

**BULLETIN NUMBER:** PENS 15-004  
**TITLE:** Administrative Information and Checklists  
**LEGISLATION:** PENSION BENEFITS STANDARDS ACT  
**DATE:** MAY 2015

**PURPOSE**

On May 11, 2015, the Lieutenant Governor approved the [Pension Benefits Standards Regulation](#) (the New Regulation). The new Regulation supports Bill 38-2012, the [Pension Benefits Standards Act](#), SBC 2012, c. 30. (the New Act) which was passed in May of 2012, and subsequently amended by Bill 10-2014, the [Pension Benefits Standards Amendment Act](#). Although the New Regulation is passed, the New Act and Regulation will not come into force until September 30, 2015.

This Bulletin is designed to provide Plan Administrators and service providers with checklists of items that may require an amendment to the plan text document, or any plan supporting documents. This Bulletin is not exhaustive. A comprehensive review of the New Act and Regulation should be used to determine all specific legislative requirements.

**CHECKLISTS**

**Fundholder Agreement – Amendment due date December 31, 2015**

If the fundholder agreement specifies a default account, then the agreement must be amended to comply with the new requirements. The administrator must advise the fundholder as to which option the administrator wishes to use.

<b>Act / Reg Section</b>	<b>Topic</b>	<b>Must Contain</b>	<b>May Contain</b>
R 68 (4) (b)	In the case of a defined contribution provision which permits members to make investment decisions, the funding agreement must provide a default investment option which is either <ul style="list-style-type: none"> <li>i. a balanced fund, or</li> <li>ii. a portfolio of investments that takes into account a member’s age</li> </ul>	X	

If the fundholder agreement does not specify a default investment option, procedures must nonetheless be changed to provide for one of the prescribed default options, as selected by the administrator of the plan.

### **General Requirements of Plan Text Documents – Amendment due date December 31, 2015**

Section 8(1) of the new Act outlines the general requirements for pension plan text documents. A plan text document must contain information about the plan as follows:

- the administration and maintenance of the plan;
- who is to pay the administration and investment expenses of the plan;
- that the pension fund must be held and invested in accordance with this Act and regulations;
- the conditions for membership in the plan;
- benefits and entitlements on
  - termination of active membership,
  - death,
  - pension commencement dates, and
  - termination of the plan;
- the deadline for selecting any option and the consequences of not meeting the deadline;
- how interest is to be calculated on, and when interest is to be credited or debited to, the contributions referred to in section 61(a);
- the treatment and allocation of actuarial excess and surplus;
- the method for determining benefits, member and participating employer contributions and the allocation of contributions, which method must use formulas that comply with the prescribed criteria;
- the method for converting optional ancillary contributions to optional ancillary benefits; and
- any other matter that under this Act must be included in a plan text document.

In addition to the items listed in Act section 8(1), above, the following table outlines the references in the new legislation to items / provisions which may or must be included in the plan text document.

**Plan Amendment – due December 31, 2015**

Act / Reg Section	Topic	NEW	Must Contain	May Contain
A 1(6)	Cessation of employment does not constitute termination of a member's active membership in an NCBMEP.			X
A 8(2)	Where a lump sum is to become payable to a person, that sum may be transferred to an RRSP.	X	X	
A 9(2)	<ul style="list-style-type: none"> <li>• For each benefit, contribution, or obligation contemplated / provided / required under a provision of the legislation, the plan text must include details related to those items.</li> <li>• For each defined term in section 1 of the Act which applies to the plan, to set out that term's definition.</li> </ul> <p>This requirement does not apply to Act and Regulation provisions that, in the opinion of the Superintendent, do not and will not be applicable to the plan.</p>		X	
A 11	The fiscal year of a pension plan is ordinarily the calendar year, that is, January 1 to December 31. The plan text document may provide otherwise, in which case the fiscal year of the plan must be set out in the plan text document.			X
A 21 R 22	A plan that provides a target benefit may provide temporary increases in benefits to retired members.	X		X
A 29(1)(b)	Enrolment in an NCBMEP may include recognition of service with two or more participating employers.	X		X

