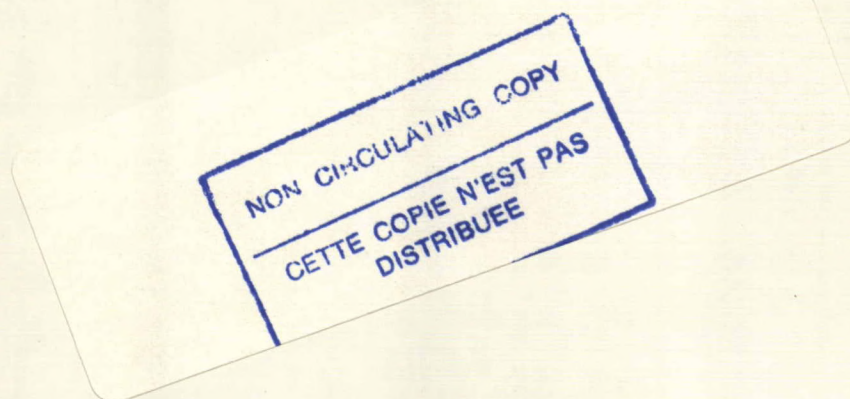


A Better Pension System

Draft Amendments to the Income Tax Act and Income Tax Regulations Relating to Saving for Retirement

March 28, 1988



Canada

Draft Amendments to the Income Tax Act and Income Tax Regulations Relating to Saving for Retirement

Issued by the Honourable Michael H. Wilson
Minister of Finance

March 28, 1988



Department of Finance
Canada

Ministère des Finances
Canada

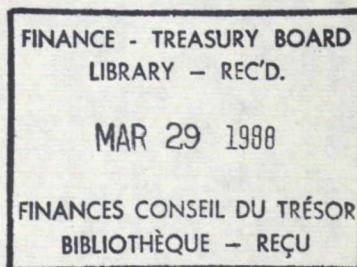


Table of Contents for Draft Legislation

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
1	6	Income from an Office or Employment	1
2	8	Deductions in Computing Income from an Office or Employment	1
3	18	Deductions Prohibited – Business and Property Income	3
4	20	Deductions Permitted – Business and Property Income	3
5	60	Deductions in Computing Income	4
6	60.2	Undeducted Past Service AVCs	9
7	87	Amalgamations	10
8	146	Registered Retirement Savings Plans (RRSPs)	10
9	146.3	Registered Retirement Income Funds (RRIFs)	17
10	147	Deferred Profit Sharing Plans (DPSPs)	19
11	147.1	Registered Pension Plans (RPPs)	23
	(1)	Definitions	23
	(2)	Conditions for qualification for registration	28
	(a)	Permissible contributions	28
	(b)	Assignment of rights	28
	(c)	Permissible distributions	29
	(d)	Commencement of pension	29
	(e)	Provision of benefits	29
	(f)	Investments	30
	(g)	Borrowing	30
	(h)	Determination of amounts	30
	(i)	Administrator	31
	(j)	Prescribed rules	31

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
	(3)	Additional conditions for qualification – defined benefit provision	31
	(a)	Employee contributions	31
	(b)	Determination of retirement benefits	31
	(c)	Benefit accruals after pension commencement	31
	(d)	Past service benefits	32
	(e)	Early retirement	32
	(f)	Reduction in benefits	33
	(g)	Lump sum payments – reduction in benefits	33
	(4)	Maximum lifetime retirement benefits	33
	(5)	Maximum lifetime retirement benefits – rules	35
	(a)	Adjusted remuneration	35
	(b)	Amount of lifetime retirement benefits	35
	(c)	Short period of employment	35
	(d)	Inflation adjustment	35
	(e)	Artificially reduced pension adjustment	36
	(6)	Exception for actuarially increased benefits	36
	(7)	Pre-1988 benefits – members connected with employer	37
	(8)	Permissible benefits – defined benefit provision	37
	(a)	Bridging benefits	37
	(b)	Inflation adjustments	38
	(c)	Guarantee period	38
	(d)	Post-retirement survivor benefits	39
	(e)	Benefit reduction on first death	39
	(f)	Pre-retirement survivor benefits	39
	(g)	Pre-retirement survivor benefits – guarantee period	40

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
	(h)	Lump sum payments on death before retirement	41
	(i)	Refund of member contributions after death	41
	(j)	Optional form of benefits	43
	(k)	Surviving spouse – optional form of benefits	44
	(9)	Additional conditions for qualification – money purchase provision	44
	(a)	Separate accounts	44
	(b)	Return of contributions	44
	(c)	Refund of forfeited amounts	44
	(d)	Annuities	45
	(e)	Employer contributions	45
	(10)	Permissible benefits – money purchase provision	45
	(a)	Reduction at age 65	45
	(b)	Inflation adjustments	45
	(c)	Guarantee period	45
	(d)	Post-retirement surviving spouse benefits	46
	(e)	Benefit reduction on first death	46
	(f)	Pre-retirement surviving spouse benefits	46
	(g)	Pre-retirement survivor benefits – guarantee period	46
	(h)	Lump sum payments on death before retirement	46
	(i)	Surviving spouse – optional form of benefits	46
	(11)	Multi-employer plans	46
	(12)	Terms required by prescribed laws	48
	(13)	Terms required by Minister	48
	(14)	Application for registration	48
	(15)	Acceptance of plan for registration	48
	(16)	Registration date	48

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
	(17)	Pension adjustment limits	48
	(18)	Bridging benefits – additional limit	49
	(19)	Acceptance of amendments	50
	(20)	Additional conditions	50
	(21)	Obligations of administrator	50
	(22)	Benefits provided	50
	(23)	Idem	50
	(24)	Person connected with employer	50
	(25)	Dependent person	51
	(26)	Apportionment of pensionable service	52
	(27)	Plan as registered	52
147.2		Inter-Plan Transfers	52
	(1)	Transfer – money purchase to money purchase or RRSP	52
	(2)	Transfer – money purchase to defined benefit	52
	(3)	Transfer – defined benefit to defined benefit	53
	(4)	Transfer – defined benefit to money purchase or RRSP	53
	(5)	Transfer to RPP or RRSP for spouse on marriage breakdown	53
	(6)	Transfer – return of contributions	53
	(7)	Transfer – lump sum benefits on death	54
	(8)	Limitation re transfers	54
	(9)	Taxation of amounts transferred	54
147.3		Filing of Actuarial Reports	54
147.4		Information Returns	55
	(1)	Reporting requirements – pension adjustment	55

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
	(2)	Idem – employee contribution to multi-employer plan	55
	(3)	Idem – multi-employer plan	55
	(4)	Reporting requirements – pension adjustment reversal	55
	(5)	Idem	56
	(6)	Provision of information to administrator	56
	(7)	Provision of information to employer	56
	(8)	Provision of information – past service pension adjustment	56
	(9)	Idem	56
	(10)	Information return	57
	(11)	Reporting to employees – PA and PAR	57
	(12)	Reporting to employees – PSPA	57
	(13)	Reporting to employees – forwarding of returns	57
147.5		Deductibility of Registered Pension Plan Contributions	57
	(1)	Pension contributions deductible – employer contributions	57
	(2)	Employer contributions – defined benefit provisions	58
	(3)	Filing of actuarial report	59
	(4)	Amount of employee's pension contribution deductible	59
	(a)	Service after 1987	59
	(b)	Service before 1988 while not a contributor	59
	(c)	Service before 1988 while a contributor	60
	(5)	Teachers	61
147.6		Revocation of Registration	61
	(1)	Revocation of registration – notice of intention	61
	(2)	Notice of revocation	61

Clause in the Draft Legislation	Section of the Income Tax Act	Topic	Page
	(3)	Revocation of registration	62
	147.7	Superintendent of Financial Institutions	62
	147.8	Existing Plans	62
	(1)	“existing plan”	62
	(2)	Existing plan – qualification for registration before 1991	62
	(3)	Qualification after 1990	63
	(4)	Alternative qualification	63
	(5)	Pre-existing obligations	63
	(6)	Application of pension adjustment limits	63
	(7)	Application of bridging benefit limit	64
12	172	Appeals	64
13	180	Appeals to Federal Court of Appeal	65
14 & 15	204.1 & 204.2	Part X.I – Tax in Respect of Over-Contributions to Deferred Income Plans	65
16	238	Offences	69
17	241	Communication of Information	69
18	248	Definitions	70
19	252	Extended Meanings	70
20		Expression “registered pension plan”	71
21		Schedule I – French Version Changes	71
Schedule I		French Version Changes	72

Table of Contents for Draft Regulations

Clause in the Draft Regulations	Section of the Income Tax Regulations	Topic	Page
1	900	Part IX – Delegation of Powers and Duties of the Minister	77
2	1501	Deferred Profit Sharing Plans – Registration of Plans	77
3	2700	Part XXVII – Employers Contributions to Registered Pension Funds and Plans	77
4	7700 to 7708	Part LXXVII – Pension Adjustments, Past Service Pension Adjustments and Pension Adjustment Reversals	77
	7700	Interpretation	77
	7701	Pension Adjustment (PA)	79
	(1)	Pension Adjustment in Respect of Employer	79
	(2)	Pension Credit – Deferred Profit Sharing Plan	79
	(3)	Pension Credit – Money Purchase Provision	79
	(4)	Pension Credit – Flat Benefit Provision of a Specified Multi-Employer Plan	79
	(5)	Pension Credit – Defined Benefit Provision	80
	(6)	Timing of Contributions	80
	(7)	Subsequent Events	81
	7702	Benefit Entitlement	81
	(1)	Apportionment of Benefit Accrual	81
	(2)	Method of Calculation	82
	(3)	Earnings Exclusion – Transition Years	83
	(4)	Maximum Benefit Accrual	83
	(5)	Anti-Avoidance	84
	7703	Past Service Pension Adjustment (PSPA)	84
	(1)	PSPA in Respect of Employer	84
	(2)	Certified PSPA	84

Clause in the Draft Regulations	Section of the Income Tax Regulations	Topic	Page
	(3)	Provisional PSPA	84
	(4)	Redetermined Benefit Entitlement	85
	(5)	Specified Multi-Employer Plan	88
	(6)	Conditional Contributions	88
	(7)	Apportionment of Increased Benefits	88
7704		Pension Adjustment Reversal (PAR)	88
	(1)	Total PAR in Respect of Employer	88
	(2)	PAR – Registered Plans (Other Than Multi- Employer Plans)	89
	(3)	PAR – Multi-Employer Plan	90
	(4)	Final Year's PA and PSPA	91
	(5)	Membership Termination Date – Registered Plans (Other Than Multi-Employer Plans)	91
	(6)	Membership Termination Date – Multi-Employer Plan	92
7705		Member Contributions	92
7706		Certification in Respect of Additional Past Service Benefits	93
	(1)	Certification Not Required	93
	(2)	Certification	93
	(3)	Total Certified Past Service Pension Adjustments	94
	(4)	Provisional PAR – Registered Plans (Other Than Multi-Employer Plans)	94
	(5)	Provisional PAR – Multi-Employer Plan	95
	(6)	Qualifying Transfers	96
	(7)	PSPA Transfers	96
	(8)	Qualifying Withdrawals	96
	(9)	Amount Eligible for Designation	97
	(10)	PSPA Withdrawals	97

Clause in the Draft Regulations	Section of the Income Tax Regulations	Topic	Page
	(11)	Prescribed Withdrawal	97
	7707	Methods Acceptable to the Minister	97
	7708	Rounding of Amounts	98
5	7800 to 7803	Part LXXVIII – Registered Pension Plans	98
	7800	Prescribed Investment	98
	7801	Public Safety Occupations	99
	7802	Prescribed Laws	99
	7803	Application for Registration	99
6		Expression “registered pension plan”	100
7		Coming-Into-Force	100

**Draft Amendments to the Income Tax Act
Relating to Saving for Retirement**

Draft Amendments to the Income Tax Act Relating to Saving for Retirement

1. (1) Subparagraph 6(1)(g)(iii) of the *Income Tax Act* is repealed and the following substituted therefor:

“(iii) a superannuation or pension benefit attributable to services rendered by a person in a period throughout which he was not resident in Canada;”

(2) Subsection (1) is applicable to the 1988 and subsequent taxation years.

2. (1) Paragraph 8(1)(m) of the said Act is repealed and the following substituted therefor:

Employee's registered pension
plan contributions

“(m) the amount in respect of contributions to registered pension plans that, by virtue of subsection 147.5(4), is deductible by the taxpayer in computing his income for the year;”

(2) Paragraph 8(1)(m.1) of the said Act is repealed and the following substituted therefor:

Employee RCA contributions

“(m.1) amounts contributed by the taxpayer in the year under a retirement compensation arrangement in respect of services rendered by the taxpayer in the year where

(i) the arrangement is a pension plan the registration of which was revoked under this Act as of a date later than the effective date of the registration of the plan, and

(ii) the contributions were made in accordance with the terms of the plan as last registered;”

(3) Section 8 of the said Act is further amended by adding thereto, immediately after subsection (1) thereof, the following subsection:

Election re additional
voluntary contributions

“(1.1) For the purposes of paragraph (1)(m), such part as a taxpayer designates in his return of income for the 1986 taxation year of the aggregate of all amounts contributed by the taxpayer after 1985 and before October 9, 1986 as additional voluntary contributions shall be deemed to have been contributed in respect of services rendered by him before 1986.”

(4) Subsections 8(6) and (7) of the said Act are repealed.

(5) Subsection 8(8) of the said Act is repealed.

(6) Subsection (1) is applicable to the 1986 and subsequent taxation years except that, in its application to the 1986, 1987 and 1988 taxation years, paragraph 8(1)(m) of the said Act, as enacted by subsection (1), shall be read as follows:

“(m) amounts contributed by the taxpayer in the year to or under a registered pension plan,

(i) not exceeding in the aggregate his contribution limit for the year under this subparagraph in respect of the plan, if retained by his employer from his remuneration for or under the plan in respect of services rendered in the year or paid into or under the plan by the taxpayer as part of his dues for the year as a member of a trade union,

(ii) not exceeding in the aggregate, the lesser of

(A) his contribution limit for the year under this subparagraph in respect of the plan, paid by him in the year and, in the case of additional voluntary contributions, before October 9, 1986, into or under the plan in respect of services rendered by him before the year while he was not a contributor, and

(B) that part of an amount paid by him in the year and, in the case of additional voluntary contributions, before October 9, 1986, into or under the plan in respect of services rendered by him before the year while he was not a contributor that is not in excess of the amount obtained by multiplying the number of preceding years in which he rendered services while he was not a contributor by his contribution limit for the year under this subparagraph in respect of the plan, and subtracting from the product so obtained the aggregate of all amounts deducted under this subparagraph for preceding taxation years,

to the extent not deductible in the immediately preceding taxation year under paragraph 60(j), and

(iii) not exceeding in the aggregate \$3,500 minus any amount deducted under subparagraph (i) or (ii) in computing his income for the year, paid by him in the year, and in the case of additional voluntary contributions, before October 9, 1986, whether into or under the plan or into or under any other such plan in respect of services rendered by him before the year while he was a contributor, to the extent not deductible in the immediately preceding taxation year under paragraph 60(j);”

(7) Subsections (2) and (4) are applicable to the 1989 and subsequent taxation years.

(8) Subsection (3) is applicable to the 1986 taxation year.

(9) Subsection (5) is applicable to the 1989 and subsequent taxation years, and subsection 8(8) of the said Act, as it applies to the 1987 and 1988 taxation years, shall be read as follows:

“(8) Where an amount, other than an additional voluntary contribution, has been contributed by a taxpayer to or under a registered pension plan

(a) after 1945, in respect of services rendered by him in a year while he was not a contributor, or

(b) after 1962, in respect of services rendered by him in a year while he was a contributor,

it may be included in computing a deduction under

(c) subparagraph (1)(m)(ii), in the case of an amount described in paragraph (a), or

(d) subparagraph (1)(m)(iii), in the case of an amount described in paragraph (b),

for taxation years subsequent to the year in which it was contributed to the extent that it exceeds the aggregate of amounts deductible in respect thereof under this subsection, subparagraph (1)(m)(ii) or (iii) or paragraph 60(j) in computing incomes for years preceding the taxation year.”

3. (1) Subparagraph 18(11)(c)(i) of the said Act is repealed and the following substituted therefor:

“(i) a contribution described in subparagraph 8(1)(m)(ii) or (iii) (as they read in their application to the 1988 taxation year) that was required to be made pursuant to an obligation entered into before November 13, 1981, or”

(2) Subparagraph 18(11)(c)(ii) of the said Act is repealed and the following substituted therefor:

“(ii) a contribution deductible by the taxpayer under paragraph 20(1)(q) or (y); or”

(3) Subsection (1) is applicable to the 1989 and subsequent taxation years.

(4) Subsection (2) is applicable to the 1990 and subsequent taxation years.

4. (1) Paragraph 20(1)(q) of the said Act is repealed and the following substituted therefor:

“(q) such amount in respect of employer contributions to registered pension plans as is permitted by subsection 147.5(1);”

Employer's contributions to
registered pension plan

(2) Paragraph 20(1)(s) of the said Act is repealed.

(3) Subsections 20(22) and (23) of the said Act are repealed.

(4) Subsections (1) to (3) are applicable to the 1989 and subsequent taxation years with respect to contributions made to registered pension plans after 1988.

