

Pension Update - April 22, 2021

New approach and transition for Form 7 to take effect January 1, 2022

FSRA continues to focus its efforts on efficient and effective regulation. Following targeted consultations as well as discussions with our Standing Technical Advisory Committees last fall, FSRA is updating its Form 7 and related processes, including releasing updates of all relevant forms.

Effective January 1, 2022, under the revised process:

- Annual Form 7 - Plan administrators will continue to complete and submit their annual Summary of Contributions / Revised Summary of Contributions (Form 7) with the trustee(s) of the pension fund in accordance with the legislative framework.
- Non-remittance Reporting - Trustee(s) will continue to report failures to remit any contribution(s) to FSRA. This reporting remains on a monthly basis. In line with legislative requirements, reporting will include any amounts which are required to be remitted but have not been remitted within 60 days following the contribution due date. In addition, any variance in special payments shall be included in this monthly reporting.
- Variance Reporting - The threshold for reporting variances in expected contributions will be increased from 10% to 25%. The exception is special payments to defined benefit plans – these are treated as non-remittances as per the paragraph above. Similar to Alberta and British Columbia, the reporting period for informing FSRA of variances will change from monthly to quarterly. Trustees will be required to report any variances of 25% or more to FSRA within 60 days after the end of each quarter. There continues to be no requirement to report variances that are “over-contributions”.

Updated forms with full details will be available this summer. FSRA recognises the sector will require time to transition. The revised forms and processes will take effect on January 1, 2022.

Required timing for filing Amendments

FSRA has noticed that some plans are filing amendments that reduce benefits after the effective date of the amendment. The *Pension Benefits Act* (PBA):

- requires that Plans be administered in accordance with the documents filed with the pension regulator;
- allows for retroactive amendments, assuming that those amendments are not “void” under section 14 of the PBA;

VOID Amendments

Of particular concern to FSRA are amendments which state that they are reducing pension benefits accrued before the amendment is filed with FSRA.

While the PBA allows retroactive amendments, this does not override the requirements regarding amendments which reduce accrued benefits. The plan must be administered in accordance with the existing plan terms on file with FSRA.

Note that there are certain exceptions to the void amendment restriction.

Waiver of the Adverse Amendment Notice

When an amendment involves the reduction of benefits on a go-forward basis, notice must be provided to members unless a waiver from this requirement is approved by FSRA. One common situation is where the amendment has been bargained by a trade union that represents the members. There is no automatic right to a waiver from the adverse amendment notice requirements. A plan must apply to FSRA for such a waiver. FSRA expects all requests to be supported by facts and relevant documentation.

https://www.fsrao.ca/pension-update-april-22-2021?utm_source=pensions_mailing&utm_medium=email&utm_campaign=apr2021_penupdates#approach