

**ADMINISTRATIVE PROCEDURES FOR THE AGREEMENT RESPECTING  
MULTI-JURISDICTIONAL PENSION PLANS**

**May, 2011**

## **Administrative Procedures: Introduction**

The Agreement Respecting Multi-Jurisdictional Pension Plans (the Agreement) provides a framework for the administration and regulation of pension plans that have members subject to the supervision of more than one jurisdiction.

The Commentary Guide accompanying the Agreement (Commentary Guide) contains the text of each provision in the Agreement, followed by explanatory notes for each respective provision, as well as examples where necessary.

The administrative procedures are not part of the agreement, but have been developed by CAPSA to facilitate the implementation of the Agreement. They outline how specific provisions of the Agreement are applied by members of CAPSA, as well as facilitate communication among supervisory authorities and with plan administrators.

The administrative procedures are:

1. Decision making and appeals.
2. Disputes between pension supervisory authorities.
3. Cooperation between pension supervisory authorities.
4. Language of communication.
5. Periodic reporting.
6. Communications to plan administrators when a minor authority makes a decision or exercises a power.
7. List of benefits required to be funded.

# **ADMINISTRATIVE PROCEDURE**

## **Decision Making and Appeals**

**Agreement Reference: Section 4**

### **BACKGROUND**

The Agreement sets out the procedures for decisions made by pension supervisory authorities in respect of multi-jurisdictional pension plans, and for recourse to those decisions. A decision under the Agreement includes an order, direction, approval or, if specific recourse is provided, a proposal to make such a decision.

Since the Agreement provides that the major authority shall exercise the functions and powers necessary to carry out the Agreement, and apply and enforce any rules specified in the Agreement, the major authority makes most initial decisions related to pension plans covered by the Agreement. Exceptions are provided where the major and minor authorities agree that the minor authority makes a particular decision concerning the application of the legislation of the minor authority's jurisdiction, and in respect of the power to order the splitting of a pension plan, which can only be exercised by the authority that is provided with that power in its own jurisdiction's legislation.

Where the major authority makes a decision related to a matter referred to in Schedule B, the Agreement provides that the legislation of the major authority applies in respect of the issuance of, or proposal to issue, orders, directions, approvals and decisions, and to any rights to their reconsideration or review.

Where the major authority makes a decision related to a matter **not** referred to in Schedule B, the Agreement provides that the pension legislation of each minor authority's jurisdiction apply. The Agreement also provides that the decision shall be made in accordance with the procedural provisions of the pension legislation of the major authority's jurisdiction, and that any right to recourse shall be determined under the relevant legislation of the minor authority's jurisdiction.

Since the decision-making and appeals procedures on non-Schedule B matters combine the application of the minor authority's legislation, the decision-making procedures of the major authority, and the appeals procedures of each minor authority concerned, there needs to be effective communication and coordination between the major authority and the minor authorities concerned. Also, since the procedural requirements regarding the right to recourse to a decision will vary across jurisdictions, and may not always be in line with the decision making process in the major authority's jurisdiction, the major authority may need to modify or enhance its decision making procedures in some instances, particularly with respect to issues of notice and opportunities to make submissions before a decision is made.

For example, the major authority may, in order to accommodate the procedures in the legislation of a minor authority's jurisdiction, need to provide an opportunity to make

written representations prior to a decision, even where this is not set out in the procedural provisions normally applicable to the major authority.

The following table summarizes the decision making and recourse processes:

<b>Type of Decision:</b>	<i>Schedule B</i>	<i>Non-Schedule B</i>
<b>Applicable Legislation:</b>	Major authority's laws	Minor authority's laws
<b>Initial Decision Maker:</b>	Major authority	Major authority
<b>Initial Process:</b>	As provided for in the major authority's legislation.	Using the process under the major authority's law that applies to a similar decision.
<b>Recourse:</b>	As provided for and available under the laws of the major authority's jurisdiction.	Laws of the minor authority jurisdiction that apply to a minor authority's decision dictate the recourse available from the initial decision.
<b>Final Decision:</b>	Major authority is responsible to carry out the final decision.	Major authority is responsible to carry out the final decision.

## **PURPOSE**

The purpose of this document is to set out an administrative procedure specifying how pension supervisory authorities coordinate their activities and communicate with each other in administering the decision making and appeals provisions under the Agreement.

