

# PENSION UPDATE

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## Proposed & Approved Defined Benefit Solvency Relief

By Ryan Kuruliak, Vice President

The market collapse of 2008 has caused or aggravated large solvency deficits for most defined benefit plan sponsors. Sponsors now face the unenviable position of having to fund large solvency deficits for their plan while juggling the effects of the economic downturn on the other areas of their business. In response to this reality, many pension regulatory jurisdictions have moved to provide temporary funding relief. However, as is often the case in Canada, each jurisdiction has taken their own approach and have made independent announcements (jurisdiction is dictated by where the plan is registered). This fragmented response can make it difficult to keep track of what each jurisdiction is proposing. In response, we have compiled the following brief overview of the items that have been proposed or approved in the various jurisdictions. If you require additional detail regarding the proposals and what they could mean for your plan, please contact Proteus. Please visit [www.proteusperformance.com/solvency/](http://www.proteusperformance.com/solvency/) for updates.

	Federal	B.C.	Alberta	Sask.	Manitoba	Ontario	Quebec	New Brunswick	Nfld. & Lbdr.	Nova Scotia
Consolidation of existing solvency payments					✓ Amortize over 10 years	✓ Amortize over 5 years	✓ Being considered		✓ And amortize over 5 years	
Deferment of initial solvency payments			✓ 3yr deferral	✓ 3yr deferral		✓ 1yr deferral				
Extension of solvency amortization schedule	✓ 10yr extension with participant consent or Letter of Credit	✓ Extension with approval was already available	✓ 10 yr extension for new deficiencies only	✓ 10 yr extension for new deficiencies only	✓ 10yr extension on consolidated solvency payments	✓ 10 yr extension for new deficiencies only	✓ 10 yr extension has been considered	✓ Extension with approval was already available	✓ 10yr extension with participant consent or Letter of Credit	
Letter of Credit	✓	✓	✓				✓		✓	
Revised CIA Commuted Value rates	✓	✓	✓	✓	✓	✓	✓		✓	✓
Flexibility to use actuarial gains to reduce cash payments						✓	✓			
Regulator can assume Plan administration							✓			

*This table is a high-level summary of the various regulators proposed or approved relief measures, for informational purposes only and cannot be considered a complete description, or opinion of our firm. While we have made reasonable effort to ensure its accuracy, actual proposals may differ from those outlined above. Certain details have not been included for brevity or because the required provisions have not been approved by the appropriate authorities.*

**Sources:** Proposed Response Alternatives to Meet the Defined Benefit Pension Plan Funding Issues Arising from the Current Economic Environment - Alberta Finance (Dec 2008); Ontario Government Providing Solvency Funding Relief for Pensions - [www.ontario.ca/finance-news](http://www.ontario.ca/finance-news) (December 2008); Recent Solvency Relief Measures in Canada - Canadian Pension & Benefits Digest (April 2009); Funding Relief for Defined Benefit Pension Plans in Canada - Blakes Bulletin (February 2009); Solvency Funding Relief Regulations - Government of Newfoundland and Labrador (June 2008); Solvency Funding Relief Measures - McInnes Cooper (March 2009); Special Payments Relief Regulation - Government of Manitoba (December 2008); Solvency Relief Discussion Paper - Saskatchewan Financial Services Commission (December 2008)

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