5. (1) Paragraph 60(j) of the said Act is repealed and the following substituted therefor:

**Transfer of superannuation
benefits**

“(j) such part of the aggregate of all amounts each of which is a superannuation or pension benefit (other than a benefit that can reasonably be considered to be one of a series of periodic payments) payable out of or under a pension plan other than a registered pension plan, attributable to services rendered by a person in a period throughout which the person was not resident in Canada, and included in computing the income of the taxpayer for the year by virtue of subparagraph 56(1)(a)(i) as

(i) is designated by the taxpayer in his return of income under this Part for the year, and

(ii) does not exceed the aggregate of all amounts each of which is an amount paid by him in the year or within 60 days after the end of the year

(A) as a contribution to or under a registered pension plan for his benefit, other than the portion thereof deductible under paragraph 8(1)(m) in computing his income for the year, or

(B) as a premium (within the meaning assigned by subsection 146(1)) under a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), other than the portion thereof designated for a taxation year for the purposes of paragraph (1),

to the extent that the amount was not deducted in computing his income for a preceding taxation year;”

(2) Section 60 of the said Act is further amended by adding thereto, immediately after paragraph (j) thereof, the following paragraph:

Transfer of surplus

“(j.01) such part of the aggregate of all amounts each of which is an amount received by the taxpayer before March 28, 1988 that can reasonably be considered to be a payment in respect of the actuarial surplus under a defined benefit provision (within the meaning assigned by subsection 147.1(1)) of a registered pension plan and that is included in computing the income of the taxpayer for the year by virtue of subparagraph 56(1)(a)(i) (other than any portion thereof deducted by the taxpayer under subsection 60.2(1) in computing his income for the year) as

(i) is designated by the taxpayer in his return of income under this Part for the year, and

(ii) does not exceed the aggregate of all amounts each of which is an amount paid by him in the year or within 60 days after the end of the year

(A) as a contribution to or under a registered pension plan for his benefit, other than the portion thereof deductible under paragraph 8(1)(m) or 60(j) or (j.1) in computing his income for the year, or

(B) as a premium (within the meaning assigned by subsection 146(1)) under a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), other than the portion thereof that has been designated for the purposes of paragraph (j), (j.1) or (l),

to the extent that it was not deducted in computing his income for a preceding taxation year,”

(3) Clause 60(j.1)(ii)(B) of the said Act is repealed and the following substituted therefor:

“(B) \$1,500 times the number by which the number of years before 1988 described in clause (A) exceeds the number that can reasonably be regarded as the equivalent number of years before 1988 in respect of which employer contributions under either a pension plan or a deferred profit sharing plan of the employer or a person related to the employer had vested in the retiree at the time of the payment”

(4) Section 60 of the said Act is further amended by adding thereto, immediately after paragraph (j.1) thereof, the following paragraph:

Transfer to spousal RRSP

“(j.2) for taxation years ending before 1995, such part of the aggregate of all amounts paid on a periodic basis out of or under a registered pension plan or a deferred profit sharing plan and included, by virtue of subsection 56(1), in computing his income for the year, as

(i) is designated by the taxpayer in his return of income under this Part for the year, and

(ii) does not exceed the least of

(A) \$6,000,

(B) the amount, if any, by which that aggregate exceeds the part of that aggregate designated for the year for the purposes of paragraph (j) or deducted under paragraph (k) in computing his income for the year, and

(C) the aggregate of all amounts each of which is an amount paid by the taxpayer in the year or within 60 days after the end of the year as a premium (within the meaning assigned by subsection 146(1)) under a

registered retirement savings plan under which his spouse is the annuitant (within the meaning assigned by subsection 146(1)), to the extent that the amount was not deducted in computing the taxpayer's income for a preceding taxation year;"

(5) Paragraph 60(k) of the said Act is repealed.

(6) Clause 60(l)(ii)(A) of the said Act is repealed and the following substituted therefor:

"(A) for his life, or for the lives jointly of the taxpayer and his spouse (in this paragraph having the meaning assigned by subsection 147.1(1)), either with a guaranteed period that is not greater than 90 years minus his age, or the age of his spouse, at the time of its acquisition or without a guaranteed period, or"

(7) Clause 60(t)(ii)(A) of the said Act is repealed and the following substituted therefor:

"(A) all amounts, other than amounts deductible under paragraph 8(1)(m.1), contributed under the arrangement by the taxpayer while it was a retirement compensation arrangement and before the end of the year,"

(8) Clause 60(u)(ii)(A) of the said Act is repealed and the following substituted therefor:

"(A) all amounts, other than amounts deductible under paragraph 8(1)(m.1), contributed under the arrangement by the taxpayer while it was a retirement compensation arrangement and before the end of the year, and"

(9) Subsection (1) is applicable to the 1986 and subsequent taxation years except that,

(a) in its application to the 1986 and 1987 taxation years, paragraph 60(j) of the said Act, as enacted by subsection (1), shall be read as follows:

"(j) such part of the aggregate of all amounts each of which is an amount included in computing the income of the taxpayer for the year (other than any portion thereof deducted by the taxpayer under subsection 60.2(1) in computing his income for the year) by virtue of subparagraph 56(1)(a)(i) (where the amount is received out of or under a registered pension plan or is an amount described in subparagraph 6(1)(g)(iii) or clause 56(1)(a)(i)(A) or (B)), or subsection 147(10) as

(i) is designated by the taxpayer in his return of income under this Part for the year, and

(ii) does not exceed the aggregate of all amounts each of which is an amount paid by him in the year or within 60 days after the end of the year

(A) as a contribution to or under a registered pension plan for his benefit, other than the portion thereof deductible under paragraph 8(1)(m) in computing his income for the year, or

(B) as a premium (within the meaning assigned by subsection 146(1)) under a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), other than the portion thereof that has been designated for the purposes of paragraph (1),

to the extent that it was not deducted in computing his income for a preceding taxation year;"

(b) in its application to the 1988 taxation year, paragraph 60(j) of the said Act, as enacted by subsection (1), shall be read as follows:

"(j) such part of the aggregate of all amounts each of which is an amount received by the taxpayer (other than any portion thereof deducted by the taxpayer under subsection 60.2(1) in computing his income for the year) that cannot reasonably be considered to be a payment in respect of the actuarial surplus under a defined benefit provision (within the meaning assigned by subsection 147.1(1)) of a registered pension plan and that is included in computing the income of the taxpayer for the year by virtue of subparagraph 56(1)(a)(i) (where the amount is received out of or under a registered pension plan or is an amount described in subparagraph 6(1)(g)(iii) or clause 56(1)(a)(i)(A) or (B)), or subsection 147(10) as

(i) is designated by the taxpayer in his return of income under this Part for the year, and

(ii) does not exceed the aggregate of all amounts each of which is an amount paid by him in the year or within 60 days after the end of the year

(A) as a contribution to or under a registered pension plan for his benefit, other than the portion thereof deductible under paragraph 8(1)(m) in computing his income for the year, or

(B) as a premium (within the meaning assigned by subsection 146(1)) under a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), other than the portion thereof that has been designated for the purposes of paragraph (1),

to the extent that it was not deducted in computing his income for a preceding taxation year;"

and

(c) in its application to the 1989 taxation year, paragraph 60(j) of the said Act, as enacted by subsection (1), shall be read as follows:

“(j) such part of the aggregate of all amounts each of which is an amount received by the taxpayer (other than any portion thereof deducted by the taxpayer under subsection 60.2(1) in computing his income for the year) that

(i) can reasonably be considered to be one of a series of periodic payments and that is included in computing the income of the taxpayer for the year by virtue of subparagraph 56(1)(a)(i) (where the amount is received out of or under a registered pension plan) or subsection 147(10), or

(ii) is included in computing the income of the taxpayer for the year by virtue of subparagraph 56(1)(a)(i) (where the amount is described in subparagraph 6(1)(g)(iii) or clause 56(1)(a)(i)(A) or (B))

where that part

(iii) is designated by the taxpayer in his return of income under this Part for the year, and

(iv) does not exceed the aggregate of all amounts each of which is an amount paid by him in the year or within 60 days after the end of the year

(A) as a contribution to or under a registered pension plan for his benefit, other than the portion thereof deductible under paragraph 8(1)(m) in computing his income for the year, or

(B) as a premium (within the meaning assigned by subsection 146(1)) under a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), other than the portion thereof that has been designated for the purposes of paragraph (l),

to the extent that it was not deducted in computing his income for a preceding taxation year;”

(10) Subsection (2) is applicable to the 1988 taxation year.

(11) Subsections (3) and (6) are applicable to the 1988 and subsequent taxation years.

(12) Subsections (4), (7) and (8) are applicable to the 1989 and subsequent taxation years.

(13) Subsection (5) is applicable to the 1990 and subsequent taxation years, and paragraph 60(k) of the said Act, as it applies to the 1989 taxation year, shall be read as follows:

“(k) the least of

(i) any amount paid by the taxpayer in the year or within 60 days after the end of the year to a trustee under a deferred profit sharing plan that had at least 5 beneficiaries at all times throughout the year, to the extent that it was not deductible in computing his income for the immediately preceding taxation year,

(ii) any amount that can reasonably be considered to be one of a series of periodic payments that is included in computing his income for the year by virtue of subsection 147(10), and

(iii) the amount by which

(A) the aggregate of all amounts each of which is included in computing his income for the year by virtue of subparagraph 56(1)(a)(i) or subsection 147(10)

exceeds

(B) the amount, if any, deductible under paragraph (j) in computing his income for the year;"

6. (1) The said Act is further amended by adding thereto, immediately after section 60.1 thereof, the following section:

Refund of undeducted past
service AVCs

"60.2(1) There may be deducted in computing a taxpayer's income for a taxation year an amount equal to the aggregate of

(a) the aggregate of all amounts each of which is that portion of an amount paid to the taxpayer after October 8, 1986 and before 1990 and included by virtue of subparagraph 56(1)(a)(i) or paragraph 56(1)(h) or (t) in computing his income for the year that can reasonably be considered to be a refund of additional voluntary contributions made by him before October 9, 1986 to a registered pension plan for his benefit in respect of services rendered by him before the year in which the contributions were made, to the extent that the contributions were not deducted under any provision of this Act in computing his income for any taxation year; and

(b) the least of

(i) \$3,500,

(ii) the aggregate of all amounts each of which is an amount included after 1986 by virtue of subparagraph 56(1)(a)(i) or paragraph 56(1)(d.2), (h) or (t) in computing his income for the year, and

(iii) the balance of the annuitized voluntary contributions of the taxpayer at the end of the year.

"balance of the annuitized
voluntary contributions"

(2) For the purposes of subsection (1), "balance of the annuitized voluntary contributions" of a taxpayer at the end of a taxation year means the amount, if any, by which

(a) such part of the aggregate of all additional voluntary contributions made by the taxpayer to a registered pension plan before October 9, 1986, in respect of services rendered by him

before the year in which the contributions were made, as may reasonably be considered as having been

- (i) used before October 9, 1986 to acquire or provide an annuity for his benefit under a registered pension plan or registered retirement savings plan, or
- (ii) transferred before October 9, 1986 to a registered retirement income fund under which he was the annuitant (within the meaning assigned by subsection 146.3(1)) at the time of the transfer,

to the extent that such contributions were not deducted under any provision of this Act in computing his income for any taxation year exceeds

- (b) the aggregate of all amounts each of which is
 - (i) an amount deducted under paragraph (1)(b) in computing the taxpayer's income for a preceding taxation year, or
 - (ii) an amount deducted under paragraph (1)(a) in computing the taxpayer's income for the year or a preceding taxation year, to the extent that the amount can reasonably be considered to be in respect of a refund of additional voluntary contributions included in determining the aggregate under paragraph (a)."

(2) Subsection (1) is applicable to the 1986 and subsequent taxation years.

7. (1) Subsection 87(2) of the said Act is amended by adding thereto, immediately after paragraph (p) thereof, the following paragraph:

Registered pension plans

"(q) for the purposes of sections 147.1, 147.4 and 147.5 and any regulations made for the purposes of those sections or the definitions "past service pension adjustment", "pension adjustment" and "total pension adjustment reversal" in subsection 248(1), the new corporation shall be deemed to be the same corporation as, and a continuation of, each predecessor corporation;"

(2) Subsection (1) is applicable after 1987.

8. (1) Paragraph 146(1)(c) of the said Act is repealed and the following substituted therefor:

"earned income"
«revenu gagné»

"(c) "earned income" of a taxpayer for a taxation year means the amount, if any, by which the aggregate of all amounts each of which is

- (i) his income for the year from
 - (A) an office or employment, determined without reference to paragraphs 8(1)(k), (l), (m) and (m.1),
 - (B) the carrying on of a business either alone or as a partner actively engaged in the business, or

(C) property, where such income is derived from the rental of real property or from royalties in respect of a work or invention of which he was the author or inventor, or

(ii) an amount included in computing his income for the year under paragraph 56(1)(b), (c), (c.1), (g) or (o)

exceeds the aggregate of all amounts each of which is

(iii) his loss for the year from

(A) the carrying on of a business either alone or as a partner actively engaged in the business, or

(B) property, where such loss is sustained from the rental of real property, or

(iv) an amount deductible in computing his income for the year under paragraph 60(b), (c), or (c.1);”

(2) Subsection 146(1) of the said Act is further amended by adding thereto, immediately after paragraph (d) thereof, the following paragraph:

“net past service pension
adjustment”
«facteur d'équivalence pour
services passés net»

“(d.1) “net past service pension adjustment” of a taxpayer for a taxation year is the amount determined by the formula

$$P - (F + G)$$

where

P is the aggregate of all amounts each of which is the taxpayer's past service pension adjustment for the year in respect of an employer,

F is the amount of the taxpayer's PSPA transfers for the year, determined as of the end of the year in accordance with prescribed rules, and

G is the amount of the taxpayer's PSPA withdrawals for the year, determined as of the end of the year in accordance with prescribed rules;”

(3) Subsection 146(1) of the said Act is further amended by adding thereto, immediately after paragraph (g) thereof, the following paragraphs:

“RRSP deduction limit”
«maximum déductible au titre
de REER»

“(g.1) “RRSP deduction limit” of a taxpayer for a taxation year is the amount determined by the formula

$$A + B + C - D$$

where

A is the taxpayer's unused RRSP deduction room at the end of the immediately preceding taxation year,

B is the amount, if any, by which the lesser of the RRSP dollar limit for the year and 18% of the taxpayer's earned income for the immediately preceding taxation year exceeds the aggregate of all amounts each of which is the taxpayer's pension adjustment for the immediately preceding taxation year in respect of an employer,

- C is the aggregate of all amounts each of which is the taxpayer's total pension adjustment reversal for the year in respect of an employer, and
- D is the taxpayer's net past service pension adjustment for the year;

"RRSP dollar limit"
«plafond absolu au titre de REER»

(g.2) "RRSP dollar limit" means, for 1989, \$8,500, and for each particular year after 1989, the money purchase limit for the year immediately preceding the particular year;"

(4) Subsection 146(1) of the said Act is further amended by striking out the word "and" at the end of paragraph (i.1) thereof, by adding the word "and" at the end of paragraph (j) thereof and by adding thereto the following paragraph:

"unused RRSP deduction room"
«déductions inutilisées au titre de REER»

"(k) "unused RRSP deduction room" of a taxpayer at the end of a taxation year is,

- (i) for the 1988 taxation year, the aggregate of all amounts each of which is the taxpayer's total pension adjustment reversal for 1988 in respect of an employer, and
- (ii) for taxation years ending after 1988, the lesser of
 - (A) the amount, which can be positive or negative, determined by the formula

$$A + B + C - (D + E)$$

where

- A is the taxpayer's unused RRSP deduction room at the end of the immediately preceding taxation year,
- B is the amount, if any, by which the lesser of the RRSP dollar limit for the year and 18% of the taxpayer's earned income for the immediately preceding taxation year exceeds the aggregate of all amounts each of which is the taxpayer's pension adjustment for the immediately preceding taxation year in respect of an employer,
- C is the aggregate of all amounts each of which is the taxpayer's total pension adjustment reversal for the year in respect of an employer,
- D is the taxpayer's net past service pension adjustment for the year, and
- E is the aggregate of the amounts deducted by the taxpayer under subsections (5) and (5.1) in computing his income for the year,

and

(B) the aggregate of all amounts each of which is the amount, determined in respect of a particular taxation year that is the year or such of the six taxation years immediately preceding the year as end after 1988, that is the lesser of

- (I) 18% of the taxpayer's earned income for the taxation year immediately preceding the particular taxation year, and
- (II) the RRSP dollar limit for the particular taxation year."

(5) Subsections 146(5) and (5.1) of the said Act are repealed and the following substituted therefor:

Amount of RRSP premiums deductible

"(5) There may be deducted in computing the income for a taxation year of a taxpayer who is the annuitant under a registered retirement savings plan, an amount equal to the lesser of

- (a) the aggregate of all amounts each of which is a premium paid by the taxpayer after 1988 and on or before the day that is 60 days after the end of the year under a registered retirement savings plan under which he is the annuitant (to the extent that the premium was neither deducted in computing his income for a preceding taxation year nor designated for any taxation year for the purposes of paragraph 60(j), (j.01), (j.1) or (l)); and
- (b) his RRSP deduction limit for the year.

Amount of spousal RRSP premiums deductible

(5.1) There may be deducted in computing the income for a taxation year of a taxpayer whose spouse is the annuitant under a registered retirement savings plan, an amount equal to the lesser of

- (a) the aggregate of all amounts each of which is a premium paid by the taxpayer after 1988 and on or before the day that is 60 days after the end of the year under a registered retirement savings plan under which his spouse is the annuitant (to the extent that the premium was neither deducted in computing his income for a preceding taxation year nor designated for any taxation year for the purposes of paragraph 60(j.2)); and
- (b) the amount, if any, by which his RRSP deduction limit for the year exceeds the amount deducted in computing his income for the year under subsection (5)."

(6) Subsection 146(5.2) of the said Act is repealed.

(7) Section 146 of the said Act is further amended by adding thereto, immediately after subsection (5.2) thereof, the following subsection:

Anti-avoidance

"(5.21) Notwithstanding any other provision of this section, where, after October 8, 1986,

- (a) a registered pension plan is amended or administered in such a manner as to terminate, suspend or delay
 - (i) the membership of an individual in the plan for his 1988 taxation year,
 - (ii) contributions under the plan by or for the benefit of the individual in respect of the year, or
 - (iii) the accrual of retirement benefits under the plan for the individual in respect of the year, or

(b) a deferred profit sharing plan is amended or administered in such a manner as to terminate, suspend or delay contributions under the plan for the year in respect of an individual, and

one of the main reasons for such termination, suspension or delay may reasonably be considered to be to reduce the pension adjustment of the individual for the year in respect of an employer, the only amount that may be deducted in computing the income for the year of the individual, in respect of premiums paid to registered retirement savings plans, is the amount that would have been deductible had such termination, suspension or delay not occurred.”