It is also intended to guide pension supervisory authorities in identifying instances where modifications may need to be made to the procedures followed by a major authority in making a decision on a non-Schedule B matter in order to make the process compatible with the recourse provisions of the minor authority's jurisdiction and help ensure that the decision is legally valid (on procedural grounds) in the minor authority's jurisdiction.<sup>1</sup>

## **PROCEDURES**

### **1. Plan matter decisions (i.e. related to matters set out in Schedule B).**

For "plan matter" decisions, the laws of the major authority's jurisdiction apply, and the major authority follows the provisions of its legislation in making such decisions. Any recourse or appeals is pursuant to the laws of the major authority.

As the applicable law, the decision-making procedures, and the recourse are all governed by the legislation of the major authority's jurisdiction, there is no

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<sup>1</sup> Caution will need to be exercised so that any modification to the procedures of the major authority do not provide grounds for a legal challenge on the basis that the major authority did not follow the procedures set out in its legislation.

special need for coordination between pension supervisory authorities in respect of such decisions. It is proposed that the major authority informs each minor authority affected by a “plan matter” decision, as set out in the administrative procedure on Periodic Reporting.

## **2. Decisions related to matters not set out in Schedule B.**

### *Initial Decision:*

The major authority makes the initial decision interpreting the legislation of the minor authority’s jurisdiction. This requires that the major authority have an understanding of the relevant provisions of the legislation in the minor authority’s jurisdiction.

With respect to the decision-making procedures, though the major authority follows the procedural provisions under its own legislation, certain additional requirements apply as set out in the Agreement. The major authority gives notice to affected parties as to: the provisions of the legislation of the minor authority’s jurisdiction that were applied to make the decision; any recourse available under legislation in the minor authority’s jurisdiction; and any time limits to seek such recourse.

The Agreement also provides that a person shall have the right to communicate with the major authority in the same manner that they would be entitled to communicate with a pension supervisory authority in the absence of the Agreement. A separate administrative procedure has been established on the Language of Communication.

### *Recourse:*

The agreement stipulates that a decision made by the major authority is deemed to have been made by the minor authority in conformity with the minor authority’s decision making process and that statutory recourse will be under the laws of the minor authority’s jurisdiction, as if the minor authority had made the initial decision.

### *Implementing final decision:*

Once all recourse has been exhausted in relation to a decision on a non-Schedule B matter, the major authority is responsible for carrying out the final decision.

## **Expected coordination and communication among authorities**

- 2.1 The major authority consults with the minor authority on the interpretation of the provisions of the minor authority’s legislation relevant to the decision. The minor authority provides assistance, as requested by the major authority, in interpreting the minor authority’s legislation.

- 2.2 The major authority obtains from the minor authority a description of the recourse provided, if any, from the decision under the pension legislation, or any other legislation, of the minor authority's jurisdiction, including the body before which such recourse may be exercised and the time limit for exercising such recourse.
- 2.3 Where a decision of the major authority on a non-Schedule B matter is appealed:
  - 2.3.1 the major authority provides the minor authority with all information relevant to the decision to support the minor authority's role in the appeal process;
  - 2.3.2 the minor authority keeps the major authority informed of the progress of the appeal process to enable the major authority to continue to supervise the pension plan effectively, and informs the major authority of the outcome of the appeal; and
  - 2.3.3 the minor authority informs the major authority once a decision is no longer open to any further appeal in order that the major authority can enforce the decision.

**Potential modifications to major authority's decision making procedures**

- 2.4 As noted above, the major authority is required by the Agreement to provide parties receiving a decision with information regarding the relevant substantive provisions of the legislation in the minor authority's jurisdiction and any available recourse to the decision. This may require the major authority to make decisions applying, and to provide information regarding, the relevant provisions in the pension legislation of more than one minor jurisdiction. The attached table provides information regarding available appeals to different types of decisions.

As a general principle, the major authority is expected to make such modifications to its process for making and communicating decisions as are necessary to meet standards of fairness consistent with those in each minor authority's jurisdiction. In particular, where a major authority issues a Direction of Compliance, or similar order, in respect of a non-Schedule B matter, it is expected to provide notice and opportunity for representations prior to making that decision if the decision applies in respect of any jurisdiction where legislation includes notice or representation requirements. Thus, where the legislation of the major authority's jurisdiction does not require the major authority, when making or issuing a decision, to first issue a notice to the party and provide an opportunity for written representation prior to issuing a direction of compliance, the major authority is expected to do so if the legislation that is being applied by the decision requires it. Consideration is given to the form of such notice, with a view to it satisfying the requirements of the legislation of the different jurisdictions concerned.

