

ADOPTION OF THE 2020 AGREEMENT RESPECTING MULTI-JURISDICTIONAL PENSION PLANS

The mission of the Canadian Association of Pension Supervisory Authorities (CAPSA) is to facilitate an efficient and effective pension regulatory system in Canada. In line with this mission, CAPSA has developed the 2020 Agreement Respecting Multi-Jurisdictional Pension Plans (2020 Agreement) as a practical solution to coordinate and harmonize pension regulation across Canada.

The following governments have signed the 2020 Agreement, which will govern the administration and regulation of multi-jurisdictional pension plans (MJPPs) between their jurisdictions effective July 1, 2020:

1. Alberta
2. British Columbia
3. New Brunswick
4. Nova Scotia
5. Ontario
6. Quebec
7. Saskatchewan
8. Canada

The 2020 Agreement replaces the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (signed by the governments of British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan in 2016), an earlier 1968 reciprocal agreement signed between all provinces (except Prince Edward Island) and similar federal-provincial bilateral agreements as far as those older agreements apply between the governments that have signed the 2020 Agreement. It extends the clear legal framework established by the 2016 Agreement over the administration and regulation of multi-jurisdictional pension plans to the vast majority of such plans in Canada. The 1968 reciprocal agreement (and any similar federal-provincial bilateral agreement) will remain in effect for Manitoba and Newfoundland and Labrador.

After the 2016 Agreement was adopted, CAPSA considered a number of potential amendments to it and held a public consultation in 2017 on proposed changes to the pension plan funding and asset allocation rules under the agreement. The 2020 Agreement reflects the results of that consultation and includes the following changes:

- Requirements governing the ongoing funding of a MJPP are amended to require the application of only the major authority's legislated pension plan funding rules (section 6(2) of the 2020 Agreement).
- A new requirement is added to permit a major authority that has legislated funding rules for annuity discharges to apply those rules in place of any minor authority's legislated annuity discharge funding rules (sections 6(5) and (6) of the 2020 Agreement).
- Requirements governing the allocation of the assets of a MJPP between jurisdictions upon plan wind up or upon certain other major plan events are amended. This will accommodate recent legislative changes in some jurisdictions that eliminate traditional solvency funding requirements for some pension plans, while continuing to maintain the overall asset allocation approach and results of the 2016 Agreement (sections 10 to 16 of the 2020 Agreement).
- Requirements governing the change of the major authority for a MJPP are amended to allow an upcoming change of major authority to be cancelled if the existing major authority's jurisdiction once again has the plurality of active plan members before the effective date of the upcoming change of major authority (sections 5(3.1), (6) and (6.1) of the 2020 Agreement).
- The waiting period that applies before a government that is party to the agreement can withdraw from the agreement has been shortened from three years to eighteen months (sections 21(2), (3) and (4) of the 2020 Agreement).

"CAPSA is pleased that the 2020 Agreement Respecting Multi-jurisdictional Pension Plans will apply to the vast majority of multi-jurisdictional plans in Canada and establishes a clear legal framework for the administration and regulation of these plans. The new agreement will continue to protect member entitlements and ease the regulatory burden for pension plans in Canada," said Leah Fichter, Chair of CAPSA and Deputy Superintendent of Pensions for the Financial and Consumer Affairs Authority of Saskatchewan.

CAPSA is working on a Commentary Guide for the 2020 Agreement and administrative procedures to facilitate the implementation of the Agreement, for publication on the CAPSA website. The Commentary Guide will contain the text of each provision of the Agreement along with corresponding explanatory notes, as well as examples where necessary.

CONTACT US

Questions regarding this Communiqué or general inquiries regarding the Canadian Association of Pension Supervisory Authorities should be sent to the CAPSA Secretariat.

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