(8) Subsection 146(8.3) of the said Act is repealed and the following substituted therefor:

Spousal RRSP payments

“(8.3) Where at any time in a taxation year a particular amount in respect of a registered retirement savings plan to which a premium deductible under subsection (5.1) or paragraph 60(j.2) has been paid is required by virtue of subsection (8) or paragraph (12)(b) to be included in computing the income of the taxpayer’s spouse before the plan matures or as a payment in full or partial commutation of a retirement income under the plan, except where the taxpayer is living separate and apart from his spouse at that time by reason of the breakdown of their marriage, the aggregate of all amounts each of which is the part of a premium paid by the taxpayer in the year or in one of the two immediately preceding taxation years that is deductible under subsection (5.1) or paragraph 60(j.2) in computing his income for a year shall be included at that time in computing his income for the year, except to the extent that the aggregate exceeds the particular amount.”

(9) All that portion of subsection 146(8.6) of the said Act preceding paragraph (b) thereof is repealed and the following substituted therefor:

Spouse’s income

“(8.6) Where, in respect of an amount received at any time in a taxation year by a taxpayer’s spouse, all or part of a premium has by virtue of subsection (8.3) or 146.3(5.1) been included in computing the taxpayer’s income for the year, the following rules apply:

(a) the premium or part thereof, as the case may be, shall, for the purposes of subsections (8.3) and 146.3(5.1) after that time, be deemed not to have been a premium deductible under subsection (5.1) or paragraph 60(j.2); and”

(10) Paragraphs 146(16)(a) and (b) of the said Act are repealed and the following substituted therefor:

“(a) before the maturity of the plan, to or under a registered pension plan for the benefit of the transferor or to any issuer of another registered retirement savings plan, or carrier of a registered retirement income fund, under which the transferor is the annuitant, or

(b) to any issuer of another registered retirement savings plan or carrier of a registered retirement income fund, under which the spouse or former spouse of the transferor is the annuitant, where the transferor and his spouse or former spouse are living apart and the payment or transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property between the transferor and his spouse or former spouse in settlement of rights arising out of their marriage or other conjugal relationship, on or after the breakdown of the marriage or relationship,”

(11) Section 146 of the said Act is further amended by adding thereto, immediately after subsection (17) thereof, the following subsections:

Designated withdrawal not deductible

“(18) Notwithstanding any other provision of this Act, no amount may be deducted by a taxpayer in computing his income for a taxation year in respect of a prescribed withdrawal in the year from a registered retirement savings plan.

“spouse” defined

(19) For the purposes of paragraphs (1)(a), (h) and (i.1) and (3)(b), and subsections (8.8), (8.91) and (16), “spouse” has the meaning assigned by subsection 147.1(1).”

(12) Subsection (1) is applicable to the 1988 and subsequent taxation years except that, in its application to the 1988 and 1989 taxation years, paragraph 146(1)(c) of the said Act, as enacted by subsection (1), shall be read as follows:

“(c) “earned income” of a taxpayer for a taxation year means the amount, if any, by which the aggregate of all amounts each of which is

(i) his income for the year from

- (A) an office or employment, determined without reference to paragraphs 8(1)(k), (l), (m) and (m.1),
- (B) the carrying on of a business either alone or as a partner actively engaged in the business, or
- (C) property, where such income is derived from the rental of real property or from royalties in respect of a work or invention of which he was the author or inventor, or

(ii) an amount included in computing his income for the year

- (A) under this section, subsection 147(10) or (15) or paragraph 56(1)(b), (c), (c.1), (g) or (o), or
- (B) as a superannuation or pension benefit, retiring allowance or death benefit

exceeds the aggregate of all amounts each of which is

(iii) his loss for the year from

- (A) the carrying on of a business either alone or as a partner actively engaged in the business, or
- (B) property, where such loss is sustained from the rental of real property, or

(iv) an amount deductible in computing his income for the year under subsection (6) or (7) or paragraph 60(b), (c), (c.1), (j), (j.01), (j.1), (j.2), (k), (l) or (m);”

(13) Subsections (2),(3), (4), (6), (8) and (9), and subsection 146(18) of the said Act, as enacted by subsection (11), are applicable to the 1989 and subsequent taxation years.

(14) Subsection (5) is applicable to the 1987 and subsequent taxation years except that, in its application to the 1987 and 1988 taxation years, subsections 146(5) and (5.1) of the said Act, as enacted by subsection (5), shall be read as follows:

“(5) There may be deducted in computing the income for a taxation year of a taxpayer who is the annuitant under a registered retirement savings plan or becomes the annuitant thereunder within 60 days after the end of the year, the aggregate of all amounts each of which is a premium paid by the taxpayer in the year or within 60 days after the end of the year under a registered retirement savings plan under which he is the annuitant or becomes the annuitant within 60 days after the end of the year (to the extent that it was neither deducted in computing his income for the preceding taxation year nor designated for any taxation year for the purposes of paragraph 60(j), (j.01), (j.1) or (l)), not exceeding the amount, if any, by which

(a) where the taxpayer was employed in the year and

(i) as a consequence thereof was a person who is or may become entitled to benefits under a pension fund or plan that provides for payment of a pension to him payable in whole or in part out of contributions made or to be made to the fund or plan or out of or in respect of amounts credited or to be credited in lieu of such contributions by a person other than the taxpayer in respect of the taxpayer’s employment in the year,

(ii) contributed an amount in the year to a deferred profit sharing plan of which he was a beneficiary, or

(iii) as a consequence thereof was a person in respect of whom a contribution was made by an employer to a deferred profit sharing plan in the year,

an amount that, when added to the amount, if any, deductible under paragraph 8(1)(m) in computing the income of the taxpayer for the year, does not exceed the lesser of \$3,500 and 20% of his earned income for the year, or

(b) in any other case, the lesser of \$7,500 and 20% of his earned income for the year

exceeds the amount, if any, deductible under subsection (6) in computing his income for the year.

(5.1) There may be deducted in computing the income for a taxation year of a taxpayer whose spouse is the annuitant under a registered retirement savings plan or becomes, within 60 days after the end of the taxation year, the annuitant thereunder, the aggregate of all amounts each of which is a premium paid by the taxpayer in the year or within 60 days after the end of the year under a registered retirement savings plan under which the spouse is the annuitant or becomes, within 60 days after the end of the year, the annuitant (to the extent that it was not deducted in computing his income for the preceding taxation year), not exceeding the amount, if any, by which the amount determined in respect of the taxpayer under whichever of paragraphs (5)(a) and (b) is applicable to him exceeds the aggregate of

(a) the aggregate of amounts paid by the taxpayer in the year or within 60 days after the end of the year under a registered retirement savings plan under which he is the annuitant, as a premium the amount of which is deducted by him in the year under subsection (5); and

(b) the amount, if any, deductible by him under subsection (6) in computing his income for the year.”

(15) Subsection (7) is applicable to the 1988 taxation year.

(16) Subsection (10) is applicable to the 1990 and subsequent taxation years, and subparagraph 146(16)(a)(ii) of the said Act, as it applies to the 1988 and 1989 taxation years, shall be read as follows:

“(ii) the spouse or former spouse of the transferor, from whom he is living apart, is the annuitant and the payment or transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property between the transferor and his spouse or former spouse in settlement of rights arising out of their marriage or other conjugal relationship, on or after the breakdown of the marriage or relationship, or”

(17) Subsection 146(19) of the said Act, as enacted by subsection (11), is applicable after 1987.

9. (1) Subparagraph 146.3(2)(f)(iv) of the said Act is repealed and the following substituted therefor:

“(iv) a registered retirement income fund or registered retirement savings plan of his spouse or former spouse pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the annuitant and his spouse or former spouse in settlement of rights arising out of their marriage or other conjugal relationship, on or after the breakdown of their marriage or other relationship;”

(2) Subsection 146.3(5.1) of the said Act is repealed and the following substituted therefor:

Amount included in income

“(5.1) Where at any time in a taxation year a particular amount in respect of a registered retirement income fund, that received property from a registered retirement savings plan to which a premium deductible under subsection 146(5.1) or paragraph 60(j.2) has been paid, is required to be included in the income of the taxpayer’s spouse, except where the taxpayer is living separate and apart from his spouse at that time by reason of the breakdown of their marriage, the aggregate of all amounts each of which is a premium paid by the taxpayer in the year or in one of the two immediately preceding taxation years to the extent that it was deductible under subsection 146(5.1) or paragraph 60(j.2) in computing his income for a year shall be included at that time in computing the taxpayer’s income for the year to the extent that the particular amount exceeds the amount, if any, by which the minimum amount under the fund for the year exceeds the aggregate of all amounts each of which is a particular amount paid in the year and before that time.”

(3) All that portion of subsection 146.3(5.4) of the said Act preceding paragraph (b) thereof is repealed and the following substituted therefor:

Spouse’s income

“(5.4) Where, in respect of an amount received at any time in a taxation year by a taxpayer’s spouse, all or part of a premium has, by virtue of subsection (5.1) or 146(8.3), been included in computing the taxpayer’s income for the year, the following rules apply:

(a) the premium or part thereof, as the case may be, shall, for the purposes of subsections (5.1) and 146(8.3) after that time, be deemed not to have been a premium deductible by him under subsection 146(5.1) or paragraph 60(j.2); and”

(4) Paragraph 146.3(14)(b) of the said Act is repealed and the following substituted therefor:

“(b) transferred from a registered retirement income fund of an annuitant to a registered retirement income fund or a registered retirement savings plan of his spouse or former spouse pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between the annuitant and his spouse or former spouse in settlement of rights arising out of their marriage or other conjugal relationship, on or after the breakdown of their marriage or other relationship,”

(5) Section 146.3 of the said Act is further amended by adding thereto the following subsection:

“spouse” defined

“(16) For the purposes of paragraphs (1)(b.1) and (f), (2)(d) and (14)(b), subparagraph (2)(f)(iv) and subsection (6), “spouse” has the meaning assigned by subsection 147.1(1).”

(6) Subsections (1), (4) and (5) are applicable after 1987.

(7) Subsections (2) and (3) are applicable to the 1989 and subsequent taxation years.

10. (1) Subsection 147(1) of the said Act is repealed and the following substituted therefor:

Definitions

"active member"
«participant actif»

"deferred profit sharing plan"
*«régime de participation
différée aux bénéfices»*

"participating employer"
«employeur participant»

"profit sharing plan"
*«régime de participation aux
bénéfices»*

"147. (1) In this section,

"active member" of a profit sharing plan in a calendar year means an employee for whose benefit a contribution is made in the year under the plan;

"deferred profit sharing plan" means a profit sharing plan accepted by the Minister for registration for the purposes of this Act, upon application therefor in prescribed manner by a trustee under the plan and an employer of employees who are beneficiaries under the plan, as complying with the requirements of this section;

"participating employer" of a profit sharing plan means an employer who has made, or may be required to make, contributions to the plan for the benefit of his employees and former employees;

"profit sharing plan" means an arrangement under which payments computed by reference to an employer's profits from his business or by reference to his profits from his business and the profits, if any, from the business of a corporation with whom he does not deal at arm's length are or have been made by him to a trustee in trust for the benefit of employees or former employees of that employer."

(2) Subsection 147(2) of the said Act is amended by adding thereto, immediately after paragraph (a) thereof, the following paragraphs:

"(a.1) the plan includes a stipulation that no contribution or gift may be made to or under the plan other than an amount paid

(i) in accordance with the terms of the plan, by an employer for the benefit of his employees who are beneficiaries under the plan, or

(ii) by or on behalf of an employee who is a beneficiary under the plan, where that amount is deductible under paragraph 60(k) in computing his income for a taxation year or is paid or transferred to the plan on his behalf in accordance with subsection (19);

(a.2) the plan restricts the contributions that may be made in each calendar year by an employer to the plan for the benefit of each person who is a beneficiary under the plan to a maximum of 1/2 of the money purchase limit for the year;"

(3) Paragraph 147(2)(i) of the said Act is repealed and the following substituted therefor:

“(i) the plan provides that each amount allocated or reallocated by a trustee under the plan to a beneficiary under the plan vest irrevocably in that beneficiary,

(i) in the case of an amount allocated or reallocated before 1989, not later than 5 years after the end of the year in which it was allocated or reallocated, unless the beneficiary has ceased, before that time, to be an employee of a participating employer of the plan, and

(ii) in any other case, not later than the later of the time of allocation and the date on which the beneficiary completed a continuous period of two years as a beneficiary under the plan or under any other deferred profit sharing plan for which the plan can reasonably be considered to have been substituted;

(i.1) the plan provides that each amount in respect of a person who ceases in a calendar year to be a beneficiary under the plan,

(i) that at any time before the end of the year was allocated or reallocated, contingently or otherwise, by a trustee under the plan to that person, and

(ii) that did not vest irrevocably in that person at or before the time at which he ceased to be a beneficiary under the plan,

be paid, in the year or within 120 days after the end of the year, to those employers who made contributions to the plan for the benefit of the beneficiary, in such proportion as is reasonable having regard to the contributions made by each such employer for the benefit of the beneficiary;”

(4) Section 147 of the said Act is further amended by adding thereto, immediately after subsection (2) thereof, the following subsection:

Terms limiting contributions

“(2.1) The Minister shall not accept for registration for the purposes of this Act a profit sharing plan unless it includes terms that, in his opinion, are adequate to ensure that the requirements of subsection (5.1) in respect of the plan will be satisfied for each calendar year.”

(5) Section 147 of the said Act is further amended by adding thereto, immediately after subsection (5) thereof, the following subsection:

Contribution limits

“(5.1) The requirements of this subsection in respect of a deferred profit sharing plan are satisfied for a calendar year if, in the case of each beneficiary under the plan and each participating employer who makes a contribution to the plan in the year for the benefit of the beneficiary,

(a) the aggregate of all amounts each of which is a contribution made in the year by the employer to a deferred profit sharing plan for the benefit of the beneficiary does not exceed the lesser of

(i) 1/2 of the money purchase limit for the year, and

(ii) 18% of the aggregate of all amounts each of which is an amount received by the beneficiary in the year that
(A) is required (or that would be required but for subsection 81(1)) by section 5 or 6 to be included in computing his income for a taxation year, and
(B) is in respect of services rendered by the beneficiary to the employer;

(b) the aggregate of all amounts each of which is a contribution made in the year to a deferred profit sharing plan for the benefit of the beneficiary by

(i) the employer, or

(ii) any other employer who, at any time in the year, does not deal at arm's length with the employer

does not exceed 1/2 of the money purchase limit for the year; or

(c) the aggregate of all amounts each of which is the beneficiary's pension adjustment for the year

(i) in respect of the employer, or

(ii) in respect of any other employer who, at any time in the year, does not deal at arm's length with the participating employer

does not exceed the lesser of

(iii) the money purchase limit for the year, and

(iv) 18% of the aggregate of all amounts each of which is the beneficiary's remuneration (within the meaning assigned by section 147.1(1)) for the year in respect of the employer or an employer referred to in subparagraph (ii)."

(6) Subsections 147(8) and (9) of the said Act are repealed and the following substituted therefor:

Amount of employer's
contribution deductible

"(8) There may be deducted in computing the income of an employer for a taxation year the aggregate of all amounts each of which is an amount paid by him in the year or within 120 days after the end of the year to a trustee under a deferred profit sharing plan for the benefit of his employees who are beneficiaries under the plan, to the extent that the amount was

(a) paid in accordance with terms of the plan that comply with the requirements of this Act for the registration of profit sharing plans, and

(b) not deducted in computing his income for a preceding taxation year."

(7) Subparagraph 147(14)(c)(i) of the said Act is repealed and the following substituted therefor:

"(i) comply with the requirements of paragraphs (2)(a), (b) to (h), (i) (as it read before 1989), (j) and (k), and"

(8) Subsection 147(14) of the said Act is further amended by striking out the word "or" at the end of paragraph (b) thereof and by adding thereto, immediately after paragraph (c) thereof, the following paragraphs:

"(c.1) the plan does not comply with the requirements of paragraphs (2)(a) to (k) and (l),

(c.2) in the case of a plan that became registered after March, 1983, the plan does not comply with the requirements of paragraphs (2)(k.1) and (k.2),

(c.3) the requirements of subsection (5.1) in respect of the plan are not satisfied for a calendar year,

(c.4) the plan does not comply with subsection (20), or

(c.5) a participating employer of the plan fails to file an information return as and when required under subsection 147.4(1),"

(9) Subsection 147(14) of the said Act is further amended by striking out the word "and" at the end of paragraph (e) thereof and by adding thereto, immediately after paragraph (f) thereof, the following paragraphs:

"(g) where paragraph (c.1), (c.2), or (c.4) applies, as of any date after December 31, 1988 on which the plan did not so comply, or any subsequent date,

(h) where paragraph (c.3) applies, as of the end of the year for which the requirements of subsection (5.1) in respect of the plan are not satisfied, or any subsequent date, and

(i) where paragraph (c.5) applies, as of any date after the date that the information return was required to be filed,"

(10) Section 147 of the said Act is further amended by adding thereto the following subsections:

**Transfers to RPP, RRSP,
DPSP**

"(19) A deferred profit sharing plan may provide for the payment or transfer, on behalf of an individual who is, or was, an employee of a participating employer or who was a spouse (within the meaning assigned by subsection 147.1(1)) of such an employee at the date of the employee's death, for the benefit of the individual and in satisfaction of all or any part of his rights and interests in the plan, of a single amount (within the meaning assigned by subsection 147.1(1)) that is derived from contributions made to the plan that were deductible in computing the income of participating employers of the plan, and any earnings reasonably attributable thereto, to

(a) a registered pension plan of which the individual is a member (within the meaning assigned by subsection 147.1(1));

(b) a registered retirement savings plan under which the individual is the annuitant (within the meaning assigned by subsection 146(1)); or

(c) a deferred profit sharing plan of which the individual is a beneficiary and that can reasonably be expected to have at least 5 beneficiaries at all times throughout the calendar year in which the payment or transfer is made.

Limitation re transfers

(20) Notwithstanding any other provision of this Act, no deferred profit sharing plan may provide for the payment or transfer on behalf of an individual of an amount (other than an amount deductible under paragraph 60(j) or (k)) to a registered pension plan, a registered retirement savings plan or another deferred profit sharing plan except in accordance with subsection (19).

Taxation of transfers

(21) Where an amount has been paid or transferred on behalf of an individual in accordance with subsection (19),

(a) the amount shall not, by reason only of such payment or transfer, be included by virtue of this section in computing the income of the individual, and

(b) no deduction may be made under any provision of this Act in respect of the amount in computing the income of any taxpayer."

