

PENSION UPDATE

Pension Plan Advisory Committees Regulations Released

Taking effect on January 1, 2017

Regulations for members of pension plans registered in Ontario have been released. Previously the Pension Benefits Act contained some basic criteria for the scope and purpose of an Advisory Committee. The regulations apply to pension plans that have 50+ members (including retirees). If 10 members in the plan, or a union representing at least 10 members, decide they would like to create a plan advisory committee, the members must notify the plan administrator who in turn must facilitate a vote. If the majority of those who participated in the vote decide to establish a committee, the committee should be created in a matter of months without any representation of the plan administrator.

Pension Advisory Committees allow members to monitor their pension plan, promote awareness of the plan and make recommendations to the administrator of the plan. However, it will not give the members the right to determine how the plan is administered. *The definition of "monitor" is not defined in the act or regulations.*

In the event a committee is formed, the plan administrator must:

1. Meet with the committee to discuss the administration of the plan semi-annually (or annually at the discretion of the Committee);
2. Arrange for the plan actuary (for defined benefit plans) to meet with the committee annually;
3. Provide the committee access to an individual who can report on the plan's investments; and
4. Provide the committee information with the permission to examine plan records.

A committee can be composed of four to 15 representatives. Reasonable costs associated with the vote to form a committee, as well as the establishment and operation of the advisory committee are payable out of the pension fund (this may not be possible for defined contribution plans). These new regulations will take effect on January 1, 2017. Certain plans, including jointly sponsored pension plans and multi-employer plans established pursuant to collective agreements, are exempted from these regulations.

PROTEUS

INVESTMENT & GOVERNANCE SPECIALISTS