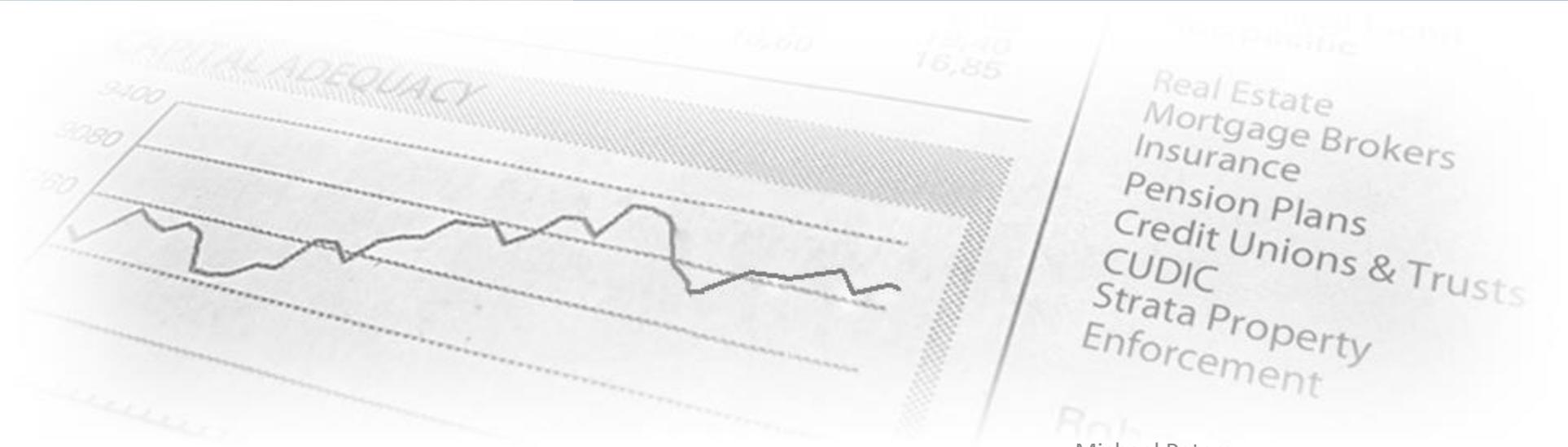




Stakeholder Engagement - March 7, 2017



# Administrative Issues



Michael Peters  
Acting Superintendent of Pensions

# News Feed

- Short term: existing RSS feed
- Subscription service identified as high priority stakeholder item
- FICOM web refresh project identified

# Records Retention

- Draft Guideline being reviewed
- Will be published as consultation draft
- Release of final version this spring

# AFS

- Regulation 47 (2) requires compliance with CPA Handbook
- Pension obligations
- Staff will not recommend enforcement action if obligations not included

# LIRA/LIF Lists

- Regulation section 95 (1) authorizes the creation of a list of issuers of LIRAs and LIFs
- Application covers all contracts for which the applicant acts as fundholder
- Administrators must confirm only that the name of the fundholder is on the list

# Retiree Statement

- Regulation section 31 requires annual statements to those in receipt of a pension
- Greater transparency for those who are most vulnerable and reliant on the plan
- Electronic delivery is an option, subject to retiree consent

# Shortened Life Expectancy

- Decision is between the member and his/her medical practitioner
- No regulatory concerns if administered in good faith
- Administrators may take measures to facilitate administration or to prevent abuse:
  - create form for medical practitioner
  - request second opinion

# Shortened Life Expectancy

- Act section 69 (2)
  - illness or disability
  - certified by a medical practitioner
  - terminal or to likely shorten the member's life considerably
- Act section 69 (3) allows member to
  - convert all or part of the benefit to a pension
  - withdraw all or part of the commuted value of the benefit
- Act section 69(4) gives same rights to LIRA and LIF owners

# Shortened Life Expectancy

- Partial withdrawal while still employed:
  - Member may continue to work
  - Remainder to be included in any future accruals and subject to increases under plan provisions
  - Subsequent withdrawals do not require certification from a medical practitioner

# Shortened Life Expectancy

- Commuted Value transfers from plan under this provision not subject to solvency holdback rules

Paid in full upon transfer/payment

# Pension Eligibility Date

- Act section 64 - age or date pension paid without reduction or increase
- Look to plan terms:
  - e.g. NRD is defined as 65
  - members can retire unreduced at 60
  - does this mean pension may start at 50?

