Instruction guide

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Table of Contents

Introduction

1.0 Asset transfer scenarios

2.0 Asset transfers that do **not** require the Superintendent's permission

3.0 Asset transfers that require the Superintendent's permission

- 3.1 Transfers involving individuals whose pension benefits are subject to provincial pension legislation
- 3.2 Filing requirements
- 3.3 Transfers to a pooled registered pension plan

4.0 Notification to OSFI

5.0 Contributions after the effective date of an asset transfer

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

Accompanying documents

- 2023 Approval Request Form - Asset Transfers related to Defined Contribution Provisions of Pension Plans (PDF, 279.75 KB)
- Asset Transfers related to Defined Contribution Provisions of Pension Plans (March 2018)

Introduction

The Office of the Superintendent of Financial Institutions (OSFI) has issued this Instruction Guide to inform the pension industry of OSFI's expectations with respect to asset transfers related to defined contribution provisions from federally regulated pension plans and the filing requirements related to transfers involving individuals whose pension benefits are subject to provincial pension legislation.

An asset transfer occurs when all or any part of the assets of a pension plan are transferred to another pension plan. For asset transfers related to defined contribution provisions that pertain to members in included employment[1], administrators do not need to obtain the federal Superintendent's permission, provided that the transfer is not to a pooled registered pension plan[2]. Although permission is not required in this case, OSFI expects to be notified of such a transfer and expects administrators to ensure that the rights and interests of the affected individuals are preserved.

If, however, the transfer includes assets of individuals whose pension benefits are subject to provincial pension legislation, then, in most cases, permission from the federal Superintendent is required because most provincial pension legislation requires the approval of the relevant supervisory authority.

This Instruction Guide does not apply to asset transfers related to defined benefit provisions[3].

OSFI has developed a standardized Approval Request Form for Asset Transfers related to Defined Contribution Provisions of Pension Plans (PDF, 279.75 KB) (Asset Transfer Request Form). This form should be submitted when permission to transfer assets is required.

If there is a discrepancy between the Instruction Guide and the *Pension Benefits Standards Act, 1985* (PBSA) or the *Pension Benefits Standards Regulations, 1985* (PBSR), the legislation prevails. When reviewing requests for permission to transfer assets, OSFI may consider factors or require documentation not mentioned in this Instruction Guide.

1.0 Asset transfer scenarios

An asset transfer occurs when all or any part of the assets of a pension plan (the “transferring plan”) are transferred to another pension plan (the “receiving plan”). This can occur between pension plans with different employers and between pension plans established for the same employer.

An asset transfer from a pension plan can occur for a number of reasons including a sale or other transfer of business, a merger or amalgamation as part of a business rearrangement of pension plans or as a result of a transfer of individuals between plans.

The following scenarios are not considered asset transfers and therefore do not require the Superintendent's permission:

- A change to a pension plan's custodial arrangements - documentation[4] supporting a custodial change must be filed with OSFI
- The exercise of portability rights under section 26 of the PBSA
- A transfer of assets to correct an administrative error that occurred in a pension plan - custodians or administrators are expected to inform OSFI in writing of the error and the actions taken to rectify it.

2.0 Asset transfers that do **not** require the Superintendent’s permission

Unless the assets are being transferred to a pooled registered pension plan[2], administrators do not need to obtain the federal Superintendent’s permission to transfer assets related to defined contribution provisions if that transfer only pertains to transferring members in included employment[1]. In this case, OSFI still expects administrators to ensure that the rights and interests of the individuals affected by such transfers are preserved.

Prior to transferring these assets, OSFI expects the administrator of the transferring plan to ensure the following:

- The value of a transferring individual’s defined contribution account balance is not reduced.
- All contributions due are remitted to the transferring plan for the affected individuals.

- 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.
- Transferring individuals are informed of the asset transfer and their account balance.
- Transferring individuals 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.
- The transferring individuals' records will be provided to the administrator of the receiving plan.

