Guidance

Title	Key Pension Benefits Standards Act, 1985 (PBSA) and Pension Benefits Standards Regulations, 1985 (PBSR) Amendments and In-force Dates
Publication type	Guidance
Topics	OSFI regulation documents
Plans	Defined benefit plans Defined contribution plans
Year	2017

This table describes the amendments that were made to the PBSA and PBSR in recent years to implement various reform by the federal government. All of these amendments are now in force.

For further details with respect to any provisions listed in the table, please refer to the specific sections of the PBSA and PBSR.

New or Amended Definitions

Topic	Description	PBSA / PBSR Reference	In Force Date
PRPP	Definition of a pooled registered pension plan (PRPP) added to recognize plans registered under the *Pooled Registered Pension Plans Act.*	2(1) PBSR	April 1, 2015
	A holder of a life income fund, a locked-in savings plan or a restricted life income fund who applies to unlock their funds under small balance unlocking must certify that the total value of all their locked-in accounts is less than or equal to 50% of the YMPE. The PBSR provisions were amended to include locked-in accounts that are created as a result of a transfer of funds from a PRPP.	20.1(1)(l)(i) 20.2(1)(d)(i) 20.3(1)(l)(i) PBSR	April 1, 2015
Negotiated Contribution Plan	Definition of negotiated contribution plan added - a multi-employer pension plan in which a participating employer's contributions are limited to an amount determined in accordance with an agreement between the participating employers, collective agreement, statute or regulation and that do not vary as a result of the prescribed tests and standards for solvency referred to in subsection 9(1) of the PBSA.	2(1) PBSA	Dec.15, 2010
Former Member	Definition of former member amended for section 9.2 and paragraph 28(1)(b.1) of the PBSA to exclude individuals whose pension benefits were transferred to another pension plan.	2(1) PBSA	April 1, 2011

Member/Retiree/Spouses Entitlements and Rights

Topic	Description	Section of PBSA / PBSR	In Force Date
Benefit Reductions	Subject to the Superintendent's authorization, an administrator of a negotiated contribution plan may make an amendment that reduces benefits, despite the terms of the plan.	10.11 PBSA	Dec.15, 2010
Death Benefits	Where there is no survivor on the death of the member or former member, an amount, as described in the provisions of the PBSA, must be paid to the designated beneficiary. If there is no designated beneficiary, the death benefit is payable to the estate. The differentiation between a pre-retirement death benefit for members eligible for early retirement and members who are not has been removed.	23(1)& 23(1.1) PBSA	July 1, 2011
Immediate Vesting	Members' pension benefits are immediately vested upon joining a pension plan. An amendment to 18(1)(c) provides that all pension benefits are locked-in after two years of plan membership. Most pre-1986 and post-1987 references affecting benefits have been removed throughout the PBSA.	17& 18(1)(c) PBSA	July 1, 2011
Unlocking - Small Benefits	A non locked-in payment may be made to a member or survivor on cessation of membership or death, if the value of the pension benefit is less than 20% of the Year's Maximum Pensionable Earnings (YMPE).	18(2)(c) PBSA	Dec.15, 2010
50% Rule	The pre-1986 and post-1987 references in this section of the PBSA have been removed. As a result, if a member of a defined benefit pension plan ceases membership in the plan, retires or dies or if the whole or part of the plan is terminated on or after July 1, 2011, the 50% rule applies to all years of plan membership.	21 PBSA	July 1, 2011

Adjustment of a Joint & Survivor Pension	Where no part of a pension benefit is required to be distributed to a spouse, former spouse or former common-law partner under a court order or agreement, the plan can adjust a pension benefit to be payable in the normal form rather than a joint and survivor benefit. This section of the PBSA should be read in conjunction with section 25(5) of the PBSA which requires an administrator to determine and administer the pension benefit in accordance with a court order or agreement.	25(7.1) PBSA	July 12, 2010
Spouse or Common-Law Partner Consent to a Transfer	Where a member who is eligible to retire ceases membership in the plan, consent of the spouse or common law partner is required prior to transferring pension benefit credits to a prescribed retirement savings plan.	26(2.1) PBSA	April 1, 2015
	The consent form is set out in the PBSR. By signing the consent form, the spouse or common-law partner acknowledges that the funds are being transferred from a pension plan to a fund where the member will be allowed to manage their own pension fund and have flexibility in determining the amount withdrawn each year (subject to rules respecting minimum and maximum annual withdrawals).	Schedule II, Form 3.1	July 1, 2016

