Guidance note

Title	Asset Transfers related to Defined Contribution Provisions of Pension Plans (March 2018)
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Plans	Defined contribution plans
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Accompanying documents

- Form - 2018 (PDF, 2.13 MB)

The Office of the Superintendent of Financial Institutions (OSFI) has issued this Guidance Note to inform the pension industry of OSFI's expectations with respect to asset transfers related to defined contribution provisions of a federally regulated pension plan, including transfers involving individuals whose pension benefits are subject to provincial pension legislation.

This Guidance Note does not apply to transfers made at the election of a member or survivor under section 26 of the *Pension Benefit Standards Act, 1985* (PBSA) or to a custodial change with respect to pension fund assets.[1]

Asset transfers requiring the Superintendent's permission

The PBSA does not require that plan administrators obtain the Superintendent's permission to transfer assets related to defined contribution provisions, provided that the transfer is not to a pooled registered pension plan.[2] However, provincial pension legislation requires the approval of the relevant supervisory authority for this type of transfer.

Reciprocal agreements that delegate responsibility for regulatory approvals from the province to the federal Superintendent are currently in place between the federal government and the governments of most provinces.

Accordingly, where there is an agreement in place and where a federally registered pension plan includes pension benefits subject to provincial pension legislation, plan administrators must obtain the federal Superintendent's permission prior to transferring assets related to benefits subject to the pension legislation of that province.

There are currently no agreements in place with Newfoundland and Labrador and Prince Edward Island[3]. Also, the agreement with Quebec covers only federal members who are employed in included employment in the Northwest Territories, Nunavut or Yukon. Therefore, the federal Superintendent's permission is **not** required to transfer assets related to defined contribution provisions with respect to

- individuals whose benefits fall under the jurisdiction of Newfoundland and Labrador or Prince Edward Island; [4] or
- individuals whose benefits fall under the jurisdiction of Quebec and who are transferring from a plan for which OSFI is not authorized to administer Quebec's pension legislation.[5]

Where the Superintendent's permission is required, plan administrators must complete the Standardized Asset Transfer Request Form for Defined Contribution Provisions available on OSFI's website for these individuals and their benefits. Plan administrators are expected to ensure that the asset transfer complies with all applicable provincial pension legislation and regulations, including applicable notice, filing, and timing requirements.

If the transferring plan is also registered in Quebec or Newfoundland and Labrador and any transferring individual's pension benefits are subject to the pension legislation of those provinces, a separate request for permission to transfer assets related to these individuals will need to be filed with the appropriate provincial regulatory authority.

OSFI's expectations

Though plan administrators are not required to obtain the Superintendent's permission to transfer assets related to defined contribution provisions for individuals whose pension benefits are subject to federal pension legislation, OSFI nevertheless expects plan administrators to ensure that the rights and interests of individuals affected by such transfers are preserved.

Specifically, prior to transferring the assets, OSFI expects transferring plan administrators to ensure the following:

1. The value of an individual's defined contribution account balance is not reduced.
2. All contributions due are remitted to the transferring plan for the affected individuals.
3. Any outstanding interest or dividend distributions earned to the date of transfer will be deposited to the transferring individual's account in the receiving plan.
4. Transferring individuals are informed of the asset transfer and their account balance, and transferring members are informed that, as new members of the receiving plan, they and their spouses or common law partners are entitled to receive a written explanation of its terms.
5. The affected individuals' records will be transferred to the receiving plan administrator.

Notification to OSFI

Regardless of whether or not prior permission from OSFI was required, following a transfer of assets, OSFI expects the administrator of a transferring plan to notify OSFI in writing that the transfer has taken place, identifying the receiving plan to which assets were transferred, the date of the transfer, and the final amount transferred.

Contributions after the effective date of an asset transfer

After the effective date of an asset transfer, transferring members' pension benefits accrue under the receiving plan. It is important that plan terms reflect this and that contributions for transferring members for accruals after the effective date be remitted to the receiving plan.

Plan's registration vacated as a result of an asset transfer

If all the assets of a defined contribution pension plan are being transferred to another pension plan, the transferring plan's administrator must continue to file annual information returns, certified financial statements (and, if required, auditor's reports) and pay annual plan assessments until all of the plan's assets have been transferred. The transferring plan's registration will be considered vacated and no further filings or assessments will be due when OSFI receives written confirmation from the transferring plan's administrator that no assets remain in the pension fund. A year-to-date financial statement from the custodian of the transferring plan should accompany this confirmation.

Transfers to a pooled registered pension plan

Subsection 10.2(2) of the PBSA provides that the transfer of pension plan assets to a pooled registered pension plan (PRPP) requires the Superintendent's permission. Prior to transferring any assets relating to defined contribution provisions to a PRPP, plan administrators must contact OSFI for further information regarding required permissions.

1 In the case of a custodial change, the new trust agreement or insurance contract must be filed with OSFI.

2 See section below titled “Transfers to a Pooled Registered Pension Plan.”

3 Prince Edward Island does not have pension legislation in effect at this time.

4 Provided that the transfer is not to a pooled registered pension plan. See section below titled “Transfers to a Pooled Registered Pension Plan.

5 OSFI is only authorized to administer Quebec pension legislation for a plan where the plurality of plan members are employed in included employment in the territories and no members are employed in included employment outside of the territories.