3.0 Asset transfers that require the Superintendent's permission

3.1 Transfers involving individuals whose pension benefits are subject to provincial pension legislation

Some plans cover employees in both included employment and employees who are subject to provincial legislation. These plans are known as multi-jurisdictional pension plans (MJPPs).

On July 1, 2020, the federal government, together with the governments of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick and Nova Scotia, signed the 2020 Agreement Respecting MJPPs (PDF, size 20 MB) (the 2020 Agreement). Effective July 1, 2023, the governments of Manitoba and Newfoundland and Labrador have also signed the 2020 Agreement. The 2020 Agreement delegates responsibility for regulatory approvals from the minor authorities of a MJPP to the major authority of a MJPP. This means that the major authority is responsible for approving these transactions, including asset transfers, on behalf of any minor authority that requires approval under their provincial pension legislation. Generally, the major authority is the pension regulator of the jurisdiction with the plurality of active members in the plan. If the plurality of active members is in included employment, the major authority would be OSFI and the plan would be registered federally.

With the exception of Saskatchewan[5], all of the provinces that are signatories to the 2020 Agreement require approval of the relevant supervisory authority for asset transfers related to defined contribution provisions. Accordingly, the administrator of a pension plan for which OSFI is the major authority must obtain the federal Superintendent's permission prior to transferring assets related to defined contribution provisions from a federally registered pension plan if the transfer involves individuals whose pension benefits are subject to the pension

legislation of one or more of the signatories of the 2020 Agreement.

There is no provincial pension legislation in force in Prince Edward Island (PEI). 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 PEI.[6]

3.2 Filing requirements

Where the Superintendent's permission to transfer defined contribution assets is required, administrators must complete the Asset Transfer Request Form. The Asset Transfer Request Form, and other relevant supporting documents (for example, the transferring plan amendment, the receiving plan amendment or plan text as applicable) must be filed using the Regulatory Reporting System (RRS). Please refer to the Instruction Guide for: Filing an Application of an Asset Transfer related to Defined Contribution Provisions (Provincial Plan Members Only) using RRS for further instructions.

When completing section 6 of the Asset Transfer Request Form, the province of the transferring individuals that are not in included employment must reflect their jurisdiction in the transferring plan, even if their jurisdiction changes in the receiving plan[7]. 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.

3.3 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, administrators must contact OSFI for information on how to obtain the Superintendent's permission.

4.0 Notification to OSFI

Regardless of whether permission from OSFI is required for the defined contribution asset transfer, following a transfer of assets, OSFI expects the administrator of a transferring plan to notify OSFI in writing of the following:

- that the transfer has taken place,
- the name of the receiving plan to which assets were transferred,
- the date of the transfer, and
- the final amount transferred.

5.0 Contributions after the effective date of an asset transfer

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

6.0 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 administrator of the transferring plan must continue to file annual information returns, certified financial statements (and, if required, auditor's reports) and pay annual 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 once OSFI receives written confirmation from the administrator of the transferring plan 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.

1 Subsection 4(4) of the PBSA defines included employment.

2 See section 3.3 of this Instruction Guide for further details.

3 With respect to the transfer of assets related to defined benefits from a federally regulated pension plan to another pension plan, please see OSFI's Instruction Guide on Asset Transfers related to Defined Benefit Provisions of Pension Plans.

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

5 Saskatchewan's pension legislation does not include specific requirements with regards to approving asset transfers; however, it does include the requirement to obtain approval from the Superintendent of Pensions in Saskatchewan for any amendments made to the plan. Under the 2020 Agreement, the provisions of the pension legislation of the major authority's jurisdiction govern with respect to amendments and OSFI does not register or approve amendments. As a result, for asset transfers involving individuals subject to Saskatchewan's pension legislation only, OSFI's approval is not required.

6 Provided that the transfer is not to a pooled registered pension plan. See section 3.3 of this Instruction Guide.

7 In some cases, the transferring members' jurisdiction changes because of the underlying transaction (e.g., change in employment because of a sale of business).