- 2.5 Section 4(7) of the Agreement provides that a person shall be entitled to communicate with the major authority in the same manner that the person would be entitled to communicate with a pension supervisory authority under the legislation that would apply in the absence of the Agreement. This matter is

considered in detail in the administrative procedure on the Language of Communication.

**ADMINISTRATIVE PROCEDURE**  
**Disputes between pension supervisory authorities**  
Agreement Reference: Section 18(e)

**BACKGROUND**

Clause 18(e) of the Agreement Respecting Multi-jurisdictional Pension Plans provides that the pension supervisory authorities that are subject to the Agreement shall seek an amicable resolution to any dispute that arises between them with respect to the interpretation of the Agreement.

**PURPOSE**

The purpose of this document is to set out an administrative procedure specifying the procedures to be followed in the event of a dispute between pension supervisory authorities respecting the interpretation or application of the Agreement before any other recourse is undertaken by those authorities.

The areas covered by this administrative procedure include:

1. Submission of the dispute to the Multilateral Agreement Standing Committee for consideration.
2. Review and advice of the Multilateral Agreement Standing Committee.
3. Resolution of the dispute based on the advice of the Multilateral Agreement Standing Committee.
4. Submission of the dispute to CAPSA for consideration.
5. Decision of the major authority.
6. Confidentiality of information.

**PROCEDURES**

- 1. Submission of the dispute to the Multilateral Agreement Standing Committee for consideration.**
  - 1.1 If the authorities that are party to the dispute cannot resolve the dispute between themselves, they prepare a Joint Submission describing, in detail, the nature of the dispute. The authorities should attempt to provide an agreed description of the nature of the dispute in the Joint Submission. However, if the authorities cannot reach full agreement as to the description of the nature of the dispute, the Joint Submission describes what the authorities do agree upon, and each authority separately describes in the Joint Submission what they do not agree upon.
  - 1.2 The authorities submit the Joint Submission to the Chair of the Multilateral Agreement Standing Committee for the Committee's consideration.

**2. Review and advice of the Multilateral Agreement Standing Committee.**

- 2.1 Upon receipt of the Joint Submission, the Chair of the Committee forthwith distributes the Joint Submission to all CAPSA members and invites any interested CAPSA member to provide comments on the Joint Submission to the Committee within 30 days.
- 2.2 The Committee reviews the Joint Submission and any comments provided by CAPSA members for the purpose of formulating the Committee's Advice on the dispute.
- 2.3 Where a member of the Committee represents an authority that is party to the dispute, that member does not participate in the Committee's review of the Joint Submission and formulation of the Committee's Advice on the dispute.
- 2.4 The Chair of the Committee provides the Committee's Advice on the dispute to all CAPSA members within 60 days after receiving the Joint Submission.

**3. Resolution of the dispute based on the advice of the Multilateral Agreement Standing Committee.**

- 3.1 Upon receipt of the Committee's Advice on the dispute, the authorities that are party to the dispute attempt to resolve the dispute based on the Committee's Advice.
- 3.2 If the authorities are able to resolve the dispute, they notify all CAPSA members of the resolution they have reached in relation to the dispute.

**4. Submission of the dispute to CAPSA for consideration.**

- 4.1 If the authorities are still unable to resolve the dispute, they notify the Chair of CAPSA of the situation.
- 4.2 The Chair of CAPSA arranges for all CAPSA members to review and discuss the Joint Submission, the Committee's Advice and any previous comments provided by CAPSA members for the purpose of formulating CAPSA's Advice on the dispute.
- 4.3 The Chair of CAPSA provides CAPSA's Advice on the dispute to all CAPSA members within the timeframe established by the Chair of CAPSA.

**5. Decision of the major authority.**

- 5.1 Upon receipt of CAPSA's Advice on the dispute, the authorities that are party to the dispute attempt to resolve the dispute based on CAPSA's Advice.

5.2 Whether or not the authorities are able to resolve the dispute, the major authority decides on the appropriate course of action to take in respect of the matter, and notifies all CAPSA members of its decision in that regards.