(11) Subsections (1) to (5) and (7) to (10) are applicable after 1988.

(12) Subsection (6) is applicable to the 1989 and subsequent taxation years with respect to amounts paid to deferred profit sharing plans after 1988.

11. (1) The said Act is further amended by adding thereto, immediately after section 147 thereof, the following:

"Registered Pension Plans

Definitions

"active member"
«participant actif»

"actuary"
«actuaire»
"administrator"
«administrateur»

"average Consumer Price Index"
«moyenne de l'indice des prix à la consommation»

"average wage"
«salaire moyen»

147.1 (1) In this section and sections 147.2 to 147.8,

"active member" of a pension plan in a calendar year means a member of the plan whose pensionable service under a benefit provision of the plan includes all or any portion of the year;

"actuary" means a Fellow of the Canadian Institute of Actuaries;

"administrator" of a pension plan means the person or group of persons, designated under the plan, responsible for the overall operation and administration of the plan;

"average Consumer Price Index" for a calendar year means the amount obtained by dividing by 12 the aggregate of all amounts each of which is the Consumer Price Index for a month in the 12 month period ending September 30 of the immediately preceding calendar year;

"average wage" for a calendar year means the amount obtained by dividing by 12 the aggregate of all amounts each of which is the

"beneficiary"
«bénéficiaire»

wage measure for a month in the 12 month period ending June 30 of the immediately preceding calendar year;

"beneficiary" of an individual means any person designated by the individual to receive payments under a pension plan after the death of the individual, and includes an heir or a legal representative of the individual;

"benefit provision"
«disposition du régime»

"benefit provision" of a pension plan means a defined benefit or money purchase provision of the plan;

"bridging benefits"
«prestation de raccordement»

"bridging benefits" provided to a member under a defined benefit provision of a pension plan means retirement benefits (other than retirement benefits provided, at the option of the member, in lieu of lifetime retirement benefits) provided to the member under the provision for a period ending no later than a fixed date;

"Consumer Price Index"
«indice des prix à la consommation»

"Consumer Price Index" for a month means the Consumer Price Index for the month as published by Statistics Canada under the authority of the *Statistics Act*;

"defined benefit provision"
«disposition à prestations déterminées»

"defined benefit provision" of a pension plan means terms of the plan under which benefits in respect of each member are determined in any way other than that described in the definition "money purchase provision";

"flat benefit provision"
«disposition à prestations forfaitaires»

"flat benefit provision" of a pension plan means a defined benefit provision of the plan under which the amount of lifetime retirement benefits provided to each member is based on the aggregate of all amounts each of which is the product of a fixed amount and either the duration of a period of service of the member or the number of units of output of the member;

"lifetime retirement benefits"
«prestation viagère»

"lifetime retirement benefits" provided to a member under a benefit provision of a pension plan means retirement benefits provided to the member under the provision that, after they commence to be paid, will continue to be paid to the member until his death;

"member"
«participant»

"member" of a pension plan means an individual who has a right, either immediate or in the future and either absolute or contingent, to receive benefits under the plan in respect of a period included in his pensionable service under a benefit provision of the plan;

"money purchase limit"
«plafond des cotisations déterminées»

"money purchase limit" for a calendar year means,

- (a) for 1989, \$10,500,
- (b) for 1990, \$11,500,
- (c) for 1991, \$12,500,
- (d) for 1992, \$13,500,
- (e) for 1993, \$14,500,
- (f) for 1994, \$15,500, and
- (g) for each year thereafter, the greater of
 - (i) the product of
 - (A) \$15,500, and

(B) the quotient obtained when the average wage for the year is divided by the average wage for 1994,

rounded to the nearest multiple of ten dollars, or, if it is equidistant from two such multiples, to the higher thereof, and

(ii) the money purchase limit for the immediately preceding calendar year;

“money purchase provision”
«disposition à cotisations déterminées»

“money purchase provision” of a pension plan means terms of the plan under which the only benefits in respect of each member of the plan are benefits determined solely with reference to and provided by the contributions made under those terms by or on behalf of the member together with any earnings reasonably attributable thereto;

“multi-employer plan”
«régime interentreprises»

“multi-employer plan” in a calendar year means a pension plan with more than one participating employer where, at the beginning of the year, the following conditions may reasonably be expected to be satisfied throughout the year (or the portion of the year throughout which the plan is in existence):

(a) the employers participate in the plan pursuant to a collective bargaining or similar agreement, a by-law or a statute,

(b) the contributions of the employers are made in accordance with a negotiated or fixed schedule of rates, and

(c) not more than 50% of the active members of the plan are employed by

(i) one participating employer of the plan, or

(ii) two or more participating employers of the plan who do not deal with each other at arm's length;

“normal retirement age”
«âge normal de la retraite»

“normal retirement age” at a particular time of a member under a defined benefit provision of a pension plan means

(a) where, before the particular time, the member was entitled, otherwise than by reason of permanent disability, to be paid lifetime retirement benefits under the provision determined without any reduction computed by reference to the member's age, duration of pensionable service, or both, and without any other similar reduction, the earliest age at which he was so entitled, or

(b) in any other case, the earliest age at which he would be entitled, otherwise than by virtue of permanent disability, to be paid lifetime retirement benefits as referred to in paragraph (a), if the period from the particular time to that earliest age were pensionable service of the member under the provision;

“participating employer”
«employeur participant»

“pension plan”
«régime de pension»

“pensionable service”
«services validables»

“period of disability”
«période d’invalidité»

“permanent disability”
«invalidité permanente»

“public pension benefits”
**«prestation d’un régime
général»**

**“qualified period of reduced
pay”**
**«période admissible de salaire
réduit»**

**“qualified period of temporary
absence”**
**«période admissible d’absence
temporaire»**

“registered pension plan”
«régime de pension agréé»

“registered plan”
«régime agréé»

“remuneration”
«rémunération»

“participating employer” of a pension plan means an employer who has made, or is required to make, contributions to the plan in respect of his employees or former employees;

“pension plan” means an arrangement the main purpose of which is to provide periodic payments to individuals after their retirement in respect of services they rendered to employers or in respect of their tenure as holders of offices;

“pensionable service” of a member of a pension plan under a benefit provision of the plan means the periods in respect of which lifetime retirement benefits are provided to the member under the provision;

“period of disability” of an individual means a period throughout which the individual has an impairment that is a temporary disability or a permanent disability;

“permanent disability” of an individual means a physical or mental impairment of the individual

(a) that prevents the individual from engaging in employment,

(b) that can reasonably be expected to last for the remainder of the individual’s lifetime, and

(c) in respect of which a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the individual resides, has certified in writing that the conditions in paragraphs (a) and (b) are satisfied;

“public pension benefits” means amounts payable on a periodic basis under the *Canada Pension Plan*, a provincial pension plan as defined in section 3 of the *Canada Pension Plan*, or Part I of the *Old Age Security Act*, but does not include disability, death or survivor benefits provided thereunder;

“qualified period of reduced pay” of an individual in respect of an employer has the meaning prescribed by regulation;

“qualified period of temporary absence” of an individual in respect of an employer has the meaning prescribed by regulation;

“registered pension plan” means a pension plan accepted by the Minister for registration for the purposes of this Act where the registration of the plan has not been revoked;

“registered plan” means a registered pension plan or a deferred profit sharing plan;

“remuneration” of an individual for a particular period in respect of an employer means the aggregate of all amounts each of which is

(a) an amount received by the individual in the particular period, other than in any portion of the particular period that is a period referred to in paragraph (b), that

(i) is required (or that would be required but for subsection 81(1)) by section 5 or 6 to be included in computing his income for a taxation year, and
(ii) is in respect of services rendered by the individual to the employer, or

(b) such amount in respect of a period that
(i) is included in the particular period,
(ii) is included in the pensionable service of the individual under a benefit provision of a registered pension plan, and
(iii) is a

(A) period of disability of the individual,
(B) qualified period of reduced pay of the individual in respect of the employer, or
(C) qualified period of temporary absence of the individual in respect of the employer,

as is reasonable having regard to the individual's remuneration in respect of the employer for periods preceding the period;

"retirement benefits"
«*prestation de retraite*»

"retirement benefits" provided to an individual under a benefit provision of a pension plan means periodic payments that, under the terms of the provision, are or may become payable to that individual;

"single amount"
«*montant unique*»

"single amount" means an amount that cannot reasonably be considered to be one of a series of periodic payments;

"specified multi-employer plan"
«*régime interentreprises déterminé*»

"specified multi-employer plan" in a calendar year means a pension plan

(a) that is, in the year, a multi-employer plan,
(b) that, throughout the year (or the portion of the year throughout which the plan is in existence),
(i) contains a flat benefit provision, and
(ii) contains no defined benefit provisions other than flat benefit provisions, and

(c) in respect of which the plan administrator has filed with the Minister an election in prescribed form and containing prescribed information,

(i) where the year is 1988, at or before the end of the year, or
(ii) where the year is after 1988, at or before the later of the end of the immediately preceding calendar year and the day on which application for registration of the plan is made to the Minister;

"spouse"
«*conjoint*»

"spouse" of an individual means a person of the opposite sex
(a) who is married to the individual or who is a party to a void or voidable marriage with the individual, or

	(b) who is cohabiting with the individual in a conjugal relationship, and has so cohabited for a period of at least one year;
"temporary disability" «invalidité temporaire»	<p>"temporary disability" of an individual means a physical or mental impairment of the individual</p> <ul style="list-style-type: none"> (a) that is not a permanent disability, (b) that prevents the individual from engaging in his employment, and (c) in respect of which a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the individual resides, has certified in writing that the condition in paragraph (b) is satisfied;
"wage measure" «mesure des gains»	<p>"wage measure" for a month means the average weekly wages and salaries of</p> <ul style="list-style-type: none"> (a) the Industrial Aggregate in Canada for the month as published by Statistics Canada under the authority of the <i>Statistics Act</i>, or (b) in the event that the Industrial Aggregate ceases to be published, such other measure for the month as is prescribed by regulation under the <i>Canada Pension Plan</i> for the purposes of paragraph 17(5)(b) of that Act.
Conditions for qualification for registration	(2) Subject to subsections (3), (4), (7), (9) and (13) and section 147.8, a pension plan qualifies for registration for the purposes of this Act if it complies with the following conditions:
Permissible contributions	<ul style="list-style-type: none"> (a) the plan includes a stipulation that no contribution or gift may be made to or under the plan other than <ul style="list-style-type: none"> (i) an amount paid in accordance with the plan as registered, by a member of the plan for his benefit, (ii) an amount paid in accordance with a money purchase provision of the plan as registered, by an employer in respect of his employees or former employees, (iii) an amount that is an eligible contribution (pursuant to subsection 147.5(2)) paid in respect of a defined benefit provision of the plan, by an employer in respect of his employees or former employees, (iv) an amount paid by or on behalf of a member of the plan, where the amount is deductible under paragraph 60(j), (j.01) or (j.1) in computing his income for a taxation year or is paid or transferred to the plan on his behalf in accordance with subsection 146(16) or 147(19) or section 147.2, or (v) a prescribed amount; (b) the plan includes a stipulation that no right, entitlement or benefit of a member under the plan may be surrendered or assigned except pursuant to a decree, order or judgment of a competent tribunal, or a written agreement, in settlement of rights
Assignment of rights	

arising as a consequence of the breakdown of the marriage or other conjugal relationship between a member and his spouse or former spouse;

Permissible distributions

- (c) the plan does not provide for any distribution other than
- (i) the payment, under each benefit provision of the plan, of lifetime retirement benefits in equal annual or more frequent periodic amounts to a member,
 - (ii) the payment of one or more single amounts to a member before retirement benefits under the plan commence to be paid to him, in satisfaction of all or any part of his rights to and interests in benefits under a benefit provision of the plan as registered,
 - (iii) a return of all or any portion of the contributions made by a member of the plan, together with interest computed at a rate not exceeding a reasonable rate in respect thereof,
 - (iv) a payment or transfer to another registered pension plan or to a registered retirement savings plan, in accordance with section 147.2,
 - (v) a payment made pursuant to a decree, order or judgment of a competent tribunal or a written agreement, relating to a division of property between a member of the plan and his spouse or former spouse in settlement of rights arising as a consequence of a breakdown of their marriage or other conjugal relationship, in lieu of benefits that would otherwise be provided in respect of the member under a benefit provision of the plan,
 - (vi) a payment to a participating employer of the plan in satisfaction of all or any part of his rights to and interests in the actuarial surplus in respect of a defined benefit provision of the plan,
 - (vii) a payment made pursuant to a stipulation included in the plan in accordance with paragraph (9)(b) or (c),
 - (viii) a payment to a member of the plan in satisfaction of all or any part of his rights to and interests in the actuarial surplus in respect of a defined benefit provision of the plan, and
 - (ix) a prescribed payment;

Commencement of pension

- (d) the plan requires that the retirement benefits of a member under each provision of the plan commence to be paid not later than the end of the month immediately following the month in which the member attains 71 years of age;

Provision of benefits

- (e) the plan does not provide lifetime retirement benefits to a member under a provision in respect of a period other than
- (i) a period, other than a prescribed period, throughout which the member is employed by an employer who participates in the plan for the benefit of the member,

- (ii) a qualified period of temporary absence of the member in respect of an employer who participates in the plan for the benefit of the member,
- (iii) such period of disability of the member as is prescribed,
- (iv) a period that was included in the pensionable service of the member with a former employer under a benefit provision of another registered pension plan, where the member is no longer entitled to benefits in respect of that period under any registered pension plan in which that employer participated for the benefit of the member, and
- (v) such other period as is prescribed;

Investments

(f) the plan includes a stipulation that no investment may be held in connection with the plan that is

- (i) a prescribed investment,
- (ii) at any time that the plan is subject to the *Pension Benefits Standards Act, 1985*, or a similar law of a province, an investment that is not permitted at that time under such laws as apply to the plan, or
- (iii) at any time other than a time referred to in subparagraph (ii), an investment that would not be permitted were the plan subject to the *Pension Benefits Standards Act, 1985*;

Borrowing

(g) the plan includes a stipulation that no trustee or other person who holds assets in connection with the plan shall borrow money for the purposes of the plan, except that the stipulation may permit such a person to borrow money where

- (i) the borrowing is for a term not exceeding 90 days and it is established that the borrowing is not part of a series of loans or other transactions and repayments, and
- (ii) none of the assets held in connection with the plan are pledged as security for the borrowed money (except where the borrowing is necessary to provide funds for the current payment of benefits or the purchase of annuities under the plan without resort to a distressed sale of the assets held in connection with the plan),

and, for the purposes of this paragraph, a person shall not be considered to borrow money where, as a consequence of the acquisition of real property that may reasonably be considered to be held for the purpose of producing income from property, the person becomes liable to pay amounts (otherwise than as, or on account of, interest),

- (iii) the aggregate of which does not exceed the cost amount to him of the real property, and
- (iv) the liability for which is secured by a mortgage or hypothec on the real property;

Determination of amounts

(h) the plan includes a stipulation that each amount determined in connection with the operation and administration of the plan shall

be determined, where the amount is based on assumptions, using reasonable assumptions, and, where actuarial principles are applicable to the determination, in accordance with generally accepted actuarial principles;

Administrator

(i) the plan designates an administrator of the plan; and

Prescribed rules

(j) the plan complies with prescribed rules.

Additional conditions for
qualification – defined benefit
provision

(3) Subject to subsection (11), a pension plan does not qualify for registration unless it complies with the following conditions in respect of each defined benefit provision of the plan:

Employee contributions

(a) the only contributions that a member is permitted or required to make under the provision are contributions in respect of his pensionable service under the provision (other than pensionable service after the calendar year in which the contributions are made) where the contributions can reasonably be expected not to exceed,

(i) in the case of contributions made in a calendar year in respect of his pensionable service in the year with an employer (other than contributions in respect of periods of disability or qualified periods of temporary absence or reduced pay), the lesser of

(A) 9% of the member's remuneration for the year in respect of the employer, and

(B) the aggregate of \$600 and 70% of the member's pension credit (as determined in accordance with prescribed rules) for the year under the provision in respect of the employer,

(ii) in the case of contributions made by the member in respect of a period of disability or a qualified period of temporary absence or reduced pay, the amount that is reasonably necessary to fund the benefits provided in respect of the member under the provision in respect of the period, and

(iii) in the case of any other contributions, the amount that is reasonably necessary to fund benefits provided in respect of the member under the provision as the consequence of past service events (within the meaning prescribed by regulation);

Determination of retirement
benefits

(b) retirement benefits provided under the provision are determined, in respect of a member, in such a manner that the member's pension credit (as determined in accordance with prescribed rules) for a calendar year in respect of an employer under the provision is determinable at the end of the year;

Benefit accruals after pension
commencement

(c) the plan includes a stipulation that, except as otherwise permitted by regulation, benefits shall not be provided under the provision (in this paragraph referred to as the "particular provision") to a member in respect of a period that is after the day on which retirement benefits commence to be paid to the member under a defined benefit provision of

- (i) the plan, or
- (ii) any other registered pension plan under which the member has pensionable service with
 - (A) an employer with whom he has pensionable service under the particular provision, or
 - (B) an employer who does not deal at arm's length with any employer referred to in clause (A);

Past service benefits

(d) the plan includes a stipulation that, notwithstanding any other terms of the plan and except as otherwise provided by regulation, where benefits are provided under the provision in respect of a member as a consequence of a past service event (within the meaning prescribed by regulation), the benefits, to the extent they are in respect of periods of pensionable service with an employer after 1987 and before the calendar year in which the event occurs, may not be paid by the plan before a certification of the Minister in respect of the benefits is obtained in accordance with regulations, and no contributions may be made to the plan in respect of such portion of the benefits before application is made for the certification.

