Comparison of the definition of a government partnership and a joint defined benefit plan

The definition of a government partnership is provided in GOVERNMENT PARTNERSHIPS, paragraph PS 3060.06. GOVERNMENT PARTNERSHIP, Section PS 3060 was introduced into the PSA Handbook in October 1999.

The definition of a joint defined pension plan is provided in the glossary to RETIREMENT BENEFITS, Section PS 3250. RETIREMENT BENEFITS, Section PS 3250 was introduced into the PSA Handbook subsequent to Section PS 3060 in September 2001.

Both standards use similar wording in the definitions of a government partnership and of a joint defined pension plan illustrating the development of Section PS 3250 considered the content in Section PS 3060.

Below is a comparison of the two definitions as currently in the PSA Handbook (consistent wording between the two definitions are underlined):

	Definition of a government partnership (GP)	Definition of a joint defined benefit plan (JDBP)	Comparison
Introductory paragraph	A **government partnership** is not a government organization but <u>is a contractual arrangement</u> [2] <u>between the government and</u> a party or parties outside of the government reporting entity [3] <u>that has all of the following characteristics:</u>	A **joint defined benefit plan** <u>is a contractual arrangement between the government and</u> another sponsor or sponsors representing plan participants <u>that has all of the following characteristics:</u>	Consistent in concept with the wording in the GP definition being more general.
Criteria 1	(a) the partners <u>co-operate toward achieving significant clearly defined common goals</u>;	(a) the sponsors <u>co-operate toward achieving the significant clearly defined common goal</u> of providing retirement benefits in exchange for services rendered by the employees;	
Criteria 2	(b) the partners make a financial investment in the government partnership;	(b) funding contributions are shared mutually between the government and the plan members, represented by the non-government sponsor;	Consistent in concept with the definition of a GP focusing on investments in the partnership while the definition of a JDBP focuses on contributions into the plan.
Criteria 3	(c) the partners <u>share control of decisions related to</u> the financial and operating policies of the government	(c) the sponsors <u>share control of decisions related to</u> the administration of the retirement benefit plan and	Consistent in concept with the wording in the GP definition being more general.

	partnership on an ongoing basis; and	to the level of benefits and contributions on an ongoing basis; and	
Criteria 4	(d) the partners share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership.	(d) the significant risks associated with the retirement benefit plan are shared on an equitable basis between the government and the plan members, represented by the non-government sponsor.	
Concluding paragraph	The contractual arrangement establishes that the parties have shared control over the government partnership, regardless of the difference in their ownership interest. Nevertheless, overall, there must be an equitable relationship between the financial investment of the government in the government partnership, the extent of control it is able to exercise over the activities of the government partnership, and the risks and benefits that accrue to the government from the government partnership. Government partnerships may be structured as operations under shared control, assets under shared control or organizations under shared control. [Former paragraph PS 3060.06 retained in Archived Pronouncements.]	The contractual arrangement establishes that the sponsors have shared control over the retirement benefit plan, and ensures that neither party is in a position to control the plan unilaterally. Nevertheless, overall, there must be an equitable relationship between the funding by the government of the retirement benefit plan, the extent of control it is able to exercise over the plan and the risks and benefits that accrue to the government from the plan.	

In addition to the wording being consistent, the concepts in the definitions of a government partnership and of a joint defined pension plan are similar.

While similar in concept and wording, the definition of a joint defined pension plan is more specific than the general definition of a government partnership. GOVERNMENT PARTNERSHIPS, Section PS 3060 is a general standard for all types of government partnerships. Alternatively RETIREMENT BENEFITS, Section PS 3250 addresses specific types of employee retirement benefits including joint defined pension plans.

As Section PS 3250 was introduced into the PSA Handbook after Section PS 3060, the PSAB would have had a few options on approval of Section PS 3250. The PSAB would have been aware of the interaction between the two standards as demonstrated by the similarity in the GP and JDBP definitions. PSAB could have as a consequential amendment:

a. Scoped out JDBP from Section PS 3060 if the requirements in Section PS 3250 were more specific or alternatively in conflict with those in Section PS 3060; or
b. Explicitly list JDBP in Section PS 3060 as a type of government partnership.

There is one principle in the JDBP paragraphs in Section PS 3250. Paragraph .081 indicates "*When a government participates in a joint defined benefit plan, the government's risk is limited to its portion of the plan. The government should account for its portion of the plan in accordance with the standards for defined benefit plans.* [SEPT. 2001]". This principle is consistent with the proportionate consolidation method in Section PS 3060.

Listing specific types of government partnerships in Section PS 3060 would not be typical as users of the PSA Handbook would question why certain types of GP have been mentioned while others were not. The standard is meant to be more principle based.

Based on the actions of PSAB, it would suggest the Board felt both the general and specific standards in both Section PS 3060 and PS 3250 respectively were applicable for a JDBP.

Can you also see if you can find out what if any research was done in connection with the newly issued Assets section as it doesn't reference shared control and it would be interesting to find out why given the proportional consolidation model in the gov't partnership section.