

Changes to Filing Fees for Ontario Pension Plans

Last year the Financial Services Commission of Ontario (FSCO) announced changes to the way pension plan sponsors will be assessed registration fees on an ongoing basis. If you sponsor a pension plan and it is registered in Ontario, you have, in the past included your annual registration fees with the Annual Information Return (AIR). This corresponded to six months after plan year end for DC plans and nine months after plan year end for DB plans.

Going forward this will not be the case. FSCO has implemented the pension assessment, which replaces the AIR fee structure. The first pension assessment period runs from April 1, 2007 to March 31, 2008, and applies to plans with fiscal year ends falling within this period.

FSCO will send a pension assessment notice to all pension Plan Sponsor in February of each year, beginning in 2008.

Proteus has been in contact with FSCO and to this date they do not have a firm date of when the Assessments will be sent, or whether they will involve an increase or decrease in fees for sponsors. However, Plan Sponsors are required to pay the assessment within 30 days of the date of the notice. *This will be a lot earlier in the year than most Plan Sponsors are accustomed to.*

There are no changes to the filing due dates for the AIR or the Pension Benefits Guarantee Fund assessment.

How the Pension Assessment is Calculated*

The pension assessment has two components: a preliminary calculation, similar to the prior AIR fee structure, and an adjustment.

The Preliminary Calculation

The preliminary calculation is based on pension plan membership as provided in the most recent AIR on file that falls within the assessment period. The formula is \$6.15 per member and \$4.25 per former member and other plan beneficiaries, with a minimum of \$250 and a maximum of \$75,000 per plan. This amount will be included with the *Adjustment* explained below.

The Adjustment

The adjustment reflects the difference between the total pension sector costs for the fiscal year, less the aggregate of all fees, and the amount that would be collected from all pension plans under the preliminary calculation.

This difference is allocated among all pension plans on a pro rata basis using each pension plan's preliminary amount and the total amount for all pension plans determined under the preliminary calculation.

The adjustment may be positive or negative. While minimum and maximum limits apply to the preliminary calculation, the total pension assessment (preliminary calculation plus adjustment) may be less than the minimum or more than the maximum limits of the preliminary calculation.

Summary

The pension assessment for a period will be the total of the *Preliminary Calculation* and the *Adjustment* for each pension plan. This amount will be billed early in the year and will be payable within 30 days. No payment will be due when filing the AIR.

Please contact Proteus if you have any questions regarding the changes.

* From FSCO website <http://www.fSCO.gov.on.ca/english/pensions/pensionassessments.asp>

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