Early retirement

- (e) where lifetime retirement benefits may commence to be paid under the provision to a member at any time before the earliest of
 - (i) the day on which the member attains,
 - (A) in the case of a member employed by a participating employer of the plan in a prescribed occupation that requires early retirement for reasons of public safety (in this paragraph referred to as a "public safety occupation"), 55 years of age, or
 - (B) in any other case, 60 years of age,
 - (ii) the day on which the member has 30 years of pensionable service under the plan,
 - (iii) the day on which the aggregate of the member's years of pensionable service under the plan and his age is equal to,
 - (A) in the case of a member employed by a participating employer of the plan in a public safety occupation, 75, or
 - (B) in any other case, 80, and
 - (iv) the day on which the member ceases to engage in employment because of a permanent disability,

the amount, expressed on an annual basis, of lifetime retirement benefits provided to the member under the provision for the year in which the lifetime retirement benefits commence to be paid will not exceed the amount determined by the formula

$$X \times (1 - .0025 \times Y)$$

where

X is the amount, expressed on an annual basis, of lifetime retirement benefits that would be provided to the member under the provision in the year had the member attained, at

the time benefits commence to be paid to him under the provision, his normal retirement age at that time under the provision, and

Y is the number of months in the period from the particular day on which lifetime retirement benefits under the provision commence to be paid to the member under the provision to the earlier of

(i) the day referred to in subparagraph (i), and

(ii) the earlier of

(A) the day on which the member would have 30 years of pensionable service under the plan, and

(B) the day on which the aggregate of the member's years of pensionable service under the plan and his age would equal, where the member is employed by a participating employer of the plan in a public safety occupation, 75 or, in any other case, 80,

if he continued to be an active member of the plan and if the period commencing on the particular day and ending on the later of the days referred to in subparagraph (ii) of this description were included in the member's pensionable service under each defined benefit provision of the plan,

except that this paragraph is not applicable to the pension plan established by the *Canadian Forces Superannuation Act*;

Reduction in benefits

(f) the plan includes a stipulation that the plan may be amended at any time to reduce the benefits to be provided under the provision in respect of a member where the purpose of the reduction is to avoid the revocation of the registration of the plan; and

**Lump sum payments –
reduction in benefits**

(g) where the plan provides for the payment or transfer, in respect of a member, of a single amount (other than a return or transfer of contributions made by the member in respect of the provision) in satisfaction of all or any part of his rights to and interests in benefits under the provision or in lieu of such benefits, the single amount will not exceed the present value, at the time the single amount is paid or transferred, of benefits (other than the single amount) that, as a consequence of the payment or transfer, will not be provided in respect of the member under the provision.

**Maximum lifetime retirement
benefits**

(4) Subject to subsection (6), a pension plan does not qualify for registration unless the lifetime retirement benefits provided under each defined benefit provision of the plan satisfy the following conditions:

(a) the amount, expressed on an annual basis, of the lifetime retirement benefits provided to a member for the calendar year (in this paragraph referred to as the "year of commencement") in which the lifetime retirement benefits commence to be paid will not exceed the aggregate of

(i) the lesser of

(A) 2% of the aggregate of all amounts each of which is,

in respect of a period (in this paragraph referred to as a "specified period") throughout which the member was connected with any employer with whom the period is pensionable service of the member under the provision, the member's remuneration (adjusted to the year of commencement) in respect of a particular employer for the portion of the specified period that is pensionable service of the member with the particular employer under the provision, and

(B) the product of

(I) the greater of \$1,722.22 and $1/9$ of the money purchase limit for the year of commencement, and

(II) the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a specified period, and

(ii) the lesser of

(A) the amount determined by the formula
$$.02 \times X \times Y$$

and

(B) the amount determined by the formula
$$Z \times Y$$

where

X is the greater of

(i) the greatest of all amounts each of which is $1/3$ of the aggregate, in respect of a period of 36 consecutive months, of all amounts each of which is the member's remuneration (adjusted to the year of commencement) for the period in respect of an employer with whom the member has pensionable service under the provision, and

(ii) the greatest of all amounts each of which is $1/5$ of the aggregate, in respect of five non-overlapping periods of 12 consecutive months each, of all amounts each of which is the member's remuneration (adjusted to the year of commencement) for such a 12-month period in respect of an employer with whom the member has pensionable service under the provision,

Y is the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a period that is included in the pensionable service of the member under the provision, other than a specified period, and

Z is the greater of \$1,722.22 and $1/9$ of the money purchase limit for the year of commencement;

and

(b) the amount, expressed on an annual basis, of lifetime retirement benefits provided to a member under the provision for a

particular calendar year after the year in which the lifetime retirement benefits commence to be paid will not exceed the product of

(i) the aggregate of the amounts determined, in respect of the member and the provision, under paragraph (a), and

(ii) the ratio of

(A) the greatest of all amounts each of which is the average Consumer Price Index for the calendar year in which lifetime retirement benefits commence to be paid to the member under the provision or any subsequent calendar year not later than the particular year

to

(B) the average Consumer Price Index for the calendar year in which lifetime retirement benefits commence to be paid to the member under the provision.

**Maximum lifetime retirement
benefits – rules
Adjusted remuneration**

(5) For the purposes of subsection (4), the following rules apply:

(a) a member's remuneration for a period in a calendar year in respect of an employer, adjusted to a subsequent year, is his remuneration for the period in respect of the employer, adjusted, where the period is in a year after 1988, to reflect the increase in the average wage from that year to the subsequent year;

**Amount of lifetime retirement
benefits**

(b) the amount of lifetime retirement benefits to which the conditions in subsection (4) apply is the amount of lifetime retirement benefits that would be provided under a defined benefit provision of a pension plan to a member if

(i) the member did not make any election of the type referred to in paragraph (8)(j), and

(ii) such benefits included any lifetime retirement benefits that, as a consequence of the payment or transfer of a single amount in respect of the member, will not be provided under the provision to the member;

Short period of employment

(c) where a member of a registered pension plan is not employed for a period of 36 consecutive months, or for five non-overlapping periods of 12 consecutive months each, by an employer who participates under a defined benefit provision of the plan for the benefit of the member, the amount X determined in subparagraph (4)(a)(ii) shall equal the member's average remuneration (expressed on an annual basis) in respect of employers with whom the member has pensionable service under the provision;

Inflation adjustment

(d) where a registered pension plan specifies, for the purposes of paragraph (4)(b), a measure of the change in the Consumer Price Index that is substantially similar to the ratio described in subparagraph (4)(b)(ii), the measure specified in the plan shall apply, in respect of that plan, for the purposes of paragraph (4)(b); and

**Artificially reduced pension
adjustment**

(e) where

(i) the remuneration of a member for a period in a calendar year in respect of an employer was paid in a form such that a portion of the remuneration would not have been relevant in determining the member's lifetime retirement benefits under a defined benefit provision of a registered pension plan had his benefits been determined by reference to his remuneration in the period, and

(ii) it can reasonably be considered that one of the main reasons that the member's remuneration was paid in such a form was to reduce the member's pension adjustment for the year in respect of the employer,

the following rules apply:

(iii) the member shall be deemed to have been connected with the employer while he was employed by the employer, and

(iv) the member's remuneration for each period in respect of the employer shall be deemed to have been that portion of his remuneration for the period in respect of the employer that would have been relevant in determining the member's lifetime retirement benefits under the provision had his benefits been determined by reference to his remuneration in the period.

**Exception for actuarially
increased benefits**

(6) Notwithstanding subsection (4), a pension plan shall not fail to qualify for registration by reason that the lifetime retirement benefits provided under a provision to a member whose lifetime retirement benefits commence to be paid after the particular day on which he attains 65 years of age do not satisfy the conditions in subsection (4), where

(a) the member's benefits under the provision satisfy the condition that

(i) the present value, at the time (in this paragraph referred to as the "deferred commencement date") the member's lifetime retirement benefits commence to be paid, of all benefits provided under the provision in respect of him

does not exceed the aggregate of

(ii) the present value, at the deferred commencement date, of all benefits that would, if lifetime retirement benefits had commenced to be paid to the member under the provision on the particular day, be provided under the provision in respect of the member after the deferred commencement date,

(iii) the aggregate of all amounts each of which is a payment that would have been made under the provision to the member in the period from the particular day to the deferred commencement date if lifetime retirement benefits had commenced to be paid to him under the provision on the particular day, and

(iv) the aggregate of all amounts each of which is interest computed at a reasonable rate, in respect of a payment referred to in subparagraph (iii) from the day that the payment would have been made to the deferred commencement date; and

(b) the amount of lifetime retirement benefits that would be provided to the member under the provision, if such benefits commenced to be paid on the particular day, satisfy the conditions in subsection (4).

Pre-1988 benefits – members
connected with employers

(7) Where

(a) as a consequence of a past service event (within the meaning prescribed by regulation), a pension plan provides benefits under a defined benefit provision in respect of a member,

(b) such benefits include benefits (in this subsection referred to as “pre-1988 benefits”) in respect of a period of pensionable service before 1988, and

(c) the member was, at the time of the past service event or at any earlier time, connected with a participating employer of the plan,

the plan does not qualify for registration unless the pre-1988 benefits are approved by the Minister.

Permissible benefits – defined
benefit provision

(8) Notwithstanding subsections (2) and (3), a pension plan that contains a defined benefit provision shall not fail to qualify for registration by reason that it provides benefits that are in accordance with one or more of the following paragraphs:

Bridging benefits

(a) the plan provides to a member, to whom lifetime retirement benefits have commenced to be paid under the provision, bridging benefits under the provision, payable

(i) for a period ending no later than the end of the month immediately following the month in which the member attains 65 years of age, and

(ii) not less frequently than annually,

and satisfying the condition that in respect of no particular month will the amount of bridging benefits paid to the member under the provision for the particular month exceed the amount determined by the formula

$$A \times (1 - .0025 \times B) \times C \times \frac{D}{10}$$

where

A is the amount, or a reasonable estimate thereof, of the public pension benefits that would be payable to the member for the month in which the bridging benefits commence to be paid to him if he were 65 years of age in that month and if the public pension benefits commenced to be paid to him in that month,

- B is the number of months, if any, in the period from the date that the bridging benefits commence to be paid to the member to the date that the member attains 60 years of age,
- C is, for the particular month, the greater of
 - (i) the ratio of the Consumer Price Index for the particular month to the Consumer Price Index for the month in which the bridging benefits commence to be paid to the member, or a measure of the change in the Consumer Price Index, specified in the plan, that is substantially similar to that ratio, and
 - (ii) if the particular month is the month in which the bridging benefits commence to be paid to the member, one, and in any other case, the amount determined under this description in respect of the member for the month immediately preceding the particular month, and
- D is the lesser of
 - (i) the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a period that is included in the pensionable service of the member under the provision, and
 - (ii) 10;

Inflation adjustments

(b) the plan provides that, after lifetime retirement benefits commence to be paid under the provision to a member, the lifetime retirement benefits are adjusted periodically, or may be adjusted from time to time, to reflect, in whole or in part, changes in the Consumer Price Index from the time that the lifetime retirement benefits commence to be paid to the time of each adjustment;

Guarantee period

(c) the plan provides, in the case of a member who dies after retirement benefits under the provision commence to be paid to him, retirement benefits (in this paragraph and in paragraph (d) referred to as "continued retirement benefits") under the provision to one or more beneficiaries of the member,

(i) payable for a period commencing on the day of death of the member and ending no later than 15 years after the day on which retirement benefits commence to be paid under the provision to the member,

(ii) payable not less frequently than annually, and

(iii) satisfying the condition that in respect of each period the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the member will not exceed the amount of retirement benefits that would have been paid for the period under the provision to the member if the member were alive,

**Post-retirement survivor
benefits**

whether or not the plan also permits or requires the commutation of all or any portion of continued retirement benefits payable under the provision to a beneficiary of the member;

(d) the plan provides, in the case of a member who dies after retirement benefits under the provision commence to be paid to him, retirement benefits (in this paragraph referred to as "survivor retirement benefits") under the provision to one or more persons each of whom is either a spouse of the member (at the date the member's retirement benefits commence to be paid or at the date of the member's death) or a dependant in respect of the member (at the date of the member's death), payable

(i) in the case of a person who is a spouse of the member, until the death of the person,

(ii) in any other case, for a period ending no later than the time that the person ceases to be a dependant in respect of the member, and

(iii) not less frequently than annually,

and satisfying the following conditions:

(iv) the amount of survivor retirement benefits paid for each period under the provision to a person in respect of the member will not exceed 75% of the amount of retirement benefits that would have been paid for the period under the provision to the member if the member were alive, and

(v) for each period, the aggregate of all amounts each of which is the amount of survivor retirement benefits paid for the period under the provision to a person in respect of the member will not exceed the amount, if any, by which

(A) the amount of retirement benefits that would have been paid for the period under the provision to the member if the member were alive

exceeds

(B) the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the member;

Benefit reduction on first death

(e) the retirement benefits provided under the provision to a member after the death of his spouse are less than the retirement benefits that would be provided under the provision to the member were his spouse alive;

**Pre-retirement survivor
benefits**

(f) the plan provides, in the case of a member who dies before retirement benefits under the provision commence to be paid to him and in respect of whom no single amount (as described in paragraph (h)) is payable, retirement benefits (in this paragraph referred to as "survivor retirement benefits") under the provision

to one or more persons each of whom is, at the date of the member's death, either a spouse of the member or a dependant in respect of the member, payable

- (i) in the case of a person who is a spouse of the member, until the death of the person,
- (ii) in any other case, for a period ending no later than the time that the person ceases to be a dependant in respect of the member, and
- (iii) not less frequently than annually,

and satisfying the following conditions:

- (iv) the amount of survivor retirement benefits paid for each month under the provision to a person in respect of the member will not exceed 75% of the amount of the member's monthly accrued retirement benefits under the provision, adjusted to the month, and
- (v) for each month, the aggregate of all amounts each of which is the amount of survivor retirement benefits paid for the month under the provision to a person in respect of the member will not exceed the amount of the member's monthly accrued retirement benefits under the provision, adjusted to the month,

and, for the purposes of this paragraph, the amount of a member's monthly accrued retirement benefits under the provision, adjusted to a particular month, is the aggregate of

- (vi) in the case of a member who dies on or after attaining his normal retirement age under the provision, the amount of lifetime retirement benefits that would have been payable under the provision to the member for the first month after his death had retirement benefits under the provision commenced to be paid to him immediately before his death,
- (vii) in the case of a member who dies before attaining his normal retirement age under the provision, the amount of lifetime retirement benefits that would have been payable under the provision to the member for the first month after his death had retirement benefits under the provision commenced to be paid to him immediately before his death, and had he attained, immediately before his death, his normal retirement age under the provision, and
- (viii) a prescribed amount,

adjusted to reflect increases in the Consumer Price Index from the month of the member's death to the particular month;

(g) the plan provides, in the case of a person who

- (i) dies after survivor retirement benefits (as described in paragraph (f)) under the provision commence to be paid to him in respect of a deceased member, and

(ii) was, at the date of the member's death, a spouse of the member,

retirement benefits (in this paragraph referred to as "continued retirement benefits") under the provision, to one or more beneficiaries of the person,

(iii) payable for a period commencing on the day of death of the person and ending no later than 15 years after the day that survivor retirement benefits commence to be paid under the provision to the person,

(iv) payable not less frequently than annually, and

(v) satisfying the condition that in respect of no period will the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the person exceed the amount of survivor retirement benefits that would have been paid for the period under the provision to the person if the person were alive,

whether or not the plan also permits or requires the commutation of all or any portion of continued retirement benefits payable under the provision to a beneficiary of the person;

**Lump sum payments on death
before retirement**

(h) the plan provides, in the case of a member who dies before retirement benefits under the provision commence to be paid to him and in respect of whom survivor retirement benefits under the provision (as described in paragraph (f)) are not payable, for the payment of one or more single amounts under the provision to one or more beneficiaries of the member, where

(i) the aggregate of all amounts each of which is such a single amount

will not exceed

(ii) the aggregate of

(A) the present value (as determined in accordance with prescribed rules), immediately before the death of the member, of all benefits accrued under the provision in respect of the member to the day of his death, and

(B) the aggregate of all amounts each of which is, in respect of such a single amount, a reasonable amount of interest for the period from the day of death of the member to the day that the single amount is paid,

and the plan provides that all such single amounts be paid by the end of the calendar year immediately following the year in which the member dies;

**Refund of member
contributions after death**

(i) the plan provides, after the death of a member, for the payment of one or more single amounts (each of which is, in this paragraph,

referred to as a “refund of contributions”) under the provision to one or more beneficiaries of the member or of any other individual who has received retirement benefits under the provision in respect of the member, where

(i) the aggregate, at any time, of all amounts each of which is a refund of contributions paid at that time under the provision in respect of the member

will not exceed

(ii) the member’s net contribution account immediately before that time in respect of the provision,

and the plan provides that

(iii) no refund of contributions be paid under the provision until each other amount, whether single or periodic, provided under the provision in respect of the member has been paid, and

(iv) all refunds of contributions under the provision in respect of the member be paid by the end of the calendar year immediately following the first year in which the only amounts that remain to be paid under the provision in respect of the member are refunds of contributions,

and, for the purposes of this paragraph, a member’s net contribution account in respect of a provision is

(v) at any time (in this paragraph referred to as a “transaction time”) that

(A) an amount is contributed by the member to the plan in respect of the provision, or is paid or transferred on behalf of the member to the plan in respect of the provision in accordance with subsection 146(16) or 147(19) or section 147.2, or

(B) an amount is paid out of the plan under the provision in respect of the member, or is paid or transferred from the provision to another benefit provision of the plan or of any other registered pension plan,

the amount, which can be positive or negative, determined by the formula

$$X + Y - Z$$

where

X is the member’s net contribution account immediately before that time in respect of the provision,

Y is the aggregate of all amounts each of which is an amount referred to in clause (A) that is contributed, paid or transferred at that time, and

Z is the aggregate of all amounts each of which is an amount referred to in clause (B) that is paid or transferred at that time,

- (vi) before the first transaction time, nil, and
- (vii) at any other time, the aggregate of
 - (A) the member's net contribution account in respect of the provision at the most recent transaction time (before the other time), and
 - (B) interest computed at a reasonable rate in respect of the amount referred to in clause (A), from the most recent transaction time (before the other time) to the other time;

Optional form of benefits

- (j) the plan permits a member to elect, before his retirement benefits under the provision commence to be paid, that
 - (i) benefits be provided under the provision to one or more persons after his death if he dies after retirement benefits under the provision commence to be paid to him (in lieu of the benefits, if any, that would be provided after his death in the absence of his election), where the benefits are those that could be provided under a money purchase provision of a registered pension plan in accordance with paragraph (10)(c) or (d),
 - (ii) retirement benefits (in this subparagraph referred to as "temporary retirement benefits") be provided under the provision to him, in lieu of a portion of his lifetime retirement benefits under the provision, for a period ending no later than the end of the month immediately following the month in which he attains 65 years of age, where the aggregate of
 - (A) the amount of temporary retirement benefits paid under the provision to the member for any particular month, and
 - (B) the amount, if any, of bridging benefits paid under the provision to the member for the particular month
 will not exceed
 - (C) the amount, or a reasonable estimate thereof, of the public pension benefits that would be payable to the member for the particular month if he were 65 years of age in that month and if the public pension benefits commenced to be paid to him in that month, or
 - (iii) his retirement benefits under the provision be adjusted after they commence to be paid, in lieu of the adjustments, if any, that would be made in the absence of his election, so that they
 - (A) increase periodically at a rate not exceeding 4% per annum,
 - (B) increase or decrease periodically to reflect, in whole or in part, changes in the Consumer Price Index,
 - (C) increase periodically to the extent the amount or rate of return that would have been earned on a pool of investment assets specified in the plan exceeds an amount or rate specified in the plan, or

(D) increase or decrease periodically depending on the increase or decrease in the value of a specified group of assets constituting the assets of a separate and distinct account or fund maintained in respect of the plan for the purpose of determining the amount of the retirement benefits under the plan,

and, in the case of each member who makes such an election,

(iv) the amount of the member's lifetime retirement benefits under the provision for the first 12 months after the lifetime retirement benefits commence to be paid will not exceed the amount of lifetime retirement benefits that would be provided to him under the provision for that period in the absence of his election, and

(v) the present value, at the time retirement benefits under the provision commence to be paid to the member, of all benefits provided under the provision in respect of the member will not exceed the present value, at that time, of the benefits that would be provided under the provision in respect of the member in the absence of his election; or

**Surviving spouse – optional
form of benefits**

(k) the plan permits a person who is, at the date of a member's death, a spouse of the member, and to whom survivor retirement benefits (as described in paragraph (f)) are provided under the provision, to make any election referred to in paragraph (j) that the person could make if he were a member of the plan, except that the plan may not permit such a person to elect that survivor retirement benefits (as described in paragraph (10)(d)) be provided after the death of the person.