**6. Confidentiality of information.**

6.1 All information exchanged between pension supervisory authorities for purposes of resolving disputes under this procedure is confidential.

**ADMINISTRATIVE PROCEDURE**  
**Cooperation between pension supervisory authorities**  
**Agreement Reference: Section 18**

**BACKGROUND**

Section 18 of the Agreement Respecting Multi-jurisdictional Pension Plans (the “Agreement”) provides that the pension supervisory authorities that are subject to the Agreement shall cooperate in the administration of the Agreement.

**PURPOSE**

The purpose of this document is to set out an administrative procedure describing the provision of information requested, or other assistance requested, by one pension supervisory authority (an “authority”) from another authority in administration of the Agreement.

The areas covered by this administrative procedure include:

1. Provision of information and assistance requested for the application of the Agreement or pension legislation.
2. Provision of information to minor authorities, upon request from any such authority, on the application of the Agreement
3. Where applicable, communication concerning amendments to pension legislation that affect plans which are subject to the Agreement.
4. Notification of difficulties encountered in the interpretation or application of the Agreement or pension legislation.

While it is preferred that communications should be in writing, the authorities may, between or among themselves, agree to other forms of communication.

Resolution of disputes and communication with plan members, although included in section 18, are subject to separate administrative procedures.

**PROCEDURES**

1. **Provision of information and assistance.**
  - 1.1 Where the major authority of a pension plan that is subject to the Agreement requests information or assistance from a minor authority related to the application of the Agreement or of that minor authority’s pension legislation, the minor authority provides such information or assistance as soon as is practicable.

- 1.2 Where any authority requests information from another authority concerning steps taken for the application of the Agreement to a pension plan, the authority receiving the request provides information describing the steps taken to ensure the application of the Agreement as soon as is practicable.
- 1.3 Where the pension legislation of an authority is amended, that authority advises, in writing, all affected authorities of:
  - 1.3.1 The changes, if any, required to any pension plan document resulting from the amendment to that authority's pension legislation;
  - 1.3.2 The changes, if any, in administration required by the amendment to that authority's pension legislation; and
  - 1.3.3 Where applicable, the date by which administrators are required, or otherwise expected to, bring their pension plans into compliance with the amendments to that authority's pension legislation.
  - 1.3.4 Where the major authority of a pension plan that is subject to the Agreement receives notice of amendment to the pension legislation of a minor authority, the major authority should consider whether to provide copies of the notice to administrators of pension plans registered with that major authority that have members subject to the legislation of the minor authority.
  - 1.3.5 The authority whose pension legislation is being amended also provides the advice to the Multilateral Agreement Standing Committee so that the Committee may review the amendments for the impact on, or changes required to, the administration of the Agreement.
- 1.4 Where the major authority encounters difficulties in interpretation of application of the Agreement or pension legislation to a pension plan, the major authority, as soon as is practicable, communicates to the appropriate authority the nature of any problems with interpretation of the Agreement or pension legislation. The minor authority provides any assistance needed, as described in subsection 1.1, above.

# **ADMINISTRATIVE PROCEDURE**

## **Language of communication**

**Agreement Reference: Sections 4(7), 18(b)**

### **BACKGROUND**

Section 4(7) of the Agreement provides that any person is entitled to communicate with a pension plan's major authority in the same manner that the person would be entitled to communicate with a pension supervisory authority under the legislation that would apply to the person if this Agreement did not exist.

Consequently, a pension plan's major authority must communicate with any person in one or the other of the two official languages of Canada, at the option of such person, to the extent that such person would have the right, in the absence of the Agreement, to require the use of such language in communications with a plan's supervisory authority.

Since not all the supervisory authorities provide services in the two official languages of Canada, clause 18(b) of the Agreement provides that they assist each other with respect to the language used to communicate with the interested persons.

### **PURPOSE**

This administrative procedure is intended to indicate how the supervisory authorities assist each other and to guide supervisory authorities as to the language used in their communications with persons in the following cases:

1. Written communication initiated by a person:
  - 1.1 A person uses one or the other of the two official languages of Canada to communicate with a plan's major authority and that authority offers services in both of those languages.
  - 1.2 A person uses one or the other of the two official languages of Canada to communicate with a plan's major authority and that authority does not offer services in the language used.
  - 1.3 A person communicates directly with a plan's minor authority.
2. Written communication initiated by the major authority.
3. Translation fees.

