PROPOSAL to EXTEND EXEMPTION of CERTAIN PLANS from the ANNUAL VALUATION FILING REQUIREMENT

ISSUE

The administrators of several jointly sponsored pension plans (JSPPs) have approached MOF to seek a permanent exemption from the requirement to file an actuarial valuation if the plan's solvency funded ratio falls below 85%.

Currently, JSPPs named in regulation 909 under the *Pension Benefits Act* (the named plans) are temporarily exempted from this requirement. The exemption expires December 31, 2017.

A proposed two-year extension of this exemption is being prepared for posting to the regulatory registry for consultation.

BACKGROUND AND RECOMMENDATION

Generally, a plan must file an actuarial valuation report with the Financial Services Commission of Ontario (FSCO) at least once every 3 years. However, annual filings are required if a plan has a "solvency concern", i.e., less than 85% funding on a solvency basis.

- The JSPPs are concerned that requiring a filing when they are not otherwise required to fund on a solvency basis could result in higher contributions from both members and employers.

Certain JSPPs are not required to fund on a solvency basis. For this reason, it would be more appropriate for these plans to be subject to a test based on their going concern funded position.

These plans have been temporarily exempted from the "solvency concern" filing requirements until December 31, 2017 to allow for the development of a new test using a going concern basis.

Given that final decisions on the general funding reforms are pending, it is proposed that the current exemption for these plans be extended for an additional two years. Once the new funding rules are developed, a new funding test on a going concern basis will be finalized.

NEXT STEPS

Post the proposed draft amendment of a two-year extension on the Regulatory Registry in September for consultation.

BPS Pensions Branch
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