Plan Termination

Topic	Description	Section of PBSA / PBSR	In Force Date
Disclosure to Members	After the whole of a plan is terminated, a written statement must be provided to members, former members and their spouses or common-law partners informing them of: 1. the plan termination (within 30 days); and 2. their pension benefits and other benefits payable under the plan (within 120 days). "Termination" refers to situations described in s.29(1), (2), (2.1) and (4.2).	28(2.1) PBSA	April 1, 2011
	The written statements that must be provided within 30 and 120 days to members, former members and their spouses or common-law partners are prescribed in the PBSR.	23.4 Schedule IV, Forms 2.1 and 2.2 PBSR	July 1, 2016
Declaration by Superintendent	The Superintendent may also declare a plan terminated where there is a cessation of crediting of benefits.	29(2.1) PBSA	July 12, 2010
Partial Plan Termination	Only the Superintendent may declare part of a pension plan terminated. Employer-declared partial plan terminations are no longer permitted under the PBSA.	29(4.1) PBSA	July 12, 2010
Notice of Plan Termination	Notice to the Superintendent of a voluntary termination or winding-up shall be not less than 60 and not more than 180 days before the date of termination or winding-up.	29(5) PBSA	Dec. 15, 2010
	Other than situations where the Superintendent terminates a plan, a plan may only be terminated if the administrator or employer notifies the Superintendent in writing of their decision.	29(4.2)	Dec 15, 2010

Full Funding	With the exception of Negotiated Contribution plans, pension plans are required to fully fund their obligations with respect to pension benefits following plan termination. An employer must pay an amount equal to the solvency deficit at the date of plan termination, either by: 1. a lump sum payment; or 2. equal annual payments sufficient to liquidate the solvency deficit over a period of five years from the date of plan termination.	29(6.1) to 29(6.5) PBSA	April 1, 2011
	Please note that plans must continue to file annual Actuarial Reports, Certified Financial Statements (OSFI-60), Annual Information Returns, Auditor's Reports (if applicable), and Solvency Information Returns after the date of plan termination, until the plan is wound up. The Actuarial Reports must, in part, set out the remaining payments required to liquidate the solvency deficit as at the valuation date.	24.1 PBSR	April 1, 2011

Defined Contribution -Specific Provisions

Topic	Description	Section of PBSA / PBSR	In Force Date
Definition of "member choice account"	Definition added to recognize individual accounts where the member, former member, survivor or former spouse or former common-law partner of the member or former member is permitted to make investment choices.	2(1) PBSR	April 1, 2015
Investment Options	The responsibilities of an administrator are clarified with respect to offering plan members investment options in respect of defined contribution provisions or additional voluntary contributions; and	8(4.2) to 8(4.4) PBSA	April 1, 2015
	The authority to develop regulations respecting investment options offered by an administrator has been added.	39(1)(n.2) & (n.3) PBSA	April 1, 2015
	The PBSR provides that a statement of investment policies and procedures (SIP&P) does not need to be established for the plan's portfolio of investments and loans that relate to any member choice account.	7.1(1) PBSR	April 1, 2015
Additional disclosure for member choice accounts	Plan administrators must annually provide a statement that includes a description of each investment option available, how the funds are currently invested and any timing requirements that apply in the making of investment choices.	7.3(1) PBSR	July 1, 2016
Asset Transfers	The Superintendent's permission to transfer assets related to DC plan provisions is no longer required. Please refer to OSFI's June 2011 Guidance Note on DC Asset Transfers.	10.2 PBSA	July 12, 2010

Variable Benefits	Variable benefits (i.e. payments similar to those paid from a life income fund) may be paid from a DC plan if the member's or former member's spouse or common-law partner consents. The consent form is prescribed in the PBSR. The PBSA provides certain minimum requirements with respect to the payment of variable benefits such as survivor benefits and transfer options.	16.2 to 16.4 PBSA23.3 Schedule IV, Form 5.2 PBSR	April 1, 2015
	The PBSR sets out the details concerning the minimum and maximum amounts that may be paid in a calendar year.	21.1 PBSR	April 1, 2015
	References throughout the PBSR to transfers of funds under section 26 of the PBSA (portability from a pension plan) have been amended to include transfers under 16.4 (transfers from a plan paying variable benefits).	19.1 20.1(1)(l)(i) 20.2(1)(d)(i) 20.3(1)(l)(i) 20.3(1)(n)(i) Schedule II Form 3 PBSR	April 1, 2015

Funding

OSFI has developed a set of FAQs to provide more specific guidance on changes to the funding rules.