## **APPLICABLE PRINCIPLE**

Where the legislation of the jurisdiction to which a person is subject gives that person the right to require a pension plan's supervisory authority to communicate in a particular language, the major authority must communicate in that language. **In some cases, failure of the major authority to respect this right may render the communication inoperative with respect to that person.**

## **PROCEDURES**

### **1. Written communication initiated by a person.**

- 1.1 Where a person uses one or the other of the two official languages of Canada to communicate with a plan's major authority and that authority offers services in both of those languages (see the Appendix for a list of the languages in which the supervisory authorities offer services), the major authority replies to the person in the language used by that person. At the request of the person, the major authority may reply in the other language.
- 1.2 Where a person uses one or the other of the two official languages of Canada to communicate with a plan's major authority and that authority does not offer services in the language used:
  - 1.2.1 If the person has the right to require the major authority to reply in the language used, there are two possibilities:
    - The major authority and the minor authority under the jurisdiction to which the person is subject may agree that the minor authority replies to the communication as the agent of the major authority. The reply mentions that the minor authority is acting as such.
    - The major authority may decide to reply directly to the communication. In this case, the minor authority may offer translation assistance to the major authority. Since this option could result in a more involved process, especially for the exchange of correspondence, it should be reserved for special situations.
  - 1.2.2 If the person does not have the right to require the major authority to reply in the language used, the major authority replies using the language in which services are usually offered by that authority.
- 1.3 Where a person communicates directly with a plan's minor authority, the minor authority forwards the communication to the plan's major authority.

### **2. Written communication initiated by a major authority.**

Written communications from a major authority may be addressed to an individual (natural person) directly (e.g., an information bulletin for plan members) or indirectly (e.g., through a plan administrator) or to a legal person.

In each case, unless the communication is written in both of the official languages of Canada, the pension plan's major authority ensures that the communication is written in the language that the addressee has the right to require a pension plan's major authority to use. The Appendix contains a list of the languages which a person can require a pension plan's major authority to use, according to the jurisdiction to which the person is subject.

Where the major authority provides services in only one of the official languages of Canada, a pension plan's major authority, if the need arises, calls upon one of the plan's minor authorities to obtain a translation.

### **3. Translation fees.**

Where a major authority calls upon a minor authority to obtain a translation, the authorities agree as to the reasonable translation fees to be paid to the minor authority prior to obtaining the translation.

## Appendix

Jurisdiction	Language in which the supervisory authority offers services	Language that a person has the right to require a pension plan's major authority to use in communications with the person
Alberta	English	English
British Columbia	English	English
Canada	English and French	English and French
Manitoba	English and French	English and French
New Brunswick	English and French	English and French
Newfoundland and Labrador	English	English
Nova Scotia*	English	English
Ontario	English and French	English and French
Québec	French and English	French
Saskatchewan	English	English

\* In Nova Scotia, if a French-speaking person contacts us, we will endeavour to have someone respond in French. The same applies to written communications. The person does not have a “right” to French communication, but we try to ensure it is provided.

**ADMINISTRATIVE PROCEDURE**  
**Periodic Reporting**  
Agreement Reference: Section 18(a)

**BACKGROUND**

Clause 18(a) of the Agreement Respecting Multi-jurisdictional Pension Plans (the “Agreement”) provides that the pension supervisory authorities that are subject to the Agreement shall provide other information which is reasonable in the circumstances.

**PURPOSE**

The purpose of this document is to provide examples (non-exhaustive) of both expected reporting and reporting that minor authorities may request from a major authority in confidence with respect to plans that are subject to the Agreement and have members subject to the pension legislation of that minor authority.

Examples of expected reporting include, but are not limited to:

- The granting of funding relief under the major authority’s pension legislation.
- Companies which are facing financial difficulty or which have approached the major authority regarding their financial concerns.
- Orders issued under either the *Companies’ Creditors Arrangement Act* (the “CCAA”) or the *Bankruptcy and Insolvency Act* (the “BIA”).
- A listing of plans with funding profiles.

Examples of additional reporting which may be requested by a minor authority include, but are not limited to:

- Active membership in plans that are registered with the major authority which are subject to the minor authority’s pension legislation.

The minor authority may request other information as is reasonable to ensure proper administration of this Agreement and the pension legislation of the minor authority(ies).