**Additional conditions for
qualification – money purchase
provision**

(9) A pension plan does not qualify for registration unless it complies with the following conditions in respect of each money purchase provision of the plan:

Separate accounts

(a) the plan provides that a separate account be maintained for each member of the plan to which is allocated, not less frequently than annually, all contributions and transfers to the plan in respect of the member under the provision and the earnings reasonably attributable thereto;

Return of contributions

(b) the plan includes a stipulation that a contribution made under the provision by a member or by an employer in respect of the member may be returned to the person who made the contribution where the contribution is returned to avoid the revocation of the registration of the plan;

Refund of forfeited amounts

(c) the plan includes a stipulation that where a member ceases to have any rights in respect of an amount contributed under the provision by an employer for the benefit of the member, the amount and all earnings reasonably attributable thereto shall be paid to the employer in the calendar year in which the member ceases to have such rights or within 120 days after the end of the year;

<p>Annuities</p>	<p>(d) the plan provides that retirement benefits under the provision in respect of a member will be provided</p> <ul style="list-style-type: none"> (i) by means of an annuity purchased with the balance in the member's account under the provision from a person licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an annuities business, or (ii) under a prescribed arrangement; and
<p>Employer contributions</p>	<p>(e) the contributions to be made under the provision by each participating employer of the plan are determined in a manner acceptable to the Minister.</p>
<p>Permissible benefits – money purchase provision</p>	<p>(10) Notwithstanding subsections (2) and (9), a pension plan that contains a money purchase provision shall not fail to qualify for registration by reason that it provides benefits in accordance with one or more of the following paragraphs:</p>
<p>Reduction at age 65</p>	<p>(a) the retirement benefits provided under the provision to a member before a date that is no later than the end of the month following that in which the member attains 65 years of age are greater than the retirement benefits provided to the member after that date;</p>
<p>Inflation adjustments</p>	<p>(b) the plan provides that a member's retirement benefits under the provision are adjusted after they commence to be paid so that they</p> <ul style="list-style-type: none"> (i) increase periodically at a rate not exceeding 4% per annum, (ii) increase or decrease periodically to reflect, in whole or in part, changes in the Consumer Price Index, (iii) increase periodically to the extent the amount or rate of return that would have been earned on a pool of investment assets specified in the plan exceeds an amount or rate specified in the plan, or (iv) increase or decrease periodically depending on the increase or decrease in the value of a specified group of assets constituting the assets of a separate and distinct account or fund maintained in respect of the plan for the purpose of determining the amount of the retirement benefits under the plan;
<p>Guarantee period</p>	<p>(c) the plan provides, in the case of a member who dies after retirement benefits under the provision commence to be paid to him, retirement benefits (in this paragraph and in paragraph (d) referred to as "continued retirement benefits") under the provision, to one or more beneficiaries of the member,</p> <ul style="list-style-type: none"> (i) payable for a period commencing on the day of death of the member and ending no later than 15 years after the day on which retirement benefits commence to be paid under the provision to the member,

- (ii) payable not less frequently than annually, and
- (iii) satisfying the condition that in respect of each period the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the member will not exceed the amount of retirement benefits that would have been paid for the period under the provision to the member if the member were alive,

whether or not the plan also permits or requires the commutation of all or any portion of continued retirement benefits payable under the provision to a beneficiary of the member;

Post-retirement surviving spouse benefits

(d) the plan provides, in the case of a member who dies after retirement benefits under the provision commence to be paid to him, retirement benefits (in this paragraph referred to as "survivor retirement benefits") under the provision to a person who is, at the date retirement benefits under the provision commence to be paid to the member, a spouse of the member,

- (i) payable until the death of the person,
- (ii) payable not less frequently than annually, and
- (iii) satisfying the condition that the amount of survivor retirement benefits paid for each period under the provision in respect of the member will not exceed the amount, if any, by which

(A) the amount of retirement benefits that would have been paid for the period under the provision to the member were the member alive

exceeds

(B) the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the member;

Benefit reduction on first death

(e) the retirement benefits provided under the provision to a member after the death of his spouse are less than the retirement benefits that would be provided under the provision to the member were his spouse alive;

Pre-retirement surviving spouse benefits

(f) the plan provides, in the case of a member who dies before retirement benefits under the provision commence to be paid to him, retirement benefits under the provision to a person who is, at the date of the member's death, a spouse of the member, payable

- (i) until the death of the person,
- (ii) not less frequently than annually, and

Pre-retirement survivor
benefits – guarantee period

(iii) in equal periodic amounts, or in periodic amounts that would be in accordance with paragraphs (a) and (b) were the person a member of the plan;

(g) the plan provides, in the case of a person who dies after retirement benefits (as described in paragraph (f)) under the provision commence to be paid to him in respect of a member, retirement benefits (in this paragraph referred to as “continued retirement benefits”) under the provision, to one or more beneficiaries of the person,

(i) payable for a period commencing on the day of death of the person and ending no later than 15 years after the day on which retirement benefits commence to be paid under the provision to the person,

(ii) payable not less frequently than annually, and

(iii) satisfying the condition that in respect of each period the aggregate of all amounts each of which is the amount of continued retirement benefits paid (or that would have been paid had the plan not permitted or required commutation of continued retirement benefits) for the period under the provision to a beneficiary of the person will not exceed the amount of retirement benefits that would have been paid for the period under the provision to the person were the person alive,

whether or not the plan also permits or requires the commutation of all or any portion of continued retirement benefits payable under the provision to a beneficiary of the person;

Lump sum payments on death
before retirement

(h) the plan provides, in the case of a member who dies before retirement benefits under the provision commence to be paid to him, for the payment of one or more single amounts under the provision to one or more beneficiaries of the member, and that all such single amounts be paid by the end of the calendar year immediately following the year in which the member dies; or

Surviving spouse – optional
form of benefits

(i) the plan permits a person, to whom retirement benefits (as described in paragraph (f)) are provided under the provision in respect of a member who dies before retirement benefits under the provision commence to be paid to him, to elect that benefits that would be in accordance with any of paragraphs (a) to (c) if the person were a member of the plan be provided under the provision in respect of him, in lieu of benefits that would be provided in the absence of his election.

Multi-employer plans

(11) For the purposes of determining whether a pension plan that is, in a calendar year, a multi-employer plan qualifies for registration at any time in the year, the conditions in subsection (3) are modified as follows:

(a) paragraph (3)(c) shall be read without reference to subparagraph (ii) thereof; and

- (b) where the plan is a specified multi-employer plan,
 - (i) the condition in paragraph (3)(b) shall not apply, and
 - (ii) the stipulation required by paragraph (3)(d) to be included in the plan may be restricted in its application to benefits provided in respect of a member as a consequence of the payment of contributions to the plan by the member.

Terms required by prescribed laws

(12) A pension plan shall not fail to qualify for registration by reason that it provides benefits that do not comply with the conditions in subsections (2), (3), (4) and (9), if the benefits are provided so that the plan complies with prescribed provisions of the laws of Canada or a province, or would so comply if such provisions were applicable to the plan in respect of all its members.

Terms required by Minister

(13) A pension plan shall not qualify for registration unless it contains terms that, in the opinion of the Minister, are adequate to prevent it from becoming a revocable plan pursuant to subsection (17) or (18).

Application for registration

(14) An application for registration of a pension plan shall be made in prescribed manner by the plan administrator.

Acceptance of plan for registration

(15) The Minister may accept a pension plan for registration for the purposes of this Act if the plan qualifies for registration.

Registration date

(16) Where a pension plan is, after December 31, 1988, accepted by the Minister for registration, the plan shall be deemed to be a registered pension plan from the later of

- (a) the first day of the calendar year in which application for registration is made to the Minister in accordance with subsection (14); and
- (b) the date specified in the plan as the date of commencement of the plan.

Pension adjustment limits

(17) A registered pension plan becomes, at the end of a calendar year, a revocable plan where

- (a) the pension adjustment for the year of an active member of the plan in the year in respect of a participating employer of the plan exceeds the lesser of
 - (i) the money purchase limit for the year, and
 - (ii) 18% of the remuneration of the member for the year in respect of the employer

except that, in the case of a plan that is, in the year, a specified multi-employer plan, this paragraph is not applicable unless the member's pension adjustment for the year in respect of the employer includes contributions made in the year under a money purchase provision of the plan; or

- (b) in the case of a plan that is not a multi-employer plan in the year, the aggregate of

- (i) the pension adjustment for the year of an active member of the plan in the year in respect of a participating employer of the plan, and
- (ii) the aggregate of all amounts each of which is the member's pension adjustment for the year in respect of any employer who, at any time in the year, does not deal at arm's length with the participating employer referred to in subparagraph (i)

exceeds the money purchase limit for the year.

Bridging benefits – additional limit

(18) A registered pension plan, other than a multi-employer plan, becomes a revocable plan at any time that the amount of bridging benefits paid under a defined benefit provision of the plan to a member for a month exceeds the amount, if any, by which

(a) the least of all amounts each of which is the amount that would be determined in respect of the member for the month in accordance with the formula in paragraph (8)(a) in connection with a defined benefit provision of

(i) the plan, or

(ii) a registered pension plan related in the month to the plan under which bridging benefits are provided to the member and have commenced to be paid, if subparagraph (i) of the description of D in paragraph (8)(a) were read as follows:

“(i) the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a period that is included in the pensionable service of the member under at least one defined benefit provision of

(A) the plan, or

(B) a registered pension plan related in the month to the plan,

under which bridging benefits are provided to the member and have commenced to be paid, and”

exceeds

(b) the aggregate of all amounts each of which is the amount of bridging benefits paid to the member for the month under any other defined benefit provision of the plan or under a defined benefit provision of a registered pension plan related in the month to the plan,

and, for the purposes of this subsection, a registered pension plan is related in a month to a particular registered pension plan where, at any time in the month, an employer who

(c) is a participating employer of the particular plan, or

(d) at any time in the month does not deal at arm's length with a participating employer of the particular plan

is a participating employer of the registered pension plan.

Acceptance of amendments

(19) The Minister shall not accept an amendment to a registered pension plan unless

- (a) application for the acceptance by the Minister of the amendment is made in prescribed manner by the plan administrator;
- (b) the plan as amended qualifies for registration; and
- (c) in the case of an amendment that provides for the return to a member of all or any part of the contributions made by him to the plan, the amendment includes a stipulation that all amounts (other than amounts that qualify under subsection 147.2(6) for transfer to other registered pension plans or to registered retirement savings plans) payable to the member as a return of contributions or as interest in respect of the returned contributions be paid to the member by the end of the calendar year immediately following the year in which the amendment is accepted by the Minister.

Additional conditions

(20) The Minister may, at any time and with respect to any pension plan, impose such requirements and conditions as may be considered reasonable to ensure that the objects of this Act with respect to registered pension plans are not frustrated or avoided.

Obligations of administrator

(21) The administrator of a registered pension plan shall administer the plan in accordance with the terms of the plan as registered except that, where the plan fails to qualify for registration, the administrator may administer the plan as if it were amended to qualify for registration.

Benefits provided

(22) For the purposes of this section and any regulations made for the purposes of this section or the definition "past service pension adjustment" in subsection 248(1), where a certification of the Minister is required to be obtained before particular benefits may be paid under a registered pension plan, the plan shall be considered to provide the particular benefits notwithstanding that the certification has not been obtained.

Idem

(23) For the purposes of paragraph (3)(d) and any regulations made for the purposes of that paragraph or the definitions "past service pension adjustment" and "pension adjustment" in subsection 248(1),

- (a) where a pension plan is established, the plan shall not be considered to provide benefits until the plan is accepted by the Minister for registration; and
- (b) where a registered pension plan is amended, the plan shall not be considered to provide any benefits as a consequence of the amendment until the amendment is accepted by the Minister.

Person connected with employer

(24) For the purposes of this section and any regulations made for the purposes of this section, a person is connected with an employer at any time if, at that time, the person

(a) owns, directly or indirectly, not less than 10% of the issued shares of any class of the capital stock of the employer or of any other corporation that is related to the employer, or

(b) does not deal at arm's length with the employer,

and for the purposes of this subsection,

(c) a person shall be deemed to own, at any time, each share of the capital stock of a corporation owned, at that time, by a person with whom he does not deal at arm's length;

(d) each beneficiary of a trust shall be deemed to own, at any time, that proportion of all shares of the capital stock of a corporation owned by the trust at that time that the fair market value at that time of his beneficial interest in the trust is of the fair market value at that time of all beneficial interests in the trust;

(e) each member of a partnership shall be deemed to own, at any time, that proportion of all shares of the capital stock of a corporation that are property of the partnership at that time that the fair market value at that time of his interest in the partnership is of the fair market value at that time of the interests of all members in the partnership;

(f) an individual who performs services at any time on behalf of an employer who would be carrying on a personal services business (within the meaning of paragraph 125(7)(d)) if the individual or any person related to the individual were at that time a specified shareholder of the employer shall be considered to be connected with the employer at that time if he, or any person or partnership with whom he does not deal at arm's length, is, or by virtue of any arrangement may become, entitled, directly or indirectly, to not less than 10% of the assets or the shares of any class of the capital stock of the employer or any corporation related thereto; and

(g) a person who, at any time, has a right under a contract, in equity or otherwise, either immediately or in the future and either absolutely or contingently, to or to acquire shares of the capital stock of a corporation shall be deemed to own, at that time, those shares if one of the main reasons for the existence of the right may reasonably be considered to be that the person not be connected with an employer.

Dependent person

(25) For the purposes of paragraphs (8)(d) and (f), "dependant" in respect of a member at a particular time means a person

(a) who was, at the date of the member's death, a parent, grandparent, brother, sister or child of the member;

(b) who was dependent on the member for support at the date of the member's death; and

(c) who, at the particular time, is either

(i) under 19 years of age and will not attain 19 years of age in the calendar year that includes the particular time, or

(ii) 18 years of age or over, and

(A) is in full-time attendance at an educational institution and has so been in attendance since the later of the date on which he attained 18 years of age and the date of the member's death, or

(B) where he was dependent on the member at the date of the member's death by reason of mental or physical infirmity, continues to have that infirmity.

Apportionment of pensionable service

(26) For the purposes of this section, sections 147.2 to 147.8, and any regulations made for the purposes of this section or the definitions "past service pension adjustment" and "pension adjustment" in subsection 248(1), where the pensionable service of a member of a registered pension plan under a benefit provision of the plan includes a period during which the member was not employed by any employer who participates in the plan for the benefit of the member,

(a) the period shall be apportioned by the plan administrator amongst employers who so participate in the plan in such manner as is reasonable in the circumstances; and

(b) the part of the period so apportioned to an employer shall be deemed to be pensionable service of the member with that employer.

Plan as registered

(27) Any reference in this Act to a pension plan as registered means the terms of the plan as accepted for registration for the purposes of this Act and as amended by

(a) each amendment that has been accepted by the Minister; and

(b) each amendment that has been submitted to the Minister for his acceptance and which the Minister has neither accepted nor refused to accept, if the plan, as amended, can reasonably be expected to qualify for registration.

Transfer – money purchase to money purchase or RRSP

147.2 (1) A registered pension plan may provide for the payment or transfer, on behalf of a member to whom retirement benefits under the plan have not commenced to be paid and in satisfaction of all or any part of his rights to and interests in benefits under a money purchase provision of the plan as registered, of a single amount to another registered pension plan to provide benefits in respect of the member under a money purchase provision of that plan or to a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)).

Transfer – money purchase to defined benefit

(2) A registered pension plan may provide for the payment or transfer, on behalf of a member to whom retirement benefits under the plan have not commenced to be paid and in satisfaction of all or any part of his rights to and interests in benefits under a money purchase provision of the plan as registered, of a single amount to another

registered pension plan to fund benefits to be provided in respect of the member under a defined benefit provision of that plan.

Transfer – defined benefit to defined benefit

(3) A registered pension plan may provide for the payment or transfer, on behalf of a member to whom retirement benefits under the plan have not commenced to be paid and in satisfaction of all or any part of his rights to and interests in benefits under a defined benefit provision of the plan as registered (other than his rights to and interests in an actuarial surplus in respect of the provision), of a single amount to another registered pension plan to fund benefits to be provided in respect of the member under a defined benefit provision of that plan.