Act / Reg Section	Topic	NEW	Must Contain	May Contain
A 29(2) R 25(2)	Provision for (a) mandatory enrolment or (b) automatic enrollment, with opt out clause, into active membership.  Where the plan text provides for automatic enrollment, the plan text must also specify the time period within which the employee can opt out.	X		X
A 31 R 26	Provisions for the suspension of active plan membership.	X		X
A 32	Immediate vesting, for all service	X	X	
A 52	The plan must be funded by the participating employers, or in the case of a jointly sponsored plan, by the participating employers and active members, in accordance with the funding requirements of legislation.		X	
A 54	Creation / establishment of a solvency reserve account for the purposes of holding solvency deficiency payments made by the participating employer or employers.	X		X
A 57(5)	Where a terminated DB or TB member elects a deferred pension, the determination of excess contributions will be determined on that person's subsequent pension commencement date.	X		X
A 64(1)	Description of the plan's pension eligibility date.		X	
A 64(2)	Recognition that an active member, deferred member, or surviving spouse must start to receive his or her pension from the plan no later than the last day permitted under the <i>Income Tax Act</i> .		X	

<b>Act / Reg Section</b>	<b>Topic</b>	<b>NEW</b>	<b>Must Contain</b>	<b>May Contain</b>
A 65(1)	Ability for a member to elect pension commencement prior to plan's pension eligibility date.		X	
A 66(1)	Pension accrual must continue in the same manner if a member remains in employment past the plan's pension eligibility date.		X	
A 66(2)	Other options that may be offered to a member who remains in employment past the plan's pension eligibility date.			X
A 69(1)	Provision for small amount unlocking.		X	
A 69(3)	Provision for unlocking due to shortened life expectancy and non-residency		X	
A 73	Establishment of a maximum number of years of employment that may be taken into account in calculating the pension, or setting a maximum amount for the pension.			X
A 74 R 13(4) R 73	Provisions related to an increase in a member's pension by an amount determined in reference to amounts payable under CPP / QPP / OAS.			X
A 75	Provisions related to the payment of life income type benefits from a pension plan.			X
A 79(2)	Application of optional ancillary contributions, to purchase optional ancillary benefits, if a member dies before pension commencement.			X
A 79(3)	"Forced Transfer" of a benefit entitlement, payable to a pension partner, if a member dies before pension commencement.	X		X
A 80(1)	Provision for a joint and survivor form of pension for a member with a spouse at pension commencement.		X	

<b>Act / Reg Section</b>	<b>Topic</b>	<b>NEW</b>	<b>Must Contain</b>	<b>May Contain</b>
A 82(1)	As part of satisfying the requirements under section 8(1)(e) of the Act, if a plan wishes to provide for ancillary benefits then they must be specified in the plan text document.			X
A 82(2)	Where a plan provides for ancillary benefits, the plan text must establish the basis / qualifications for the ancillary benefit.		X	
A 83 R 78	Provision for phased retirement benefits.	X		X
A 84(1)	Rules for the payment of additional voluntary contributions (AVC) and optional ancillary contributions (OAC) to active members.			X
A 84(2)	Rules for the payment of AVC's and OAC's to terminated members.		X	
A 84(3)	Rules for the purchase of optional ancillary benefits with OAC's, and rules for payment of AVC's for retired members.		X	
A 85(1)(c)	The election of a portability option for a member in a CBMEP, if that member is no longer employed by a participating employer.			X
A 85(2)	Ability for a CBMEP to deny portability if a member who has elected a transfer becomes an active member in the plan before the termination option statement is returned.			X
A 87(1)	Restrictions on portability in a DB or TB if a member is within 10 years of the plan's pension eligibility date.			X
A 87(2)	Restrictions on portability if a member terminates membership in one plan due to that person becoming a member of another plan, if that second plan is funded by the same employer.			X
A 88(1)	Portability options for terminated members.			X