**PROCEDURES**

**Expected Reporting**

- 1. Granting of funding relief.**

- 1.1 The pension legislation of some authorities allows for funding relief on either or both going concern and solvency bases. Where a major authority exercises its authority to grant funding relief, that major authority should advise all relevant minor authorities of the fact that the funding relief has been granted. Notice is provided as soon as is practicable.
  - 1.2 The major authority should also advise the relevant minor authorities of the funding and/or solvency ratio of the particular plan and the effect of the relief on the amortization of the unfunded liability and/or solvency ratio, as applicable.
- 2. Orders under either the CCAA or BIA.**
- 2.1 Where an order is granted to a plan sponsor under the CCAA, the major authority provides notice to all relevant minor authorities. Notice is provided as soon as is practicable.
  - 2.2 Notice includes the date the order of protection was granted, the funding and/or solvency ratio of the plan as of the date of the most recent actuarial valuation report, the number of members that are subject to a minor authority's pension legislation, and any other relevant information. The notice also includes contact information for the court-appointed monitor.
  - 2.3 Where a plan sponsor is declared insolvent under the BIA, the major authority provides notice to all relevant minor authorities. Notice is provided as soon as is practicable.
  - 2.4 Notice includes the date the sponsor was declared insolvent, the funding and/or solvency ratio of the plan as of the date of the most recent actuarial valuation report, the number of members that are subject to a minor authority's pension legislation, and any other relevant information. The notice also includes contact information for the court-appointed receiver.

### **Ad Hoc Reporting**

- 3. Number of members.**
- 3.1 A minor authority may, not more often than annually, request that a major authority provide information, on a plan-by-plan basis, on the number of members in plans registered with the major authority that have active members who are subject to the legislation of the minor authority.
  - 3.2 The information includes the name of the particular pension plan, the total number of active members, the number of active members who are subject to the pension legislation of the minor authority and any other reasonable information requested by the minor authority.

3.3 The information is provided in reasonable time as agreed to by the major authority and the minor authority requesting the information.

**4. Funding Information.**

4.1 A minor authority may, not more often than annually, request that a major authority provide information, on a plan-by-plan basis, on the funding position of plans registered with the major authority that have active members who are subject to the legislation of the minor authority.

4.2 The information includes the name of the particular pension plan, the total number of active members, the number of active members who are subject to the pension legislation of the minor authority, the total liabilities of the pension plan on both a going concern and solvency basis, the funding ratio and the solvency ratio.

4.3 The information is provided in reasonable time as agreed to by the major authority and the minor authority requesting the information.

**5. Other information.**

5.1 An authority may request such other information as is reasonable from any other authority. The contents of such information, and the time for delivery is determined cooperatively by the authority making the request and the authority providing the information.

**ADMINISTRATIVE PROCEDURE**  
**Communications to plan administrators when a minor  
authority makes a decision or exercises a power**  
Agreement Reference: Section 4(3)

**BACKGROUND**

Section 4 of the Agreement outlines the role of the major authority. Subsection 4(3) states the following:

**Exceptions**

(3) Despite clause (b) of subsection (2):

- a) where the major authority for a pension plan and a minor authority for the plan agree that a particular function or power conferred by the pension legislation of the minor authority's jurisdiction shall be exercised in respect of the plan by the minor authority, only such minor authority may exercise such function or power in respect of the plan;
- b) where the major authority for a pension plan and a minor authority for the plan agree that a particular decision concerning the application of provisions of the pension legislation of the minor authority's jurisdiction shall be made in respect of the plan by the minor authority, only such minor authority may make such decision in respect of the plan; and
- c) where pension legislation confers on a pension supervisory authority the power to order or otherwise require the splitting of the assets and liabilities of a pension plan, only such authority may make a decision concerning the exercise of that power with respect to the liabilities of a plan that are subject to such pension legislation and the assets of the plan related to the funding of those liabilities.

**PURPOSE**

The purpose of this document is to set out an administrative procedure specifying communications to plan administrators when a power under 4(3) is exercised.

The areas covered by this administrative procedure include:

1. A particular function or power of the minor authority is exercised by the minor authority.
2. A particular decision concerning the application of provisions of the minor authority's pension legislation is made by the minor authority.
3. The power to order or otherwise require the splitting of the assets and liabilities of a pension plan.

