment following a change in the way they were valued. Unrealized gains (or losses) are to be measured from the fair value at the most recent financial statement date. These amounts are also referred to as unrealized fair value.

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<sup>4</sup> A plan year end may be changed by plan amendment or resolution, which must be filed with OSFI.

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**Line 019** – Total Increase Due to Investments

Enter the sum of lines 010, 015, and 016.

**Line 020** – Member Contributions

Enter in dollar amount the member contributions made or payable for the plan year, with the exception of additional voluntary contributions. Member contributions are determined in accordance with the plan documents. Contributions to be entered on this line include optional member contributions that give rise to an obligation on the employer to make additional contributions.

Contributions for the plan year that are receivable at the plan year end should be included in the amount reported on this line.

**Line 021** – Additional Voluntary Contributions

Enter in dollar amount the additional voluntary contributions made by members for the plan year. Additional voluntary contributions are optional contributions that do not give rise to an obligation on the employer to make additional contributions when made. For the purpose of this line, additional voluntary contributions include optional ancillary contributions made under a flexible pension plan.

Contributions for the plan year that are receivable at the plan year end should be included in the amount reported on this line.

**Line 025** – Employer Contributions

For defined contribution plans, enter in dollar amount the employer contributions made or payable for the plan year. Employer contributions are determined in accordance with the plan documents.

For defined benefit plans, enter in dollar amount the employer current service contributions and special payments made or payable for the plan year. Current service contributions and special payments are as recommended in the most recent actuarial report filed with OSFI and the contributions reported must be net of any amount taken from surplus.

Employer contributions also include amounts remitted to the fund to cover transfer deficiencies if the full pension benefit credits of terminated members were paid out from a plan whose solvency ratio was less than 1.00.

Where an employer obtains a letter of credit (LoC) for the benefit of the plan to meet funding obligations, the amount of the LoC is not to be included in employer contributions on this line but should be disclosed in the *Notes to the Financial Statements* (page 30.030).

Contributions for the plan year that are receivable at the plan year end should be included in the amount reported on this line.

**Line 029** – Total Contributions

Enter the sum of lines 020, 021, and 025.

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**Line 039 – Transfers to the Pension Fund**

Enter in dollar amount the transfers to the pension fund from other pension funds or other sources such as Registered Retirement Savings Plans (RRSPs) or Life Income Funds (LIFs).

Transfers for the plan year that are receivable at the plan year end should be included in the amount reported on this line.

**Line 049 – Other Sources of Increase**

Enter in dollar amount the other sources of increase, including

- dividends, refunds or other advantages granted to the fund during the fiscal year by an insurer, enterprise or person doing business with the plan;
- interest received on contributions, transfers or other sources of increase in assets because of late payments;
- interest due on outstanding amounts at plan year end; and
- accounting adjustments made to correct bookkeeping errors.

**Line 059 – Total Increase in Assets**

Enter the sum of lines 019, 029, 039, and 049.

**Decrease in Assets****Line 060 – Expenses Related to Managing Investments**

Enter in dollar amount the expenses related to managing investments that were paid by the fund. Examples are

- brokerage or transaction fees, if they were not added to the cost base of the investment or deducted from the proceeds of disposition;
- securities broker's or financial manager's fees; and
- other expenses related to managing investments.

If such expenses were deducted from investment income, they should not be included on this line.

Investment management fees paid by the employer are not to be reported unless they were reimbursed to the employer by the pension fund.

**Line 070 – Professional Fees**

Enter in dollar amount the fees that were paid by the fund for professional services (e.g. accountants, actuaries and lawyers). Professional fees paid by the employer are not to be reported unless they were reimbursed to the employer by the pension fund.

**Line 075 – Other**

Enter in dollar amount the plan administration costs, other than those reported on line 060 and line 070, that were paid by the fund. Administrative costs paid by the employer are not to be reported unless they were reimbursed to the employer by the pension fund.

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**Line 079** – Total Plan Expenses

Enter the sum of lines 060, 070, and 075.

**Line 080** – Benefits Paid Directly by the Plan

Enter in dollar amount the periodic pension benefits, including variable benefits paid under a defined contribution provision, disability pensions and survivor benefits paid by the pension fund.

**Line 085** – Transfers from the Pension Fund – Other Registered Pension Plans

Enter in dollar amount the transfers to other registered pension plans from the pension fund.

