



Agreement Respecting Multi-Jurisdictional Pension Plans

FREQUENTLY ASKED QUESTIONS

May 3, 2012

The governments of Ontario and Quebec have signed the Agreement Respecting Multi-Jurisdictional Pension Plans (the Agreement). The Agreement came into effect for these jurisdictions on July 1, 2011. This section provides answers to questions that have been raised by stakeholders related to the implementation of the Agreement.

ADMINISTRATION

QUESTION

Does the Agreement change the rules that apply to annual benefit statements which are required to be provided to Ontario and Quebec members of plans registered with the Financial Services Commission of Ontario (FSCO) and the Régie des rentes du Québec (Régie) for the plans' fiscal years ending December 31, 2010?

ANSWER

Note that this question does not affect Quebec and Ontario members of plans registered outside of Ontario and Quebec, as the Agreement does not yet apply to such plans.

No, once the Agreement came into force for Ontario and Quebec on July 1, 2011, the major authority's rules as they apply to annual statements only began to apply to annual statements where the triggering event that led to the statement (i.e., the end of the plan's fiscal year) came on or after July 1, 2011. If the triggering event preceded July 1, 2011, then the pre-Agreement rules apply to the resulting statements.

QUESTION

What rules apply to regulatory filings (annual information returns, actuarial valuation reports, financial statements, etc.) which have an effective date preceding July 1, 2011, but are not filed and/or are not due to be filed until on or after July 1, 2011?

ANSWER



Any regulatory filing with an effective date that precedes July 1, 2011, that is required to be filed with FSCO or the Régie, are subject to the rules that applied to the filing before July 1, 2011, even if the filing is not filed or is not due to be filed until on or after July 1, 2011.

DETERMINATION OF BENEFITS

QUESTION

Does the application of section 7 of the Agreement (Determination of Benefits by Final Location) require that all of a plan member's accrued benefits be calculated as if the plan member was always employed in the final jurisdiction?

ANSWER

No, section 7 of the Agreement only deems that the final jurisdiction's pension legislation applies to the treatment of all of the plan member's accrued benefits after the value of those benefits have been determined in accordance with the plan terms. If the terms of the plan specify that different amounts of benefits or different benefit formulae apply to members employed in different jurisdictions, then the amount of a plan member's benefits must be first determined in accordance with the plan terms, and then the treatment of all of the plan member's benefits so determined will be subject to the final jurisdiction's pension legislation.

For example, suppose that a pension plan provides that Saskatchewan members of the plan accrue a defined benefit of \$45 per month per year of service, while Alberta members accrue a defined benefit of \$50 per month per year of service. If a member of the plan initially works for two years in Saskatchewan and then five years in Alberta, at which point the member terminates employment, the member's total accrued benefit would consist of \$45 per month for each of the two years of Saskatchewan service and \$50 per month for each of the five years of Alberta service, for a total monthly benefit of \$340 (i.e., $(\$45 \times 2) + (\$50 \times 5) = \$340$). The application of section 7 of the Agreement does not mean that the final Alberta rate of benefit accrual set out under the plan terms applies to the member's Saskatchewan service. However, how the member's total monthly benefit of \$340 will be paid and treated upon termination of employment will then be subject to rules of Alberta's pension legislation, without any influence from Saskatchewan's pension legislation.