Transfer – defined benefit to money purchase or RRSP

(4) A registered pension plan may provide for the payment or transfer, on behalf of a member to whom retirement benefits under the plan have not commenced to be paid and in satisfaction of all or any part of his rights to and interests in benefits under a defined benefit provision of the plan as registered (other than his rights to and interests in an actuarial surplus in respect of the provision), of a single amount, not exceeding a prescribed amount, to another registered pension plan to provide benefits in respect of the member under a money purchase provision of that plan or to a registered retirement savings plan under which the member is the annuitant (within the meaning assigned by subsection 146(1)).

Transfer to RPP or RRSP for spouse on marriage breakdown

(5) A registered pension plan may provide for the payment or transfer, on behalf of an individual who is a spouse or former spouse of a member of the plan and who is entitled to a single amount from the plan pursuant to a decree, order or judgment of a competent tribunal, or a written agreement, relating to a division of property between the member and the individual in settlement of rights arising out of or on a breakdown of their marriage or other conjugal relationship, of the single amount to another registered pension plan for the benefit of the individual or to a registered retirement savings plan under which the individual is the annuitant (within the meaning assigned by subsection 146(1)).

Transfer – return of contributions

(6) A registered pension plan may provide for the payment or transfer, on behalf of a member who is entitled to a single amount from the plan as a return of contributions made by him before that time under a benefit provision of the plan, or as interest (computed at a rate not exceeding a reasonable rate) in respect of contributions that are being returned, to another registered pension plan for his benefit or to a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1)), of

(a) the portion of the single amount that relates to contributions made by the member in respect of his pensionable service before 1988 under the provision; and

(b) the portion (in this paragraph referred to as the “post-1987 portion”) of the single amount that relates to contributions made by the member in respect of his pensionable service after 1987 under the provision, where

(i) benefits to be provided in respect of the member under each other benefit provision of the plan and under all other registered pension plans in respect of his pensionable service after 1987 are not increased as a consequence of the return of contributions, and

(ii) the post-1987 portion does not exceed the present value of the benefits that, as a consequence of the return of contributions (together with interest, if any), will not be provided in respect of the member under the provision in respect of his pensionable service after 1987.

**Transfer – lump sum benefits
on death**

(7) A registered pension plan may provide for the payment or transfer, on behalf of an individual who is entitled to a single amount as a consequence of the death of a member of the plan and who was a spouse of the member at the date of the member's death, of the single amount to another registered pension plan for the benefit of the individual or to a registered retirement savings plan under which the individual is the annuitant (within the meaning assigned by subsection 146(1)).

Limitation re transfers

(8) Notwithstanding any other provision of this Act, no registered pension plan may provide for the payment or transfer, on behalf of an individual, of an amount (other than an amount deductible under paragraph 60(j) or (j.2)) to another registered pension plan or to a registered retirement savings plan except in accordance with this section.

**Taxation of amounts
transferred**

(9) Where an amount has been paid or transferred on behalf of an individual in accordance with this section,

(a) the amount shall not, by reason only of such payment or transfer, be included by virtue of subparagraph 56(1)(a)(i) in computing the income of the individual; and

(b) no deduction may be made under any provision of this Act in respect of the amount in computing the income of any taxpayer.

Filing of actuarial reports

147.3 The administrator of a registered pension plan that contains a defined benefit provision shall file with the Minister an actuarial report that has been prepared by an actuary using reasonable assumptions and in accordance with generally accepted actuarial principles, and that contains prescribed information with respect to the defined benefit provisions of the plan,

(a) where the plan was accepted before 1989 by the Minister for registration, on or before December 31, 1991;

(b) where the plan is accepted after 1988 by the Minister for registration, within three years after the end of the calendar year in which the Minister so accepts the plan;

(c) when the Minister, on reasonable written notice, so requires; and

(d) on or before December 31 of the later of 1991 and the third calendar year after

(i) the calendar year in which the last preceding actuarial report in respect of the plan was filed with the Minister, or

(ii) where the report referred to in subparagraph (i) was filed after the time that it was required by this section to be filed with the Minister, or no report has been so filed, the calendar year in which an actuarial report was last required by this section to be filed with the Minister.

**Reporting requirements –
pension adjustment**

147.4 (1) Every person who is, in a particular calendar year, an employer of an active member of a registered pension plan or of a deferred profit sharing plan in the year shall, on or before the last day of February in the immediately following calendar year, file with the Minister an information return in prescribed form reporting the member's pension adjustment, if any, for the particular year in respect of the employer, other than any portion thereof required by subsection (2) or (3) to be reported by the plan administrator.

**Idem – employee contribution
to multi-employer plan**

(2) Where a member of a registered pension plan that is a multi-employer plan makes a contribution in a particular calendar year to the plan, and the contribution is not remitted to the plan by any participating employer on behalf of the member, the plan administrator shall, on or before the last day of February in the immediately following calendar year, file with the Minister an information return in prescribed form reporting the aggregate of all amounts each of which is the portion, if any, of the member's pension adjustment for the particular year in respect of a participating employer of the plan that can reasonably be considered to result from the contribution or from the provision of additional benefits under the plan as a consequence of the contribution.

Idem – multi-employer plan

(3) Where an individual is, in a particular calendar year, an active member of a registered pension plan that is a multi-employer plan and is not employed by a participating employer of the plan at any time in the particular year, the plan administrator shall, on or before the last day of February in the immediately following calendar year, file with the Minister an information return in prescribed form reporting the aggregate of all amounts each of which is the member's pension credit (as determined in accordance with prescribed rules) for the particular year in respect of a participating employer of the plan under a benefit provision of the plan.

**Reporting requirements –
pension adjustment reversal**

(4) Where the pension adjustment reversal (as determined in accordance with prescribed rules) of an individual for a calendar year in respect of registered plans (other than multi-employer plans) in respect of an employer is greater than nil, the employer shall, within 60 days after the membership termination date of the individual (as determined by regulation), file with the Minister an information return in prescribed form reporting the pension adjustment reversal.

Idem

(5) Where the pension adjustment reversal (as determined in accordance with prescribed rules) of an individual for a calendar year in respect of a registered pension plan that is a multi-employer plan and in respect of an employer is greater than nil, the administrator of the plan shall, within 60 days after the membership termination date of the individual (as determined by regulation), file with the Minister an information return in prescribed form reporting the pension adjustment reversal.

Provision of information to administrator

(6) Where the administrator of a registered pension plan is required by this section to file an information return with respect to an employee or former employee of a participating employer of the plan, the employer shall provide the administrator with all information requested in writing by the administrator that is available to the employer and that is required by the administrator to complete the information return,

(a) where the information return is required to be filed in the calendar year in which the request is received by the employer or is required to be filed under subsection (5), within 30 days after receipt thereof; or

(b) in any other case, by January 31 of the year immediately following the calendar year in which the request is received by the employer.

Provision of information to employer

(7) Where a participating employer of a registered pension plan is required by this section to file an information return with respect to an employee or former employee, the administrator of the plan shall provide the employer with all information requested in writing by the employer that is available to the administrator and that is required by the employer to complete the information return,

(a) where the information return is required to be filed in the calendar year in which the request is received by the administrator or is required to be filed under subsection (4), within 30 days after receipt thereof; or

(b) in any other case, by January 31 of the year immediately following the calendar year in which the request is received by the administrator.

Provision of information – past service pension adjustment

(8) Where the administrator of a registered pension plan requires information from a participating employer of the plan for the purpose of determining, in respect of an individual who is an employee or former employee of the employer, a provisional PSPA (as determined in accordance with prescribed rules) of the individual in respect of the employer, the employer shall, within 30 days after receiving a written request from the administrator, provide the administrator with all information requested by the administrator that is available to the employer and that is required by the administrator for that purpose.

Idem

(9) Where a participating employer of a registered pension plan requires information from the administrator of the plan for the purpose

of determining, in respect of an individual who is an employee or former employee of the employer, a provisional PSPA (as determined in accordance with prescribed rules) of the individual in respect of the employer, the administrator shall, within 30 days after receiving a written request from the employer, provide the employer with all information requested by the employer that is available to the administrator and that is required by the employer for that purpose.

Information return

(10) Every person who is an administrator of a registered pension plan shall, without notice or demand therefor, on or before the last day of April in each year file with the Minister an information return for the preceding calendar year in prescribed form and containing prescribed information.

Reporting to employees – PA and PAR

(11) Every person required by subsections (1) to (5) to file an information return with the Minister shall forward two copies of the return to the individual in respect of whom the return is made.

Reporting to employees – PSPA

(12) Every person who obtains a certification referred to in paragraph 147.1(3)(d) in respect of an individual shall forward to the individual an information return in prescribed form indicating the individual's certified past service pension adjustment (as determined in accordance with prescribed rules) associated with the certification.

Reporting to employees – forwarding of returns

(13) Every person required by subsection (11) or (12) to forward an information return or a copy of an information return to an individual shall send the return or the copy, as the case may be, to the individual at his last known address or shall deliver the return or the copy to him in person,

(a) in the case of a return referred to in subsection (11), on or before the date the return is required to be filed with the Minister; and

(b) in the case of a return referred to in subsection (12), within 60 days after the certification is received from the Minister.

Pension contributions deductible – employer contributions

147.5 (1) There may be deducted in computing the income of a participating employer of a registered pension plan for a taxation year the aggregate of all amounts each of which is a contribution made by him in the year or within 120 days after the end of the year and after 1988 to the plan in respect of his employees or former employees, to the extent that

(a) in the case of a contribution under a money purchase provision of the plan, the contribution was made in accordance with the plan as registered;

(b) in the case of a contribution in respect of the defined benefit provisions of the plan, the contribution is an eligible contribution; and

(c) the contribution was not deducted in computing the income of the employer for a preceding taxation year.

(2) For the purposes of subsection (1) and subparagraph 147.1(2)(a)(iii), a contribution made by an employer to a registered pension plan in respect of the defined benefit provisions of the plan is an eligible contribution if it is made pursuant to a recommendation by an actuary in whose opinion the contribution is required to be made so that the plan will have sufficient assets to fund benefits under the defined benefit provisions of the plan, as registered, in respect of the employees and former employees of the employer, where the recommendation is

(a) made in the calendar year in which the contribution is made, or in one of the three immediately preceding calendar years,

(b) based on an actuarial funding method that produces a reasonable matching of contributions with accruing benefits,

(c) prepared using assumptions that are reasonable at the time the recommendation is made, and prepared in accordance with generally accepted actuarial principles,

(d) where more than one employer participates in the plan, based on a reasonable apportionment of

(i) the assets of the plan (as of the beginning of the period in respect of which the recommendation is prepared), held in connection with the defined benefit provisions of the plan, and

(ii) the actuarial liabilities (as of the beginning of the period in respect of which the recommendation is prepared) under the defined benefit provisions of the plan

amongst participating employers in respect of their employees and former employees,

(e) at the option of the employer, based on the assumption that the assets of the plan (as of the beginning of the period in respect of which the recommendation is prepared) apportioned to the employer in respect of his employees and former employees do not include an amount that is less than the least of

(i) the actuarial surplus (as of the beginning of the period in respect of which the recommendation is prepared, and determined before any reduction of the value of assets in accordance with this paragraph), in respect of the employer, under the defined benefit provisions of the plan,

(ii) 20% of the actuarial liabilities (as of the beginning of the period in respect of which the recommendation is prepared) under the defined benefit provisions of the plan that are apportioned to the employer in respect of his employees and former employees, and

(iii) two times the estimated amount of current service contributions (determined on the basis of the actuarial funding method used for the purpose of the recommendation) that would, if there were no actuarial surplus, be required to be made by the employer and his employees in respect of the defined benefit provisions of the plan for the first 12 months

of the period in respect of which the recommendation is prepared, and

(f) approved by the Minister on the advice of the Superintendent of Financial Institutions,

and where, at the time the contribution is made, the assumptions on which the recommendation is based remain reasonable; and, for the purposes of this subsection, a contribution shall be deemed to be made pursuant to a recommendation by an actuary if the contribution is less than the amount that is determined in accordance with the recommendation.

Filing of actuarial report

(3) Where a person seeks the Minister's approval of a recommendation made by an actuary in connection with the contributions to be made by a participating employer of a registered pension plan in respect of the defined benefit provisions of the plan, the person shall file with the Minister an actuarial report prepared by the actuary that contains the recommendation and prescribed information with respect to the defined benefit provisions of the plan.

Amount of employee's pension contributions deductible

(4) There may be deducted in computing the income of an individual for a taxation year an amount equal to the aggregate of

Service after 1987

(a) the aggregate of all amounts each of which is a contribution made by him in the year to a registered pension plan in respect of his pensionable service after 1987 to the extent that the contribution was made in accordance with the plan as registered;

Service before 1988 while not a contributor

(b) the least of

(i) the amount, if any, by which

(A) the aggregate of all amounts each of which is a contribution (other than an additional voluntary contribution) made by him in the year or a preceding taxation year and after 1945 to a registered pension plan in respect of a particular year before 1988, if all or any part of the particular year is included in the individual's eligible service under the plan and if

(I) in the case of a contribution that the individual made before March 28, 1988 or was obliged to make under the terms of an agreement in writing entered into before March 28, 1988, he was not a contributor to the plan in the particular year, or
(II) in any other case, he was not a contributor to any registered pension plan in the particular year

exceeds

(B) the aggregate of all amounts each of which is an amount deducted, in computing the individual's income for a preceding taxation year, in respect of contributions included in the aggregate determined in respect of the individual for the year under clause (A),

- (ii) \$3,500, and
- (iii) the amount determined by the formula

$$(\$3,500 \times Y) - Z$$

where

- Y is the number of calendar years before 1988 each of which is a year
- (i) all or any part of which is included in the individual's eligible service under a registered pension plan to which he has made a contribution that is included in the aggregate determined under clause (i)(A) and in which he was not a contributor to any registered pension plan, or
 - (ii) all or any part of which is included in the individual's eligible service under a registered pension plan to which he has made a contribution
 - (A) that is included in the aggregate determined under clause (i)(A), and
 - (B) that he made before March 28, 1988 or was obliged to make under the terms of an agreement in writing entered into before March 28, 1988,
- and in which he was not a contributor to the plan, and
- Z is the aggregate of all amounts each of which is an amount deducted, in computing the individual's income for a preceding taxation year,
- (i) in respect of contributions included in the aggregate determined in respect of the individual for the year under clause (i)(A), or
 - (ii) under subparagraph 8(1)(m)(ii) (as it read in its application to the 1988 taxation year) in respect of additional voluntary contributions made in respect of a year that satisfies the conditions in the description of Y; and

Service before 1988 while a contributor

- (c) the lesser of
- (i) the amount, if any, by which
 - (A) the aggregate of all amounts each of which is a contribution (other than an additional voluntary contribution or a contribution included in the aggregate determined in respect of the individual for the year under clause (b)(i)(A)) made by him in the year or a preceding taxation year and after 1962 to a registered pension plan in respect of a particular year before 1988 that is included, in whole or in part, in the individual's eligible service under the plan
 - exceeds
 - (B) the aggregate of all amounts each of which is an amount deducted, in computing the individual's income

for a preceding taxation year, in respect of contributions included in the aggregate determined in respect of the individual for the year under clause (A), and

(ii) the amount, if any, by which \$3,500 exceeds the aggregate of all amounts each of which is an amount deducted under paragraph (a) or (b) in computing the individual's income for the year.

Teachers

(5) For the purposes of determining whether a teacher may deduct an amount contributed by him to a registered pension plan in computing his income for a taxation year ending before 1995 during which he was employed by Her Majesty or a person exempt from tax for the year under section 149,

(a) clause (4)(b)(i)(A) shall be read without reference to subclauses (I) and (II) thereof, and

(b) the description of Y in subparagraph (4)(b)(iii) shall be read as follows:

“is the number of calendar years before 1988 each of which is a year all or any part of which is included in the individual's eligible service under a registered pension plan to which he has made a contribution that is included in the aggregate determined under clause (i)(A), and”

**Revocation of registration –
notice of intention**

147.6 (1) Where, at any time after a pension plan has been accepted by the Minister for registration,

(a) the plan does not qualify for registration,

(b) the plan is not administered in accordance with the terms of the plan as registered,

(c) the plan becomes a revocable plan,

(d) a requirement or condition imposed by the Minister under subsection 147.1(20) with respect to the plan is not complied with,

(e) the plan fails to comply with subsection 147.2(8),

(f) the administrator of the plan fails to file an information return as and when required under section 147.4,

(g) a participating employer of the plan fails to file an information return as and when required under section 147.4, or

(h) the plan administrator fails to file an actuarial report as and when required under section 147.3,

the Minister may give notice (in this section referred to as a “notice of intent”) by registered mail to the plan administrator that he proposes to revoke the registration of the plan as of a date specified in the notice of intent, which date shall not be earlier than the date as of which,

(i) where paragraph (a) or (e) applies, the plan fails to so qualify;

(j) where paragraph (b) applies, the plan was not administered in accordance with its terms as registered;

- (k) where paragraph (c) applies, the plan became a revocable plan;
- (l) where paragraph (d) applies, the requirement or condition was not complied with; and
- (m) where paragraph (f), (g) or (h) applies, the date on which the information return or actuarial report was required to be filed.

Notice of revocation

(2) Where the Minister gives a notice of intent to the administrator of a registered pension plan, or the plan administrator applies to the Minister in writing for revocation of its registration, the Minister may

- (a) where the plan administrator has applied to the Minister in writing for revocation of its registration, at any time after receiving the administrator's application, and
- (b) in any other case, after 30 days after the day of mailing of the notice of intent,

give notice (in this section referred to as a "notice of revocation") by registered mail to the plan administrator that the registration of the plan is revoked as of the date specified in the notice of revocation, which date may not be earlier than the date specified in the notice of intent or the date of the administrator's application, as the case may be.

Revocation of registration

(3) Where the Minister gives a notice of revocation to the administrator of a registered pension plan, the registration of the plan is revoked as of the date specified in the notice of revocation, unless the Federal Court of Appeal or a judge thereof, on application made at any time before the determination of an appeal pursuant to subsection 172(3), orders otherwise.