**Line 087** – Transfers from the Pension Fund – Other Transfers

Enter in dollar amount the transfers to other registered retirement vehicles, such as locked-in RRSPs or LIFs, amounts used to purchase an immediate or deferred annuity with an insurer as well as lump sum payments to former members, survivors, beneficiaries or estates.

**Line 089** – Total Benefits and Transfers

Enter the sum of lines 080, 085, and 087.

**Line 109** – Other Sources of Decrease

Enter in dollar amount the other sources of decreases in assets which might include uncollectible accounts such as contributions, investment income, transfers owing, and accounting adjustments.

**Line 119** – Total Decrease in Assets

Enter the sum of lines 079, 089, and 109.

**Line 129** – Change in Net Assets

Enter the difference between line 059 and line 119.

**Line 159** – Net Assets at Beginning of Plan Year

Enter in dollar amount the previous year's net assets at plan year end.

**Line 199** – Net Assets at Plan Year End

Enter the sum of lines 129 and 159.

**STATEMENT OF NET ASSETS** (page 30.020)

**Assets**

Plan assets include all the assets belonging to or owed to the pension fund. Any deposit to or investment made from the pension plan's assets must be made on behalf of the plan or credited to its account. Any deposit or investment in foreign funds must be reported in Canadian dollars using the rate of exchange at plan year end.

If the pension plan holds units of a master trust, assets belonging to the reporting plan should be determined using the proportionate consolidation method, and only this portion should be

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reported in the CFS. The value of the units should be distributed among the investment categories and sub-categories, and entered accordingly on lines 009 to 048.

**Line 009 – Cash on Hand**

Enter in dollar amount the cash on hand which includes

- demand deposits in a bank or trust company's savings or operating accounts;
- cash held by investment managers on behalf of the pension fund;
- coins and bank notes; and
- cheques, bank drafts and postal money orders.

Generally, cash on hand includes all securities that can be cashed within 30 days following the end of the plan year, except negotiable securities such as shares, corporate bonds and treasury bonds.

**Debt Securities (Canadian and Foreign)**

**Line 010 – Short Term Notes, Securities and Other Term Deposits**

Enter in dollar amount the value of short term notes, securities and other term deposits, determined at fair value using market prices at plan year end.

The debt securities entered on this line must mature in less than six months following their issuance. These debt securities include loans made by means of financial instruments that are easily liquidated. Items in this category are also known as money market securities and short-term capital securities and include treasury bonds, municipal bonds, corporate promissory notes (also known as short-term notes), commercial paper, bearer securities, treasury bills (T-bills), bankers' acceptances (also known as bank paper), certificates of deposit, term deposits, savings certificates and guaranteed investment certificates issued by a financial institution.

Other term deposits that mature later than six months following their issuance should also be included on this line. These debt securities include certificates of deposit, savings certificates, and guaranteed investment certificates issued by a financial institution.

**Line 011 – Bonds and Other Debt Securities Guaranteed by a Government**

Enter in dollar amount the value of government bonds and other debt securities (e.g. debentures) guaranteed by a government, determined at fair value using market prices at plan year end. The debt securities entered on this line must mature later than six months following their issuance.

For the purpose of this line, government means the Government of Canada, a province, a municipality or a school board.

**Line 012 – Corporate Bonds and Other Corporate Debt Securities**

Enter in dollar amount the value of bonds and other debt securities (e.g. debentures) issued by a corporation and not guaranteed by a government (and therefore not included on line 011), determined at fair value using market prices at plan year end. The debt securities entered on this line must mature later than six months following their issuance.

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If market prices at plan year end are not available (e.g. suspended trading or debt securities are not publicly traded), the value may be obtained using methods such as independent asset appraisals, comparison to published prices of comparable securities, use of recent trading prices, discounted cash flows based on current market yields, and estimation based on the underlying financial statements of the issuer.

**Line 017 – Mutual Funds – Bonds, Cash Equivalent, and Mortgage**

Enter in dollar amount the value of units held in a bond, cash equivalent or mortgage mutual or pooled funds (investment funds), determined at fair value using market prices at plan year end. Cash equivalent investment funds include T-Bill funds and money market funds.