## **PROCEDURES**

### **1. A particular function or power of the minor authority is exercised by the minor authority.**

- 1.1 The major and minor authorities agree that a particular function or power of the minor authority's jurisdiction is exercised by the minor authority.
- 1.2 The agreement details are documented in writing.
- 1.3 The major authority advises the plan administrator of this agreement and the expected timeline of when the function or power is exercised.
- 1.4 If appropriate, the major or minor authority may require that the plan administrator communicate this to the affected plan members.
- 1.5 The minor authority advises the major authority once the function or power has been exercised.

### **2. A particular decision concerning the application of provisions of the minor authority's pension legislation is made by the minor authority.**

- 2.1 The major and minor authorities agree that a particular decision concerning the application of pension legislation provisions of the minor authority is made by the minor authority.
- 2.2 The agreement details are documented in writing.
- 2.3 The major authority advises the plan administrator of this agreement and the expected timeline of when the decision is made.
- 2.4 If appropriate, the major or minor authority may require that the plan administrator communicate this to the affected plan members.
- 2.5 The minor authority advises the major authority of the decision once it has been made.

### **3. The power to order or otherwise require the splitting of the assets and liabilities of a pension plan.**

- 3.1 The minor authority informs the major authority, in advance if possible, of its decision to exercise its power to order or otherwise require the splitting of the assets and liabilities of a pension plan.
- 3.2 The major authority advises the plan administrator of the minor authority's decision to exercise this power.

**ADMINISTRATIVE PROCEDURE**  
**List of benefits required to be funded**  
Agreement Reference: Section 6(2)

**BACKGROUND**

The Agreement specifies that as a starting point, all benefits accrued under a multijurisdictional pension plan are required to be funded according to the major authority's rules. However, a benefit that is required to be funded in a minor authority's jurisdiction must still be funded, even if the major authority's rules do not require that benefit to be funded.

Subsection 6(2) of the Agreement states the following:

**Funding rule exceptions**

(2) Despite clause (a) of subsection (1):

- (a) where the pension legislation of a minor authority's jurisdiction would, if this Agreement did not exist, require the funding of a benefit provided with respect to persons having rights under a pension plan who are subject to that legislation:
  - i. funding shall be made in respect of that benefit with respect to those persons, even if funding for that benefit would not be required under the pension legislation of the major authority's jurisdiction; and
  - ii. funding of the benefit described in subclause (i) shall be made in a manner consistent with the funding of other benefits that are required to be funded under the pension legislation of the major authority's jurisdiction;
  
- (b) where the pension legislation of a minor authority's jurisdiction requires, for the purposes of this clause, that an additional liability be established and funded on a solvency basis with respect to persons having rights under a pension plan who are subject to that legislation:
  - i. such liability shall be established and funded, even if such liability would not be required to be established, and such funding would not be required, under the pension legislation of the major authority's jurisdiction; and
  - ii. funding of the liability described in subclause (i) shall be made in a manner consistent with the funding of benefits that are required to be funded under the pension legislation of the major authority's jurisdiction; and
  
- (c) subject to subsection (4), when a pension supervisory authority becomes the major authority for a pension plan in accordance with this Agreement, if the funding of any benefit provided under the plan has been based on actuarial

valuation reports filed in respect of the plan with a pension supervisory authority, the funding of those benefits shall continue to be subject to the pension legislation that applied immediately before the major authority assumed its functions in respect of the plan until such time as a new actuarial valuation report is due to be filed in respect of the plan with the major authority in accordance with the pension legislation of the major authority's jurisdiction.

## PURPOSE

The purpose of this document is to specify all of the benefits that are required to be funded in pension legislation, in order to simplify the process for plan administrators.

## BENEFITS

To simplify obtaining this information, this administrative procedure assumes that all benefits are required to be funded, and the following list includes the benefits not required to be funded (on either a going concern or solvency basis), as well as the section reference in the legislation providing for that funding exception.