Topic	Description	Section of PBSA / PBSR	In Force Date
Required Payments	In respect of pension plans other than multi-employer plans, the employer shall pay all amounts required to meet the prescribed tests and standards for solvency. In respect of multi-employer pension plans, each participating employer shall pay all contributions required under an agreement among participating employers or a collective agreement, statute or regulation. However, pursuant to 9(1) of the PBSA, the plan as a whole must be funded in accordance with the prescribed tests and standards for solvency.	9(1.1) and 9(1.2) PBSA	July 12, 2010
Letters of Credit	An employer may obtain a qualifying letter of credit instead of paying into the pension fund an amount that is required to be paid under subsection 9(1.1) of the PBSA (solvency special payments), except amounts deducted from members' remuneration. Letters of credit cannot be used where a plan has terminated.	9.11 PBSA	April 1, 2011
	The total face value of all letters of credit held for the benefit of a plan cannot exceed 15% of the market value of assets as determined on the valuation date. Other detailed requirements that must be met are outlined in section 9.1 of the PBSR.	9.1 PBSR	April 1, 2011
Crown Corporations	Agent crown corporation are permitted to reduce their payments required under 9(1.1.) (solvency special payments), recognizing that it would be through a different means than obtaining a letter of credit.	9.16 PBSA	April 1, 2011
	The conditions that agent Crown corporations have to meet in order to reduce solvency special payments are outlined in section 9.16 of the PBSA.	9.2 PBSR	April 1, 2011
Average Solvency Ratio	A three year average solvency ratio is used to establish solvency special payments.	9(8) PBSR	July 1, 2010
Contribution Holidays	Contribution holidays may only be taken where the solvency ratio is above 1.05 (and there is a going-concern excess).	9(5)(b) PBSR	July 1, 2010

Remittance – Employer Contributions	Employer contributions, including current service cost contributions and any special payments, must be remitted to the pension fund monthly (within 30 days following the end of each period for which the instalment is paid). The timing of member contributions is unchanged - must be remitted within 30 days following the end of the period in which the contributions were deducted.	9(14) PBSR	Jan. 1, 2011
Interest Rate on Late Payments	The interest rate to be used if an employer fails to make payments in accordance with subsection 29(6) or at the times set out in subsection 9(14) is specified for various payment types.	10 PBSR	July 1, 2010

Disclosure to Members

Topic	Description	Section of PBSA / PBSR	In Force Date
Electronic Communication	Establishes rules with respect to the use of electronic means to satisfy requirements to provide information to members.	31.1 & 31.2 PBSA	April 1, 2015
	Sections 25 to 25.3 of the PBSR provide additional details including: • how an addressee may give and revoke their consent • what information must be provided to the addressee before they consent • how notice must be provided when information is posted on a website • when an electronic document is considered to have been provided and when an administrator must mail a paper copy	25 to 25.3 PBSR	April 1, 2015
Plan Amendments	An explanation of the provisions of the plan and any applicable amendments must be provided to members, eligible members and spouses or common-law partners within 60 days after the establishment of the plan or the making of an amendment to the plan.	28(1)(a)(i) PBSA	Dec. 15, 2010

Annual Statement to Members	The following additional information must be provided to members on their annual statement: For defined benefit plans, • the valuation date of the most recent actuarial report along with the date of the next required actuarial report, • the value of solvency assets and solvency liabilities, and • the employer payments made to the plan for the plan year. For defined benefit plans and defined contribution plans that are not member choice, • a list of the pension funds' 10 largest asset holdings based on market value, and • the target asset allocation expressed as a percentage of total assets.	23(1)(m) 23(1)(q)(i)(A) 23(1)(q)(ii) 23(1)(r) PBSR	July 1, 2016
Annual Statement to Former Members	Each former member of the plan and former member's spouse or common-law partner must be provided with a written statement containing the prescribed information within six months after the plan year end.	28(1)(b.1) PBSA	April 1, 2011
	The PBSR outlines the information that is required to be included in the written statement (similar to the plan information provided in the annual statement to members).	23 (1.1) PBSR	July 1, 2016
	Specific requirements for annual statements to former members receiving a variable benefit.	23(1.1)(i) PBSR	July 1, 2016
Negotiated Contribution Plans	The plan booklet and annual statements to members and former members for negotiated contribution plans must explain that contributions to these plans are limited and that this may lead to reductions in benefits if the negotiated contributions are insufficient to meet the prescribed solvency standards.	22.1, 23(1)(s), 23(1.1)(h) PBSR	July 1, 2016