**Line 019 – Mortgage Loans**

Enter in dollar amount the value of mortgage loans secured by real estate or chattels, determined at fair value using current market yields at plan year end. Otherwise, the value may be obtained using a variety of methods such as independent asset appraisals, discounted cash flows based on current market yields, and estimation based on the underlying financial statements of the issuer.

**Line 024 – Amounts Deposited in the General Fund of an Insurer**

Enter in dollar amount the value of investments in the general funds of an insurance company (often referred to as deposit administration accounts), determined at fair value by the insurer at plan year end.

Interest accrued on these assets should be entered on line 073.

**Line 029 – Total Debt Securities**

Enter the sum of lines 010, 011, 012, 017, 019, and 024.

**Equity (Canadian and Foreign)**

**Line 030 – Shares in Investment, Real Estate or Resource Corporations**

Enter in dollar amount the value of shares in investment, real estate or resource corporations, as defined in Schedule III to the PBSR, determined at fair value using market prices at plan year end. These shares include common and preferred shares of corporations publicly traded on Canadian and foreign markets.

If market prices at plan year end are not available (e.g. suspended trading), the value may be obtained using methods, such as independent asset appraisals, comparison to published prices of comparable securities, use of recent trade prices, discounted cash flows based on current market yields, and estimation based on the underlying financial statements of the issuer.

**Line 033 – Common and Preferred Shares**

Enter in dollar amount the value of shares (other than those reported on line 030) determined at fair value using market prices at plan year end. These shares include common and preferred shares of corporations publicly traded on Canadian and foreign markets.

If market prices at plan year end are not available (e.g. suspended trading), the value may be

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obtained using methods such as independent asset appraisals, comparison to published prices of comparable securities, use of recent trade prices, discounted cash flows based on current market yields, and estimation based on the underlying financial statements of the issuer.

**Line 034 – Stock Mutual Funds**

Enter in dollar amount the value of units held in stock mutual or pooled funds (investment funds) determined at fair value using market prices at plan year end. Where a pension fund invests in a investment fund made up of shares of Canadian corporations and foreign corporations, the fair value of both must be reported.

**Line 036 – Real Estate Mutual Funds**

Enter in dollar amount the value of units held in real estate mutual or pooled funds (investment funds), determined at fair value using market prices at plan year end. Generally, real estate investment funds are made up of real estate or of shares of real estate corporations.

**Line 037 – Real Estate**

Enter in dollar amount the value of investments in real estate, other than those reported on line 036, determined at fair value at plan year end. Generally, real estate investments for the purpose of this line are made through real estate vehicles such as joint ventures and co-tenancies.

The value is generally obtained from an independent licensed appraiser or assessor in accordance with generally accepted appraisal practices and procedures at least once every three years, and are supplemented by an annual review of improvements to buildings and equipment.

**Line 039 – Total Equity**

Enter the sum of lines 030, 033, 034, 036, and 037

**Diversified and Other Investments (Canadian and Foreign)**

**Line 040 – Balanced Mutual/Pooled Funds**

Enter in dollar amount the value of units held in balanced or diversified mutual or pooled funds (investment funds), determined at fair value using market prices at plan year end. Balanced or diversified investment funds are comprised of various securities such as shares, bonds, mortgages or real estate.

**Line 042 – Segregated Funds**

Enter in dollar amount the value of investments in segregated funds of a corporation, determined at fair value by the corporation at plan year end.

**Line 043 – Hedge Funds**

Enter in dollar amount the value of units held in hedge funds, determined at fair value at plan year end. Generally, hedge funds are pooled investment funds, structured as private partnerships that charge performance related fees.

**Line 044 – Private Equity**

Enter in dollar amount the value of investments in non-public companies, determined at fair

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value at plan year end. Generally, private equity investments are made through direct investment, limited partnerships, or through a private equity fund-of-funds.

**Line 046 – Infrastructure**

Enter in dollar amount the fair value of investments in infrastructure, determined at fair value at plan year end. Generally, infrastructure investments are made through direct or indirect investments or through limited partnerships, and include bridges, toll roads, airports, pipelines, utility towers, and educational and healthcare facilities.

**Line 048 – Other Investments not listed above**

Enter in dollar amount the value of other investments that do not fall into the categories on lines 009 to 046, determined at fair value at plan year end. These may include investments in buy-in annuities and derivative instruments, including unrealized gains, margin requirements and the unamortized balances of premiums paid.