Jurisdiction	"Excludable Benefits"	Valuation	Reference	Notes
Alberta	None			All benefits are required to be funded.
British Columbia	None			All benefits are required to be funded
Manitoba	None			All benefits are required to be funded
New Brunswick	None			All benefits are required to be funded.
Newfoundland	Escalated adjustments	Going Concern or Solvency	s. 6(5) of the PBA Regulations	Escalated adjustments are defined in section 2(1)(g) of the Regulations as follows:  "escalated adjustment" means an adjustment made after the cessation of membership of a member of a pension plan to his or her pension benefit or deferred pension benefit, which adjustment is not capable of being determined with certainty at the time the plan, or an amendment to that plan, is submitted for registration because the adjustment is related to the investment earnings of the pension fund or to future changes in a general wage or price index;
Nova Scotia	Indexation	Going Concern or Solvency	Regulation 12((1)(i), 13(2)(e) and 16(1)(a)	
	Grow-in benefits	Solvency	s. 79 of the Pension Benefits Act	
Ontario	1. Escalated Adjustments	Going Concern	s. 11	Payment of an escalated adjustment that has not been prefunded is deemed to be part of normal cost  <b>"escalated adjustment"</b> means an adjustment that is made to a pension or a deferred pension of a former member of a pension plan where, (a) the adjustment is not capable of being determined with certainty at the time the plan or a relevant amendment to the plan is submitted for registration because the adjustment is related to the investment earnings of the pension fund or to future changes in a general wage or price index, or (b) the adjustment is an increase in the pension or deferred pension at a fixed annual percentage rate specified in the plan; ("rajustement indexé")
	2. a) Escalated Adjustment	Solvency	Reg. s. 1 (2)	
	b) Plant closure benefits, if election to exclude was made	Solvency	Liabilities in clauses (a) to (h) of the definition of	<b>"plant closure benefit"</b> means a pension benefit or ancillary benefit payable only if all or a significant portion of the

			"solvency liabilities" are excluded from the calculation of the solvency liabilities.	business carried on by the employer at a specific location is discontinued, whether or not the pension plan is wound up in whole or in part; ("prestation de fermeture d'entreprise")
	c) Permanent Layoff Benefits, if election to exclude was made	Solvency		" <b>permanent layoff benefit</b> " means a pension benefit or ancillary benefit for which the eligibility requirements include permanent layoff, whether or not the benefit requires the consent of the employer or, in the case of a jointly sponsored pension plan, the consent of the employer or the administrator; ("prestation de mise à pied permanente")
	d) Special Allowances for which a member has not met all age and service eligibility requirements	Solvency		" <b>special allowance</b> " means a bridging benefit that is adjusted according to the income of the former member resulting from employment of the former member subsequent to termination; ("allocation spéciale")
	e) Consent Benefits for which a member has not met all eligibility requirements	Solvency		" <b>consent benefit</b> " means an ancillary benefit, other than a plant closure benefit or a permanent layoff benefit, the eligibility requirements for which include the consent of an employer or, in the case of a jointly sponsored pension plan, the consent of the employer or the administrator; ("prestation assujettie à un consentement")
	f) Prospective Benefit Increases not yet in effect	Solvency		" <b>prospective benefit increase</b> " means an increase to a pension benefit or ancillary benefit set out in the pension plan or agreed to by the parties to a collective agreement, but not yet in effect; ("augmentation future des prestations")
	g) Early retirement window benefit value for a member who is eligible to elect, but has not yet elected	Solvency		" <b>early retirement window benefit value</b> " means the amount by which, (a) the portion of the solvency liabilities of a plan that relates to all the pension and ancillary benefits to which a member is entitled if the member elects early retirement under a temporary program offered for a maximum period of twelve months, exceeds, (b) the portion of the solvency liabilities of a plan that relates to all the pension and ancillary benefits to which the member would be entitled in the absence of the temporary program; ("valeur des prestations pendant la période d'admissibilité à la retraite anticipée")
	h) Pension benefits and ancillary benefits payable under a qualifying annuity contract purchased before Jan. 1, 1993	Solvency		" <b>qualifying annuity contract</b> " means an annuity contract for the purpose of providing benefits under a plan, with the following characteristics: 1. The contract does not contain a provision allowing for the redistribution of benefits on a wind up or partial wind up of the pension plan. 2. The contract was entered into before the 1st day of January, 1988. 3. The contract was issued by an insurance company or under the <i>Government Annuities Act</i> (Canada). 4. The benefits provided under the contract consist only of pensions and pension benefits purchased before the 1st day of January, 1993; ("contrat de rente admissible")
OSFI	None			All benefits are required to be funded.
Quebec	None			All benefits provided in a pension plan are required to be funded.  For a pension plan supervised outside Quebec, a specific regulation may be adopted to fund PFAD for Quebec members (section 6 (2) b) of the Agreement).
Saskatchewan	None			All benefits are required to be funded.