

How The HST Will Affect Your Retirement Plan

We are all aware that the Harmonized Sales Tax (HST) came into effect in Ontario and British Columbia on July 1, 2010. What you may not be aware of is how the new tax structure will affect the funds within your retirement plan.

Ontario and British Columbia have now joined New Brunswick, Nova Scotia and Newfoundland and Labrador in having the Federal Government administer the combined tax. Beginning July 1st, both investment management fees (IMF's) and monthly per member fees (which may be applicable if your Plan is a defined contribution plan administered by an insurance company), may have HST applied to them.

The HST on IMF's will have the effect of further decreasing the fund's unit value. This same approach is currently in place for applying GST. Fund companies will calculate the amount of HST to apply dependent on either the province of registration for the plan sponsor or a blended rate depending on the provincial distribution of members.

The table on the right indicates the HST rates for the various provinces, effective July 1, 2010.

Province	HST Rate
Ontario, New Brunswick, Newfoundland and Labrador	13%
British Columbia	12%
Nova Scotia	15%
Quebec	12.5% (GST + QST)
Alberta, Saskatchewan, Manitoba, PEI, NWT, Nunavut and Yukon	5% (GST only)

Document Retention For Pension Gets Its Own FSCO Policy

The Financial Services Commission of Ontario (FSCO) has issued a new policy on document retention for pension plans. The Policy (Index No. A300-200) is a useful outline for plan sponsors to examine whether their current document retention policy sufficiently protects both the administrator and the plan's beneficiaries.

FSCO recognizes that documents relating to pension plans will typically fall into one of the following three categories:

- Plan records that pertain to legislated requirements;
- Plan records that pertain to individual plan beneficiaries and payment of their pension entitlements;
- All other plan records that pertain to the day-to-day operation of the pension plan and pension fund.

For the first group (legislatively required documents) the Policy notes that "neither the PBA nor the Regulation limit the retention period of the (legislatively required) plan records. The records must always be made available to those who are eligible to inspect the records under section 29 of the PBA."

Records pertaining to individuals' entitlements "should be retained as long as they have an entitlement under the pension plan." The Policy goes on to note that once a member is paid out in full, the Administrator should maintain a summary of the payment details for future reference.

When it comes to all other Plan records, the Administrator should make a decision on how long they will be maintained, by whom and in what format.

PROTEUS

RETIREMENT PLAN GOVERNANCE

www.proteusperformance.com

- 250 Ferrand Drive Phone: 416 421 3557
- Suite 303 Fax: 416 421 1348
- Toronto, Ontario M3C3G8 Toll Free: 800 360 6363

VALUE, KNOWLEDGE, SERVICE

Proteus Performance Management is a premier provider of pension governance and cost efficiency to Canadian Pension and Investment Funds. We create an environment of participation and teamwork in a selection & review process which focuses on specific client needs. The firm maintains itself free of conflicts of interest and in all cases acts in the best interests of the client.