**Line 059 – Total Diversified and Other Investments**

Enter the sum of lines 040, 042, 043, 044, 046, and 048.

**Line 069 – Total Investments at Fair Value**

Enter the sum of lines 029, 039, and 059.

**Accounts Receivable**

**Lines 070 – Member and Additional Voluntary Contributions**

Enter in dollar amount the member contributions payable for the plan year but not yet received at plan year end.

**Line 071 – Employer Contributions**

Enter in dollar amount the employer contributions payable for the plan year but not yet received at plan year end.

**Line 073 – Investment Income Receivable**

Enter in dollar amount the investment income and earnings payable for the plan year but not yet received at plan year end. Investment income receivable includes interest, dividends and rents as well as amounts earned on investments but not yet realized.

Investment income and earnings receivable should be entered on this line and not included in the fair value of the investments reported on lines 010 to 048. For example, income accrued or receivable on assets invested in the general fund of an insurer should be entered on line 073 and not on line 024. The same is true for income accrued or receivable on assets invested in a mutual or pooled fund (investment fund) or a master trust reported on line 040.

**Line 078 – Other Amounts Receivable**

Enter in dollar amount the other amounts payable for the plan year but not yet received at plan year end. These other amounts include transfers not yet received, interest accrued on unpaid contributions, dividends, refunds or other advantages, amounts receivable from an

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indemnification agency such as Assuris or the Canada Deposit Insurance Corporation (CDIC). If the amount receivable is from a transfer of assets that OSFI has not yet authorized, this should also be disclosed in the *Notes to the Financial Statements*.

**Line 089** – Total Accounts Receivable

Enter the sum of lines 070, 071, 073, and 078.

**Line 119** – Total Assets

Enter the sum of lines 009, 069, and 089.

**Liabilities**

Liabilities are obligations of the plan, i.e. amounts that the plan owes at plan year end. Actuarial liabilities resulting from obligations regarding accrued pension benefits of the plan should not be reported as liabilities for the purpose of the CFS.

**Line 125** – Mortgage Borrowings

Enter in dollar amount the mortgage borrowings with respect to the plan year but not yet paid at plan year end. A mortgage borrowing is a debt instrument by which the borrower (mortgagor) gives the lender (mortgagee) a lien on property as security for the repayment of a loan.

**Line 135** – Pension Benefits, Refunds and Transfers Payable

Enter in dollar amount the pension benefits payable, refunds and transfers with respect to the plan year but not yet paid at plan year end.

**Line 140** – Expenses Payable

Enter in dollar amount the plan administrative and management costs with respect to the plan year but not yet paid at plan year end.

**Line 148** – Other Amounts Payable

Enter in dollar amount the other amounts payable with respect to the plan year but not yet paid at plan year end. These other amounts include payments owing at plan year end for mortgage borrowings, non-mortgage borrowings, overdrawn accounts or credit margins used to acquire securities, investments and amounts relating to derivative instruments, including unrealized losses, deferred unrealized gains relating to reserves for credit and market risks, deferred gains on hedging instruments and the unamortized balances of premiums received.

**Line 159** – Total Liabilities

Enter the sum of lines 125, 135, 140, and 148.

**Line 199** – Net Assets at Plan Year End

Enter the difference between line 119 and line 159. The amount entered on this line should be the same as the net assets at plan year end reported on line 199 of the *Statement of Changes in Net Assets*.

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## NOTES TO THE FINANCIAL STATEMENTS (page 30.030)

Use this section to disclose additional information on the pension fund in accordance with GAAP.

## GENERAL INTERROGATORIES (page 30.035)

An Auditor is not expected to give an opinion on items included in the interrogatories.

### A – Statement of Investment Policies and Procedures

Select “Yes” or “No” to indicate whether the Statement of Investment Policies and Procedures has been reviewed or amended during the year.

If all assets of the pension fund are held in the unallocated general funds of a life insurance company authorized to carry on business in Canada or in segregated funds that meet the requirements of subsection 9(3) of Schedule III of the PBSR, answer “N/A” (not applicable) to B, C, D and E below.

### B – 10% Rule

Select “Yes”, “No”, or “N/A” to indicate whether the plan complies with the 10% rule described in subsection 9(1) of Schedule III of the PBSR.

### C – Securities Lending

Select “Yes”, “No”, or “N/A” to indicate whether the plan meets expectations included in the [OSFI Guideline on Securities Lending by Pension Plans](#).