<b>Act / Reg Section</b>	<b>Topic</b>	<b>NEW</b>	<b>Must Contain</b>	<b>May Contain</b>
A 89(1)	Forced portability – DC provision.	X		X
A 89(2)	Forced portability – DB / TB provision.			X
A 93	CBMEPs must specify the consequences to the funding of benefits if a participating employer withdraws.		X	
A 99(1)	Required portability provisions for terminated members.		X	
A 107	Rules for the allocation of surplus on plan windup.		X	

**REGULATION PROVISIONS TO BE INCLUDED IN PLAN TEXT DOCUMENT AMENDMENTS DUE DECEMBER 31, 2015**

<b>Regulation Section</b>	<b>Topic</b>	<b>NEW</b>	<b>Must Contain</b>	<b>May Contain</b>
R 13(2)	Rules around the formula used to determine member and employer contributions in a DC provision. (Act authority – s.8(1)(i))		X	
R 13(3)	Rules around the formula used to determine the amount of benefits in a DB / TB provision must be specified in the plan text document. (Act authority – s.8(1)(e))	X	X	
R 13(5)	Plan text must specify the plan’s effective date.	X	X	
R 13(7)	Where the benefit provided in a negotiated cost plan is determined by reference to contributions, the plan text must also provide that a change in the contribution rate cannot impact accrued benefits.  An example of such a formula would be that a member will receive a monthly pension equal to 2% of the contributions made in respect of hours worked by that member	X	X	

<b>Act / Reg Section</b>	<b>Topic</b>	<b>NEW</b>	<b>Must Contain</b>	<b>May Contain</b>
R 13(8)	Plans with a DC provision must specify whether the administrator, plan members, or both, have responsibility for the direction of the plan's investments.	X	X	
R 14(1) R 14(2)	Plan text must provide what is to occur if a retired member recommences work or service under the plan.		X	
R 14(4)	Where plan text provides that a retired member's pension is suspended, and the retired member was receiving income from a life income type benefits account, the plan text must provide specific information regarding the accumulation of additional benefits while re-employed.		X	
R 14(5)	Where plan text provides that a retired member's pension is suspended, the plan text must specify rules related to the recalculation of additional pension at the subsequent retirement date.		X	
R 45(3)	Option to specify a review date (for actuarial valuation purposes) which is different from the plan's fiscal year end.			X
R 69(1)	Where the plan is required to calculate and apply interest to member contributions and contributions made on behalf of a member, the method of interest application and the period within which interest will be calculated and applied must be specified.		X	
R 74(2)	Life income type benefits may be paid only from a defined contribution provision of the plan.	X	X	
R 74(5)	A member may elect pension commencement from the plan by establishing a life income type benefits account.	X		X

Act / Reg Section	Topic	NEW	Must Contain	May Contain
R 74(7)	Permitted transfers of assets into a life income type benefits account.	X		X
R 84	Where a member is entitled to exercise certain options under various sections of the legislation, the plan text may specify the consequences if the member fails to make an election / decision.			X
R 135	Where benefit formula provision terminates with insufficient assets to meet all obligations <b>and</b> participating employer or participating employers are or become insolvent, the method of allocation and distribution of assets must meet the prescribed requirements.	X	X	

**Participation Agreements (NCBMEPs) – Must be in place not later than January 1, 2016 - NEW**

Act / Reg Section	Topic – required provisions for a participation agreement	Must Contain	May Contain
A 36(1) R 28 and 53	(a) set out <ul style="list-style-type: none"> <li>i. the information and records that must be provided by the participating employers to the administrator,</li> <li>ii. when and how the information and records must be provided by participating employer to the administrator, and</li> <li>iii. the other duties and obligations to be performed by participating employers</li> </ul>	X	
	(b) bind each participating employer to the terms of the plan documents	X	
	(c) make each participating employer responsible for making contributions and special payments to the plan as required under the Act or the plan text document	X	
	(d) set out the consequences to a participating employer of failing to meet the terms of the participation agreement which consequences must be additional to and not in conflict with any consequences set out under the Act for the failure.	X	

Please note these are the minimum issues that must be addressed. Other items may be added at the discretion of the Plan Administrator.

