



## **2023 Agreement Amending the 2020 Agreement Respecting Multi-Jurisdictional Pension Plans**

### **FAQs**

#### **1. What is the Canadian Association of Pension Supervisory Authorities (CAPSA)?**

CAPSA is a national association of pension regulators whose mission is to facilitate an efficient and effective pension regulatory system in Canada. CAPSA develops practical solutions to further the coordination and harmonization of pension regulation across Canada.

#### **2. What are multi-jurisdictional pension plans?**

Multi-jurisdictional pension plans are employment-based pension plans with members in more than one Canadian jurisdiction, whether federal or provincial. Often these plans are sponsored by larger employers and unions that operate in several jurisdictions.

The Canadian constitution divides the power to regulate multi-jurisdictional plans between the federal government and the provinces. A province's pension legislation applies to pension plans and plan members employed in that particular province (who are not otherwise governed by the federal government's pension legislation). The federal government's pension legislation applies to pension plans and plan members employed within federal areas of constitutional authority (such as banking and telecommunications), regardless of the province in which the plan members are employed. Since a multi-jurisdictional plan has members employed in multiple jurisdictions, it will be simultaneously subject to more than one jurisdiction's pension legislation.

According to Statistics Canada, as of January 1, 2021, there were approximately 2,400 multi-jurisdictional pension plans operating in Canada, which account for approximately 15 percent of all pension plans registered across the country. Although multi-jurisdictional plans represent about one-seventh of registered pension plans in Canada, approximately 43 percent of pension plan members in Canada (approximately 2.9 million members) are members of multi-jurisdictional plans. These plans tend to be larger and more complex than other pension plans.

### **3. What is the 2020 Agreement Respecting Multi-jurisdictional Pension Plans (2020 Agreement)?**

The 2020 Agreement is an agreement between the governments in Canada that have pension legislation, and replaces the prior agreements that have been signed between these governments respecting the regulation of multi-jurisdictional pension plans in Canada. The 2020 Agreement provides a clear legal framework for the administration and regulation of multi-jurisdictional pension plans in Canada, and reduces the regulatory burden that applies to such plans.

Initially, the governments of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan and the federal Canadian government entered into the 2020 Agreement effective July 1, 2020.

In early 2023, those governments and the governments of Manitoba and Newfoundland and Labrador entered into a 2023 Agreement Amending the 2020 Agreement Respecting Multi-jurisdictional Pension Plans in order to bring Manitoba and Newfoundland into the 2020 Agreement effective July 1, 2023.

This means that effective July 1, 2023, all governments in Canada with pension legislation, and all multi-jurisdictional pension plans in Canada, will be subject to the 2020 Agreement.

### **4. What does the 2020 Agreement do?**

The 2020 Agreement provides a clear legal framework for the administration and regulation of multi-jurisdictional pension plans in Canada. Among other things, the 2020 Agreement:

- requires that a multi-jurisdictional plan only register with one pension regulator (the “major authority”) in Canada, and sets out rules for determining which pension regulator will be the major authority for the plan;
- provides that certain requirements of the major authority’s pension legislation (such as plan funding requirements, investment requirements, etc.) will apply to the entire plan and all of its members despite the requirements of any other jurisdiction’s pension legislation, while the requirements of those other jurisdictions’ pension legislation will continue to apply to the individual benefits of members in each member’s own jurisdiction;
- requires that the “final location” approach to determining a plan member’s benefits be applied in cases where the member has been employed in more than one jurisdiction while a member of the plan; and
- sets out clear rules for allocating the assets of a plan between jurisdictions in the event of a plan termination and wind up or a plan split.



More details about the terms of the 2020 Agreement can be found on the [CAPSA website](#).

## **5. What prior pension agreements between governments does the 2020 Agreement replace?**

In 1968, a Memorandum of Reciprocal Agreement was signed between the provinces that had pension legislation at the time, and eventually all provinces with pension legislation became subject to the Memorandum of Reciprocal Agreement. Similar bilateral federal-provincial agreements were also signed between the federal government and most provinces after 1968.

These agreements required that a multi-jurisdictional pension plan be registered with only one jurisdiction's pension regulator (similar to what the 2020 Agreement requires), but otherwise required that each jurisdiction's pension legislation be applied to the plan. This led to legal uncertainty as to how all this legislation should be applied to such a plan, especially where the legislation had inconsistent requirements.

In 2011, the governments of Ontario and Quebec entered into a first Agreement Respecting Multi-jurisdictional Pension Plans (the 2011 Agreement), which replaced the application of the Memorandum of Reciprocal Agreement between Ontario and Quebec and provided a clear legal framework for the administration and regulation of multi-jurisdictional pension plans between those provinces.

The 2011 Agreement was subsequently superseded by a 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) between the governments of British Columbia, Saskatchewan, Ontario, Quebec and Nova Scotia. The 2016 Agreement was then superseded in 2020 by the 2020 Agreement between the governments of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan and the federal Canadian government. The 2023 Agreement Amending the 2020 Agreement Respecting Multi-jurisdictional Pension Plans will now bring Manitoba and Newfoundland into the 2020 Agreement effective July 1, 2023.

This means that effective July 1, 2023, the 2020 Agreement will apply to all governments with pension legislation in Canada, and the 1968 Memorandum of Reciprocal Agreement and all similar bilateral federal-provincial agreements will cease to apply to any governments in Canada.

## **6. What is the Commentary Guide?**

A Commentary Guide for the 2011 Agreement was developed and published by CAPSA in 2011, containing the text of each provision in the 2011 Agreement and explanatory notes for each respective provision, as well as examples where necessary. The purpose of the Commentary Guide was to aid in the understanding and application of the 2011 Agreement.

The Commentary Guide will be updated for the 2020 Agreement and will be available on the CAPSA website once it is ready.

## **7. What are the administrative procedures?**

Administrative procedures for the 2011 Agreement were developed by CAPSA to facilitate the implementation of that agreement, but were not part of that agreement. The Administrative Procedures outlined how specific provisions of the 2011 Agreement were to be applied by members of CAPSA, and facilitated communication among supervisory authorities.

The administrative procedures dealt with:

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.

The administrative procedures will be updated for the 2020 Agreement and will be available on the CAPSA website once they are ready.