# Pension Eligibility Date

- It depends on how plan is designed!
- Section 81 allows enhanced early retirement as an ancillary benefit
- If early retirement is an ancillary, in the circumstances above, pension payable at 55, not 50

# Pension Eligibility Date

- Example – NRD defined as 65
- Reductions as set out below

Age at retirement	Applicable Reduction
60 and over	0
59	3%
58	6%
57	9%
56	12%
55	15%

- Earliest retirement date: 55

# Jointly Sponsored Pension Plans

- Benefit formula provision
  - defined benefit
  - target benefit
- Employer(s) and members required to contribute to meet funding requirements
  - current service
  - unfunded liabilities and/or solvency deficiencies

# Jointly Sponsored Pension Plans

- Shared governance
  - joint Board of Trustees
- Design available to any plan
  - 4 large Public Sector plans are jointly sponsored
  - some private sector plans have adopted this design

# Ancillary Benefits

- Act section 82(2) requires plan to establish the basis on which payment of ancillary benefits is to be made
  - one or both of age and years of plan membership, or
  - another factor consented to by the superintendent on application.

# Ancillary Benefits

## Examples of factors that do not require consent:

- Factors not explicitly based on age or years of plan membership, but rely on underlying conditions that are
  - e.g. Annual indexing adjustments on a monthly pension
    - **Condition: Member has to have retired**
  - Retirement provision is age related, therefore no consent required

# Ancillary Benefits

## Examples of factors that do not require consent (continued)

- Factors not related directly to ancillary benefit provisions, but to an underlying provision on which ancillary benefit provisions are based:
  - e.g. Annual indexing adjustments on monthly pension
    - **Condition: Recipient of pension must be alive**
  - No pension to adjust if recipient is not alive (retirement provision), therefore no consent required.

# Ancillary Benefits

## Example of a factor that does require consent

- Plan provides benefits to
  - salaried employees
  - unionized employees
- Bridge benefit payable only to union members
  - **Condition: Membership in union**
- Consent required

# Ancillary Benefits

The Superintendent will not take issue with reasonable application of above logic in determining factors not requiring consent

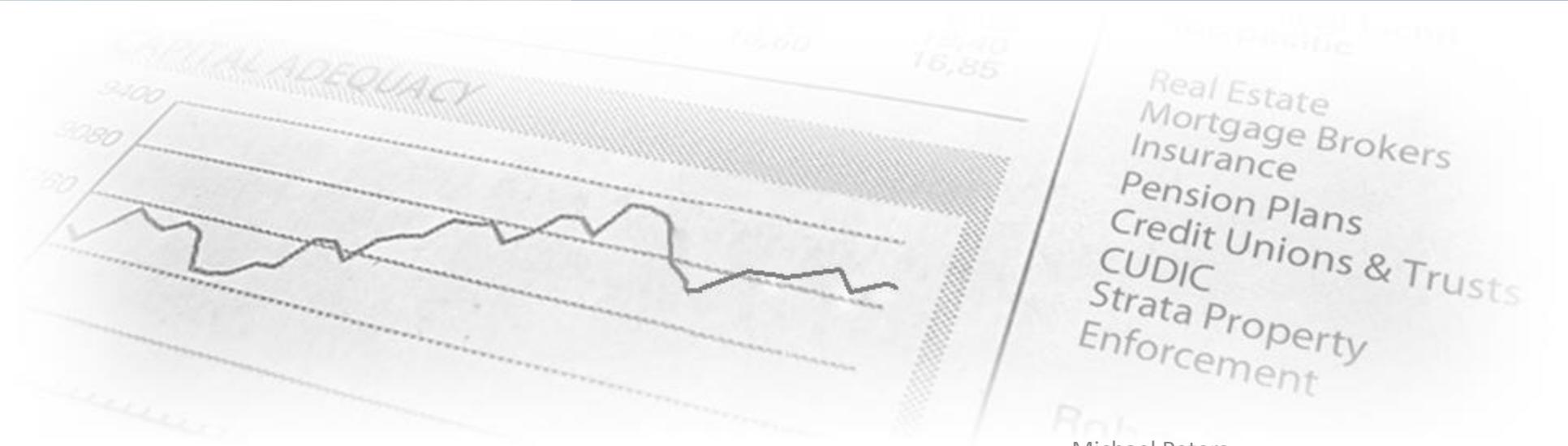
# Other Topics

- Small entitlements
- Waiver of pre-retirement death benefit
- Missing members



# Financial Institutions Commission

## Pensions



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Acting Superintendent of Pensions