Note that within 60 days of becoming a participating employer that employer must enter into a participation agreement that includes the noted provisions. An updated copy of the agreement should be sent to all existing participating employers.

**Governance Policy – Must be in place by January 1, 2016 - NEW**

<b>Act / Reg Section</b>	<b>Topic – required provisions for a governance policy</b>	<b>Must Contain</b>	<b>May Contain</b>
<b>A 42 R 50</b>	(a) sets out the structures and processes for overseeing, managing and administering the plan	X	
	(b) explains what those structures and processes are intended to achieve	X	
	(c) identifies all participants who have authority to make decisions in respect of those structures and processes, and describes the roles, responsibilities and accountabilities of those participants	X	
	(d) sets performance measures and establishes a process for monitoring the performance of each of the participants identified in clause (c)	X	
	(e) establishes procedures to ensure that the plan administrator and, as necessary, any other participants in those structures and processes have access to relevant timely and accurate information	X	
	(f) establishes a code of conduct for the administrator, including a board of trustees, and a procedure to disclose and address conflicts of interest	X	
	(g) identifies the educational requirements and skills necessary to perform the duties associated with those structures and processes	X	
	(h) identifies material risks that apply to the plan and established internal controls to manage those risks	X	
	(i) establishes a process for the resolutions of disputes involving members and other persons who are entitled to benefits under the plan	X	

Please note these are the minimum issues that must be addressed. Other items may be added at the discretion of the Plan Administrator.

**Funding Policy (benefit formula provisions) – Must be in place by January 1, 2016 – NEW**

Act / Reg Section	Topic – items to be dealt with in a funding policy	Must Contain	May Contain
A 44 R 52	(a) sets out the funding objectives of the plan as it relates to <ul style="list-style-type: none"> <li>i. benefit security</li> <li>ii. benefit levels</li> <li>iii. if applicable, stability of contributions</li> <li>iv. if applicable, contribution levels</li> </ul>	X	
	(b) identifies the material risks that may impact the plan's funding requirements, the tolerances for those risks, and establishes internal controls to manage those risks	X	
	(c) sets out expectations for the going concern funded ratio and , if applicable, the solvency ratio of the plan	X	
	(d) sets out the expectations for the amortization of unfunded liabilities and, if applicable, solvency deficiencies	X	
	(e) sets out the expectations for the reduction of benefits under section 20(2) of the Act, in the event that the circumstances of the plan require a reduction of benefits for <ul style="list-style-type: none"> <li>i. a jointly sponsored plan,</li> <li>ii. a negotiated cost plan,</li> <li>iii. a target benefit provision</li> </ul>	X	
	(f) sets out the expectations for the utilization of actuarial excess and surplus	X	
	(g) establishes a standard for the frequency of actuarial valuation reports, whether or not those actuarial valuation reports are filed with the Superintendent	X	

Please note these are the minimum items that must be addressed. Other items may be added at the discretion of the Plan Administrator. An up-to-date copy of the funding agreement must at all times be filed with the plan actuary.

## MORE INFORMATION

All interested persons should monitor the Pensions website ([http://www.fic.gov.bc.ca/index.aspx?p=pension\\_plans/index](http://www.fic.gov.bc.ca/index.aspx?p=pension_plans/index)) for further updates and information.

Plan sponsors and their service providers should contact the relevant employee of the Superintendent of Pensions if they have questions specific to their plan.

Other stakeholders may contact the Office of the Superintendent of Pensions by telephone or by email at:

Telephone: 604 660-3382  
email: Pensions@ficombc.ca

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