

Anti-Money Laundering Changes

On June 23, 2008, new regulations came into effect under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. These changes are the result of amendments made under Bill C-25 which received Royal Assent on December 14, 2006. All financial institutions, including insurance companies who provide group savings and retirement programs, are now required to implement changes which will enhance the identity verification of members under certain types of plans. The purpose of these changes is to increase the monitoring and reporting of suspicious transactions.

The plans subject to the new regulations are essentially plans not registered with pension authorities and where members can contribute directly to the plan. These primarily include Non-Registered Plans and may also affect:

- Trust Employee Stock Purchase Plans (TESPP)
- Employee Profit Sharing Plans (EPSP)

Under the regulations, financial institutions are now required to perform identity checks when members make lump-sum (i.e. voluntary) contributions through any means outside of a payroll deduction, regardless of the size of the transaction.

The various plan providers (typically insurance companies) have chosen to implement these new requirements in a variety of ways. New processes range from submitting the identification number of a piece of government-issued identification to requiring members to submit copies of identification that have been certified by a guarantor (similar to a passport application process). In some cases, the plan sponsor is able to act as an agent and certify the member's identity of the contributor. Plan Sponsors may also have the ability to remove lump-sum, non-payroll contributions as an option for non-registered plans.

Further verification may also be required when contributions are made without using a personal cheque (i.e. money order, draft, cash). In this situation, members may be required to obtain confirmation from their bank that they have a deposit account.

Most plan sponsors have received notices from individual providers outlining these changes and the specific impacts on their plans. For further information on how these changes might affect your plan, contact your plan provider or Proteus.



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