Investments

Topic	Description	Section of PBSA / PBSR	In Force Date
Definition of a "Mutual Fund" or "Pooled Fund" repealed	Definition repealed and replaced with "investment fund"	2(1) PBSR	July 1, 2016
Definition of 'investment fund"	Definition added to replace "mutual fund" or "pooled fund"	2(1) PBSR	April 1, 2015
Definition of "marketplace"	Definition added to replace "public exchange"	2(1) PBSR	April 1, 2015
Definition of "public exchange" repealed	Definition repealed and replaced with "marketplace"	1 Schedule III PBSR	July 1, 2016
Quantitative Investment Limits	Quantitative investment limits in respect of resource and real property investments have been eliminated.	Schedule III PBSR	July 1, 2010
10% limit	The 10% limit is based on the "market value" of a pension plan's assets rather than the "book value". The amendments clarify that the 10% limit applies when the loan or investment of moneys of the plan is made and applies to the aggregate value of debt and equity investments in the entity.	9(1) and (1.1) Schedule III PBSR	July 1, 2016
	The amendments also clarify that the 10% limit applies at the member account level for a plan that allows a member to make investment choices.	9(1.1) of Schedule III PBSR	
	The regulations set out changes to the carve-outs to the 10% limit for certain investments (e.g. to include investments that involve the purchase of a contract or agreement in respect of which the return is based on a performance of a widely recognized index of a broad class of securities traded at a marketplace).	9(2) and (3) of Schedule III PBSR	

Related Party Rules	An administrator will no longer be allowed to invest or lend plan assets directly or indirectly in the securities of a related party (including the employer) unless the securities are held in an investment fund or segregated fund in which investors other than the administrator and its affiliates may invest and that complies with certain quantitative limits. Administrators of pension plans that currently hold securities of related parties that are not permitted under the amended regulations will be given five years to divest of these securities.	16 and 17 of Schedule III PBSR	July 1, 2016

Other

Topic	Description	Section of PBSA / PBSR	In Force Date
Distressed Pension Workout Scheme	An employer may make a declaration that: • it does not anticipate being able to make the required payments to the plan or is subject to restructuring proceedings; • it intends to negotiate with representatives of members and beneficiaries with the purpose of entering into a workout agreement; • indicates what portion of the payments referred to in subsection 29.07(1) the employer intends to defer; and • contains any prescribed information. Upon making the declaration, special payments may be deferred for up to nine months. During that period, the parties may negotiate a new funding arrangement that would be subject to: • member and beneficiary non-objection, • the Superintendent's determination that the arrangement meets certain funding criteria and • Ministerial approval.	29.01 PBSA	April 1, 2011
	Section 10.1 to 10.991 of the PBSR provide additional detail with respect to: • information to be provided to members and beneficiaries, • minimum requirements that the negotiated funding schedule must meet, • requesting Ministerial approval of the funding schedule, among other requirements.	10.1 to 10.991 PBSR	April 1, 2011

Simplified Pension Plans	With the introduction of pooled registered pension plans (PRPPs), portions of the PBSR related to simplified pension plans have been repealed.	11(1)(g) 11.1 to 11.3 PBSR	April 1, 2015
Refund of Surplus Waiting Period	The waiting period after the Superintendent has consented to a refund of surplus has been increased from 14 days to 40 days.	16(2)(e) PBSR	April 1, 2015
Purchase of Annuities	The purchase of immediate or deferred annuities is restricted if the purchase would impair solvency.	26.1 PBSA	July 12, 2010
	Section 9 of the *Directives of the Superintendent pursuant to the Pension Benefits Standards Act, 1985* provides direction on the restricted purchase of immediate and/or deferred annuities by plan administrators.	9 *Directives of the Superintendent pursuant to the PBSA*	June 2011
Unlocatable Members or Former Members	The Minister of Finance, with the approval of the Governor in Council, may designate an entity for the purpose of holding pension benefit credits of any person who cannot be located. This entity has not yet been designated.	10.3(1) to 10.3(5) PBSA	Dec.15, 2010
Multi-lateral Agreement	The Minister of Finance may enter into a multi-lateral agreement with designated provinces regarding the regulation and supervision of multi-jurisdictional pension plans.	6.1 PBSA	Dec.15, 2010

Powers of the Superintendent & Authority to Develop Regulations

Topic	Description	Section of PBSA / PBSR	In Force Date
Terms or Conditions for Approvals	Any approval, consent, authorization or permission of the Superintendent may be subject to terms and conditions.	5(3) PBSA	July 12, 2010
Designated Actuary	The Superintendent may designate an actuary to prepare an actuarial report or a termination report for a pension plan.	9.01 PBSA	July 12, 2010
Void Amendment	The existing authority to develop void amendment regulations has been enhanced.	10.1(2) PBSA	Oct. 31, 2010
	For the purposes of paragraph 10.1(2)(c) of the PBSA, the prescribed solvency ratio level is 0.85. Unless the Superintendent authorizes the amendment, an amendment is void if it would reduce the solvency ratio of the plan to below 0.85 once the amendment is made.	9.3 PBSR	April 1, 2011
Regulations Requiring Filings	Regulations may be passed requiring filings with the Superintendent by an employer.	12(3) PBSA	July 12, 2010
Incorporation by Reference	A regulation may incorporate by reference a document produced by a person or body other than the Minister or Superintendent.	39.1 PBSA	July 12, 2010