



# COMMUNIQUÉ

JUNE 2016

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## **ADOPTION OF THE 2016 AGREEMENT RESPECTING MULTI-JURISDICTIONAL PENSION PLANS**

Representatives of the governments of British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan have signed a new 2016 Agreement Respecting Multi-Jurisdictional Pension Plans (2016 Agreement), which is intended to come into effect for these jurisdictions on July 1, 2016.

The governments of Ontario and Quebec had signed an earlier Agreement Respecting Multi-jurisdictional Pension Plans (2011 Agreement), which came into effect between Ontario and Quebec on July 1, 2011. All of the provinces (except for Prince Edward Island) are also party to an older Memorandum of Reciprocal Agreement (Reciprocal Agreement) originally signed by the provinces starting in 1968. The 2016 Agreement is intended to replace the 2011 Agreement and the Reciprocal Agreement as far as those older agreements apply between the governments that have signed the 2016 Agreement.

After the 2011 Agreement was adopted, CAPSA worked on a number of potential amendments to that agreement. One of these amendments was intended to deal with jurisdictions that amend their legislation to permanently eliminate requirements to fund defined benefit pension plans on a solvency basis (the 2011 Agreement was designed at a time when solvency funding was required for all defined benefit pension plans in all jurisdictions). In order to mitigate any adverse impact on pension plan members due to the application of those legislative amendments in the context of the agreement, the 2016 Agreement includes modifications to the asset allocation rules found in the 2011 Agreement. It also provides additional transitional rules for when the agreement first applies to a pension plan.

The 2016 Agreement was negotiated as an interim measure while CAPSA completes the development of amendments which will address the issue of changing funding regimes across jurisdictions. CAPSA expects to release proposed amendments to the 2016 Agreement for public consultation by 2018. In the meantime, the 2016 Agreement extends the clear legal framework established by the original 2011 Agreement over the administration and regulation of multi-jurisdictional pension plans.

After CAPSA consults with the public and finalizes proposed amendments to the 2016 Agreement, it is expected that all CAPSA jurisdictions will enter into a revised 2016 Agreement that implements those amendments. In the meantime, the existing Reciprocal Agreement, originally signed in 1968, will remain in effect for those provinces which have not signed the 2016 Agreement, and all similar bilateral federal-provincial agreements will continue to remain in effect.

“CAPSA is pleased that the legal framework for the administration and regulation of multi-jurisdictional plans established by the original 2011 agreement has been extended through the adoption of the new 2016 Agreement Respecting Multi-jurisdictional Pension Plans. The new agreement will continue to protect member entitlements and ease the regulatory burden for pension plans in Canada”, said Angela Mazerolle, Chair of CAPSA and Superintendent of Pensions, New Brunswick.

A Commentary Guide for the 2016 Agreement (which contains the text of each provision of the agreement, followed by explanatory notes for each respective provision, as well as examples where necessary) and administrative procedures which facilitate the implementation of the 2016 Agreement will be updated and available on the CAPSA website.

## **CONTACT US**

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

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