### D – Derivatives – Sound Practices

Select “Yes”, “No”, or “N/A” to indicate whether the plan meets expectations included in the [OSFI Guideline on Derivatives Sound Practices for Federally Regulated Private Pension Plans](#).

### E – Foreign Investment

When foreign investments are entered in this section at a value other than fair value using market prices at plan year end, the basis used for reporting (e.g. book value) must be reported in the *Notes to the Financial Statements* on page 30.030 of the CFS.

### Line 040 – Debt Securities

Enter in dollar amount the foreign debt securities allocated by region - US (column 001), Europe (column 002), Asia (column 003), and Other Foreign (column 004) debt securities. Enter the total of columns 001, 002, 003, and 004 in column 005.

### Line 042 – Equity Securities

Enter in dollar amount the foreign equity securities allocated by region - US (column 001), Europe (column 002), Asia (column 003), and Other Foreign (column 004) equity securities. Enter the total of columns 001, 002, 003, and 004 in column 005.

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**Line 044 – Other Investments**

Enter in dollar amount the foreign investments not entered on lines 040 or 042 above, by region - US (column 001), Europe (column 002), Asia (column 003), and Other Foreign (column 004) investments. Enter the total of columns 001, 002, 003, and 004 in column 005.

**Line 049 – Total**

Enter the sum of lines 040, 042, and 044 for each of columns 001, 002, 003, 004, and 005.

For further information, please visit the [OSFI website](#) or contact us at:

Office of the Superintendent of Financial Institutions  
255 Albert Street  
Ottawa, Ontario  
K1A 0H2  
Telephone: (613) 991-0609  
E-mail: [ReturnsAdmin@osfi-bsif.gc.ca](mailto>ReturnsAdmin@osfi-bsif.gc.ca)

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## Appendix A – Glossary

**Auditor’s Report** – also known as the auditor’s opinion, is the opinion of the auditor with respect to the financial statements that have been prepared for the pension plan.

**Accrual basis of accounting** – requires that payments with respect to a plan year not yet received or made at plan year end be included in net assets, without consideration for the date on which payments will be received or made.

**Derivative instruments** – include interest rate, equity, commodity, foreign exchange and other derivative contracts such as forwards, futures, swaps and options.

**Fair value** – in respect of an asset, is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. You may wish to consult the *CPA Canada Handbook – Accounting* regarding measuring fair value.

**Insured plan** – is a pension plan for which all benefits are paid by means of an annuity or insurance contract issued by an organization authorized to carry on a life insurance business in Canada and under which the organization is obligated to pay all the benefits set out in the plan.

**Investment fund** – is a fund, established by a corporation, limited partnership or trust, the purpose of which is to invest the moneys of two or more investors and the shares or units of which are allocated to each investor in proportion to the interest of the investor in the assets of the fund.

**Master trust** – comprises the grouping of two or more pension funds, often for plans of one employer, for investment purposes. Each plan holds an undivided portion of the trust assets that corresponds to a percentage of participation or to units of participation.

**Mutual fund or Pooled fund**<sup>5</sup> – is a fund that includes several securities or categories of securities (shares, bonds, mortgages, etc.) established by a corporation that is duly authorized to operate a fund in which moneys from two or more depositors are accepted for investment and where units allocated to each depositor serve to establish at any time the proportionate interest of each depositor in the assets of the fund.

**Pension fund** – in relation to a pension plan, means a fund maintained to provide benefits under or related to the pension plan.

**Proportionate consolidation method** – consists of reporting the assets, income and expenses in the *Statement of Changes in Net Assets* and the *Statement of Net Assets* on the basis of a pro rata share for each investment held by the pension fund.

**Segregated fund** – in relation to a pension plan, means a fund established by a corporation that

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<sup>5</sup> Amendments to the PBSR replaced references to “Mutual Fund” and “Pooled Fund” with “Investment Fund”.

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is duly authorized to operate a fund in which contributions to a pension plan are deposited and the assets of which are held exclusively for the purposes of that plan alone or that plan and one or more other pension plans.

**Special payment** – is a payment or one of a series of payments established by an actuary through an actuarial report for the purpose of liquidating an unfunded liability or solvency deficiency. These payments may include amounts required to fund amendments made during the plan year.