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PBSA Update

Issue No. 4

The purpose of *PBSA Update* is to improve communications between the Office of the Superintendent of Financial Institutions and pension plan sponsors whose plans are filed with the Office pursuant to the *Pension Benefits Standards Act, 1985* (PBSA).

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1. Report of the Superintendent on the Administration of the PBSA for the Year Ended March 31, 1989

Enclosed for your information is a copy of this report on the operation of the PBSA. In addition to providing statistical information on supervised pension plans, including a profile of the plans and members (Appendix B) the report comments on the results of the annual survey concerning the extent to which inflation or other adjustments to pensions have been provided.

2. Remittances of Contributions to the Pension Fund

In the October 1989 issue of *PBSA Update*, we reported that on-site examinations were revealing some violations of certain standards of the PBSA, including the timing of remittances to the pension fund. Recent examinations confirm that this is still the case.

The Office considers this situation to be very serious. It will be a continuing focus of future examinations.

The contributions of plan members must be remitted to the plan administrator within 30 days after the end of the period in respect of which such contributions were deducted. The employer's share of the normal cost, and any special payments required to be made during the plan year, must be remitted on a quarterly basis, with each instalment paid within 30 days of the end of the applicable quarter.

3. Pension Plans Not Yet Registered Under the PBSA

As you know, the PBSA requires that all pension plans not only be administered in compliance with the PBSA from January 1, 1987 (the PBSA's effective date), but also that they be amended to comply with the new standards. Plan texts filed with the Office are reviewed and the administrator is notified of any areas of non-compliance. Plans are registered only after all areas of non-compliance with the standards for registration are eliminated.

This review and registration process has turned out to be far more time consuming than originally expected. Although we expect to have reviewed all the pension plan texts by the end of this year, the registration of many of the plans will take longer. Experience has shown that most plans do not fully comply with the standards for registration when they are initially filed and the amendment process is lengthy.

Plan administrators are advised that the Office is making every effort to ensure that revised plan texts are examined as quickly as possible. In turn, the Office expects administrators to make every effort to effect such additional changes to their plan texts as quickly as possible in order to ensure that the registered status of the plans is confirmed.

4. Important Reminder! Member and Spouse's Annual Statements

The PBSA requires that each pension plan member and the member's spouse be given a written annual statement showing prescribed information. As explained in Chapter XVII of the PBSA Reference Manual, the statement must be provided within six months of the pension plan's year end. Statements may be given on a triennial basis to 1992, and annually thereafter, with the first statement due in respect of the plan year ending in 1989.

If you administer a pension plan that is subject to the PBSA and you do not have a copy of the Reference Manual issued by the Office, we will be pleased to send you one in the official language of your choice.

5. Pension Plan Examinations

We now examine about 60 pension plans each year at the office of the plan administrator and others associated with the plans' administration (e.g., the plan actuary). Candidates for examination are selected primarily on the basis of a risk analysis of periodic plan filings (valuation reports, etc.) and related information. Also, for 1990, a number of the 60 pension plans examined will be selected at random.

The on-site examination program is designed to enhance the supervisory role of the Office as the administrator of the PBSA and to improve communication and understanding between plan sponsors and the Office.

6. Policy of the Office With Respect to Requests from Plan Members or from Their Representatives for Information on Their Pension Plans

Under the PBSA (paragraph 28.(1)(c)), pension plan members (excluding former members and retirees) have a right to information contained in any document filed with the Office under the Act. However, the responsibility to make the information available rests with the plan administrator and not with the Office.

Consequently the Office's general policy on requests pursuant to paragraph 28.(1)(c) is to ask the plan member or representative to direct the request to the plan administrator. The Office will intervene on the member's behalf, if necessary. In the absence of a formal Access to Information request, only in exceptional circumstances would the Office consider providing access to the information directly.

We feel this policy is justified not only by the provisions of the legislation but also by the practical limitations that the Office would face if we were to take on this responsibility. We hope you appreciate our position in this regard.

7. Future Amendments to the PBSA

The amendment to the regulations providing for a new fee schedule for supervised pension plans is expected to come into force shortly. Details of this proposed change were provided in Issue No. 3 of *PBSA Update*. Other amendments to the Regulations expected to come into force at the same time are primarily of a "housekeeping" nature. A further amendment should follow shortly thereafter concerning the registration of securities in the name of a nominee.

We also draw your attention to section 13 of the enclosed Superintendent's report and the Office's intention to further amend the fee schedule to place the administration of the PBSA on a self-supporting basis.

Comments?

We invite your comments on the items included in this issue of *PBSA Update*. Write to us at:

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