Superintendent of Financial Institutions

147.7 For the purposes of this Act, the Minister may obtain the advice of the Superintendent of Financial Institutions with respect to any matter relating to pension plans.

"existing plan"

147.8 (1) In this section, "existing plan" means a pension plan in respect of which an application for registration was made to the Minister before March 28, 1988.

Existing plan – qualification for registration before 1991

(2) For the purposes of determining whether an existing plan qualifies before 1991 for registration, all defined benefit provisions of the plan must be acceptable to the Minister in order for the plan to so qualify, and the rules in section 147.1 shall apply with the following modifications:

- (a) the plan shall not fail to qualify for registration by reason that
 - (i) benefits under the defined benefit provisions of the plan are not in accordance with paragraphs 147.1(2)(c) and (e) and 147.1(3)(e), or
 - (ii) the plan does not include the stipulation referred to in paragraph 147.1(3)(c); and
- (b) subsection 147.1(4) shall not apply.

Qualification after 1990

(3) For the purposes of determining whether an existing plan qualifies after 1990 for registration, all benefits (in this subsection referred to as "pre-1991 benefits") provided under each defined benefit provision of the plan in respect of periods before 1991 must be acceptable to the Minister in order for the plan to so qualify, and the rules in section 147.1 shall apply with the following modifications:

- (a) the conditions in paragraphs 147.1(2)(c) and (e) shall not apply in respect of pre-1991 benefits;
- (b) the stipulation referred to in paragraph 147.1(3)(c) may exempt pre-1991 benefits from its application;
- (c) for the purposes of the condition in paragraph 147.1(3)(e), lifetime retirement benefits do not include pre-1991 benefits;
- (d) for the purposes of the conditions in subsection 147.1(4),
 - (i) lifetime retirement benefits do not include pre-1991 benefits,
 - (ii) the aggregate determined under clause (a)(i)(A) of that subsection does not include remuneration in respect of periods before 1991, and
 - (iii) the aggregates under subclause (a)(i)(B)(II) and the description of Y in subparagraph (ii) of that subsection shall be determined without regard to periods of pensionable service before 1991; and
- (e) for the purposes of paragraphs 147.1(8)(b) to (k), where pre-1991 benefits and benefits in respect of periods after 1990 are provided under the same defined benefit provision, the benefits in respect of periods after 1990 shall be considered to be provided under a separate defined benefit provision.

Alternative qualification

(4) Notwithstanding subsections (2) and (3), an existing plan qualifies for registration if it would so qualify if this Act were read without reference to those subsections.

Pre-existing obligations

(5) Where, if this Act were read without reference to this subsection, an existing plan would fail to qualify for registration because it provides benefits in respect of periods before 1989 that

- (a) do not comply with the conditions for qualification, and
- (b) are irrevocably vested in a plan member,

the plan shall not fail to qualify for registration by reason that it provides such benefits where the benefits are acceptable to the Minister.

Application of pension adjustment limits

(6) Subsection 147.1(17) does not apply to an existing plan in respect of any calendar year before 1991

- (a) throughout which the plan does not contain any money purchase provisions; or
- (b) in which no contributions are made under the money purchase provisions of the plan.

(7) Subsection 147.1(18) does not apply to an existing plan in respect of bridging benefits paid before 1991.”

(2) Subsection 147.1(1) of the said Act, as enacted by subsection (1), is applicable after 1987 except that

(a) the definitions “money purchase provision” and “pension plan” in subsection 147.1(1) of the said Act, as enacted by subsection (1), are applicable after 1985; and

(b) the definition “registered pension plan” in subsection 147.1(1) of the said Act, as enacted by subsection (1), is applicable after 1988.

(3) Subsections 147.1(2) to (25) and (27), sections 147.2 and 147.3, subsections 147.5(2) and (3) and sections 147.6 and 147.8 of the said Act, as enacted by subsection (1), are applicable after 1988.

(4) Subsections 147.1(26) and 147.4(11) to (13) and section 147.7 of the said Act, as enacted by subsection (1), are applicable after 1987.

(5) Subsections 147.4(1) to (3) of the said Act, as enacted by subsection (1), are applicable with respect to pension adjustments for 1988 and subsequent years.

(6) Subsections 147.4(4) and (5) of the said Act, as enacted by subsection (1), are applicable with respect to pension adjustment reversals for 1988 and subsequent years, except that any return otherwise required to be filed under subsection 147.4(4) or (5) of the said Act before February 28, 1989 shall be deemed to have been filed as required if it is filed on or before February 28, 1989.

(7) Subsection 147.4(10) of the said Act, as enacted by subsection (1), is applicable after 1989.

(8) Subsection 147.5(1) of the said Act, as enacted by subsection (1), is applicable to the 1989 and subsequent taxation years with respect to contributions made to registered pension plans after 1988.

(9) Subsections 147.5(4) and (5) of the said Act, as enacted by subsection (1), are applicable to the 1989 and subsequent taxation years.

12. (1) Subsection 172(3) of the said Act is amended by striking out the word “or” at the end of paragraph (e) thereof, by repealing all that portion of the subsection following that paragraph and by substituting the following therefor:

“(f) refuses to accept for registration for the purposes of this Act any pension plan or gives notice under subsection 147.6(1) to the administrator of a registered pension plan that he proposes to revoke its registration,

(f.1) refuses to accept an amendment to a registered pension plan,
or

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

the applicant or the organization, foundation, association or registered charity, as the case may be, in a case described in paragraph (a) or (a.1), the applicant in a case described in paragraph (b), (d), (e) or (g), a trustee under the plan or an employer of employees who are beneficiaries under the plan, in a case described in paragraph (c), or the administrator of the plan or a participating employer of the plan, in a case described in paragraph (f) or (f.1) may, notwithstanding section 24 of the *Federal Court Act*, appeal from such decision or from the giving of such notice to the Federal Court of Appeal.”

(2) Subsection 172(4) of the said Act is amended by striking out the word “or” at the end of paragraph (d) thereof and by adding thereto, immediately after that paragraph, the following:

“(e) to accept for registration for the purposes of this Act any pension plan,

(e.1) to accept an amendment to a registered pension plan, or”

(3) Subsections (1) and (2) are applicable after 1988.

13. (1) Subsection 180(1) of the said Act is amended by striking out the word “or” at the end of paragraph (a) thereof and by repealing paragraph (b) thereof and substituting the following therefor:

“(b) the mailing of notice to the registered charity or registered Canadian amateur athletic association under subsection 168(1),

(c) the mailing of notice to the administrator of the registered pension plan under subsection 147.6(1), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan was served by the Minister by registered mail on any person,”

(2) Subsection (1) is applicable after 1988.

14. (1) Section 204.1 of the said Act is amended by adding thereto, immediately after subsection (2) thereof, the following subsection:

“(2.1) Where, at the end of any month after December, 1988 a taxpayer has a cumulative excess amount in respect of registered retirement savings plans, he shall, in respect of that month, pay a tax under this Part equal to 1% of that cumulative excess amount.”

(2) Subsection (1) is applicable after 1988.

15. (1) Subsection 204.2(1) of the said Act is repealed and the following substituted therefor:

Tax payable by individuals –
contributions after 1988

"Excess amount for a year in respect of registered retirement savings plans" defined

"204.2 (1) "Excess amount for a year in respect of registered retirement savings plans" of an individual at a particular time means, where the excess amount is for a year after 1988, nil, and for a year before 1989, the amount by which the aggregate of

(a) all amounts paid by him to such plans under which he or his spouse is the annuitant, other than amounts to which paragraph 60(j), (j.01), (j.1) or (l) or subsection 146(16) applies or would, if the individual were resident in Canada throughout the year, apply, and

(b) all gifts made to such a plan under which he is the annuitant, other than gifts made thereto by his spouse,

in the year and before the particular time, exceeds the aggregate of

(c) all amounts that the individual is entitled to deduct in computing his income for the immediately preceding year in respect of those payments, and

(d) the greater of \$5,500 and the amount the individual is entitled to deduct in computing his income for the year in respect of those payments."

(2) Section 204.2 of the said Act is further amended by adding thereto, immediately after subsection (1) thereof, the following subsections:

Cumulative excess amount in respect of RRSPs

"(1.1) The cumulative excess amount of a taxpayer in respect of registered retirement savings plans at any time in a taxation year is the amount, if any, by which

(a) the amount of the taxpayer's undeducted RRSP premiums at that time

exceeds

(b) the amount determined by the formula

$$\$8,000 + A + B + C - D$$

where

A is the taxpayer's unused RRSP deduction room at the end of the immediately preceding taxation year,

B is the amount, if any, by which the lesser of the RRSP dollar limit for the year and 18% of the taxpayer's earned income (within the meaning assigned by subsection 146(1)) for the immediately preceding taxation year exceeds the aggregate of all amounts each of which is the taxpayer's pension adjustment for the immediately preceding taxation year in respect of an employer,

C is the aggregate of all amounts each of which is the taxpayer's total pension adjustment reversal for the year in respect of an employer, and

D is the taxpayer's net past service pension adjustment, at that time, for the year.

Undeducted RRSP premiums

(1.2) For the purposes of subsection (1.1), the amount of undeducted RRSP premiums of a taxpayer at any time in a taxation year is the amount determined by the formula

$$H + I - J$$

where

H is, for the 1989 taxation year, nil, and for any taxation year thereafter, the amount, if any, by which

(i) the amount of the taxpayer's undeducted RRSP premiums at the end of the immediately preceding taxation year

exceeds

(ii) the aggregate of all amounts each of which is an amount that was deducted by the taxpayer under subsection 146(5) or (5.1) in computing his income for the immediately preceding taxation year, to the extent that the amount was deducted in respect of premiums paid under registered retirement savings plans in or before that preceding year,

I is the aggregate of all amounts each of which is

(i) a premium (within the meaning assigned by subsection 146(1)) paid by the taxpayer in the year and before that time under a registered retirement savings plan under which he or his spouse was the annuitant (within the meaning assigned by subsection 146(1))

when the premium was paid, other than

(A) an amount paid to the plan in the first 60 days of the year and deducted by the taxpayer in computing his income for the immediately preceding taxation year,

(B) an amount paid to the plan in the year and deducted by the taxpayer under paragraph 60(j), (j.01), (j.1), (j.2) or (l) in computing his income for the year or the immediately preceding taxation year,

(C) an amount paid or transferred to the plan on behalf of the taxpayer in accordance with any of subsections 146(16), 147(19), 147.2(1) or 147.2(4) to (7), or

(D) where the taxpayer is a non-resident person, an amount that would, if the taxpayer were resident in Canada throughout the year and the immediately preceding taxation year, be deductible under paragraph 60(j), (j.1) or (l) in computing his income for the year or the immediately preceding taxation year, or

(ii) a gift made in the year and before that time to a registered retirement savings plan under which the taxpayer is the annuitant (within the meaning assigned

by subsection 146(1)), other than a gift made thereto by his spouse, and

- J is the aggregate of all amounts each of which is an amount received by the taxpayer in the year and before that time out of or under a registered retirement savings plan and included in computing his income for the year, to the extent that the amount is not taken into account in determining the tax, if any, payable by the taxpayer under subsection 204.1(1).

Net past service pension
adjustment

(1.3) For the purposes of subsection (1.1), the net past service pension adjustment of a taxpayer, at any time, for a taxation year is the amount determined by the formula

$$P - (F + G)$$

where

- P is the amount of the taxpayer's total certified past service pension adjustments for the year, determined as of that time in accordance with prescribed rules,
F is the amount of the taxpayer's PSPA transfers for the year, determined as of that time in accordance with prescribed rules, and
G is the amount of the taxpayer's PSPA withdrawals for the year, determined as of that time in accordance with prescribed rules.

Deemed receipt when RRSP
amended

(1.4) For the purposes of subsection (1.2), where an amount in respect of a registered retirement savings plan has been included in computing a taxpayer's income pursuant to paragraph 146(12)(b), that amount shall be deemed to have been received by him under the plan at the time referred to in that paragraph, to the extent that the amount is not taken into account in determining the tax, if any, payable by the taxpayer under subsection 204.1(1)."

(3) Subsection 204.2(3) of the said Act is repealed and the following substituted therefor:

When retirement savings plan
deemed to be a registered plan

"(3) Where a retirement savings plan under which an individual or his spouse is the annuitant (within the meaning assigned by subsection 146(1)) is accepted by the Minister for registration, for the purpose of determining

(a) the amount of undeducted RRSP premiums of the individual at any time, and

(b) the excess amount for a year in respect of registered retirement savings plans of the individual at any time,

the retirement savings plan shall be deemed to have been a registered retirement savings plan from the later of the day the plan came into existence and May 25, 1976."

(4) Paragraph 204.2(4)(a) of the said Act is repealed and the following substituted therefor:

“(a) the aggregate of contributions made to the trust before that time and after May 25, 1976 (other than contributions to which paragraph 60(k) or subsection 147(19) applies) by an employee, to the extent that such contributions made in a year exceed, for years prior to 1989, \$5,500, less any such contributions that have been returned to the employee before that particular time; and”

(5) Subsection (1) is applicable after 1987.

(6) Subsections (2), (3) and (4) are applicable after 1988.

16. All that portion of subsection 238(2) of the said Act preceding paragraph (a) thereof is repealed and the following substituted therefor:

“(2) Every person who has contravened or failed to comply with subsection 116(3), 127(3.1) or (3.2), or 147.1(21), section 147.3, any of subsections 147.4(6) to (9) or 153(1) or any of sections 230 to 232 is guilty of an offence and, in addition to any penalty otherwise provided, is liable on summary conviction to”

17. (1) Subsection 241(4) of the said Act is amended by adding thereto, immediately after paragraph (e) thereof, the following paragraph:

“(e.1) communicate or allow to be communicated to the person who seeks a certification referred to in paragraph 147.1(3)(d), the certification or a refusal to make the certification;”

(2) Paragraph 241(4)(f) of the said Act is amended by striking out the word “and” at the end of the subparagraph (iv) thereof, by adding the word “and” at the end of subparagraph (v) thereof and by adding thereto the following subparagraph:

“(vi) to an official of the Office of the Superintendent of Financial Institutions solely for the purposes of enabling that Office to provide advice to the Minister with respect to any matter relating to pension plans;”

(3) Subsection 241(4) of the said Act is further amended by striking out the word “or” at the end of paragraph (h) thereof, by adding the word “or” at the end of paragraph (i) thereof and by adding thereto the following paragraph:

“(j) communicate or allow to be communicated information obtained under this Act

(i) as to the identity of a pension plan in respect of which application for registration for the purposes of this Act has been made, or

(ii) as to the name and address of the administrator of a pension plan referred to in subparagraph (i) or the employers who will participate in the plan

to an official of a department or agency of the Government of Canada or of a province, solely for the purposes of enabling that

department or agency to administer or enforce the *Pension Benefits Standards Act, 1985* or a similar law of a province.”

(4) Subsections (1) and (3) are applicable after 1988.

(5) Subsection (2) is applicable after 1987.

18. (1) The definition “registered pension plan” in subsection 248(1) of the said Act is repealed and the following substituted therefor:

“registered pension plan”
«régime de pension agréé»

““registered pension plan” has the meaning assigned by subsection 147.1(1);”

(2) Subsection 248(1) of the said Act is further amended by adding thereto, in alphabetical order within the subsection, the following definitions:

“additional voluntary contribution”
«cotisation facultative»

““additional voluntary contribution” to a registered pension plan means a contribution made to the plan that is used to provide benefits under a money purchase provision (within the meaning assigned by subsection 147.1(1)) of the plan and that is not required as a general condition of membership in the plan;

“money purchase limit”
«plafond des cotisations déterminées»

“money purchase limit” for a calendar year has the meaning assigned by subsection 147.1(1);

“past service pension adjustment”
«facteur d'équivalence pour services passés»

“past service pension adjustment” of a taxpayer for a calendar year in respect of an employer has the meaning prescribed by regulation;

“pension adjustment”
«facteur d'équivalence»

“pension adjustment” of a taxpayer for a calendar year in respect of an employer has the meaning prescribed by regulation;

“profit sharing plan”
«régime de participation aux bénéfices»

“profit sharing plan” has the meaning assigned by subsection 147(1);

“RRSP deduction limit”
«maximum déductible au titre de REER»

“RRSP deduction limit” of a taxpayer for a taxation year has the meaning assigned by subsection 146(1);

“RRSP dollar limit”
«plafond absolu au titre de REER»

“RRSP dollar limit” has the meaning assigned by subsection 146(1);

“total pension adjustment reversal”
«facteur de rétablissement»

“total pension adjustment reversal” of a taxpayer for a calendar year in respect of an employer has the meaning prescribed by regulation;

“unused RRSP deduction room”
«déductions inutilisées au titre de REER»

“unused RRSP deduction room” of a taxpayer at the end of a taxation year has the meaning assigned by subsection 146(1);”

(3) Subsection (1) is applicable after 1988.

(4) Subsection (2) is applicable after 1987, except that the definition “additional voluntary contribution” in subsection 248(1) of the said Act, as enacted by subsection (2), is applicable after 1985.

19. (1) Subsection 252(3) of the said Act is repealed and the following substituted therefor:

Extended meaning of "spouse"
and "former spouse"

"(3) For the purposes of paragraphs 56(1)(b) and (c), and 60(b) and (c), sections 56.1 and 60.1 and subsections 73(1) and 148(8), "spouse" and "former spouse" include a party to a voidable or void marriage, as the case may be."

(2) Subsection (1) is applicable after 1987.

20. (1) The said Act is amended by substituting the expression "registered pension plan" for the expression "registered pension fund or plan" wherever the latter expression occurs therein, with such modifications as the circumstances require.

(2) Subsection (1) is applicable after 1985.

21. The French version of the said Act is amended in the manner and to the extent set out in Schedule I.

Schedule I
(section 21)

1. The words «révoque», «révoqué», «révoquer» and «révocation» are substituted for the words «annule», «annulé», «annuler» and «annulation», respectively, with such grammatical modifications as the circumstances require, wherever the latter words occur in the following provisions, namely:

- (1) that portion of subsection 147(14) following paragraph (c.5) thereof;
- (2) subsection 147(14.1);
- (3) that portion of subsection 147(15) preceding paragraph (a) thereof;
- (4) paragraph 147(15)(a);
- (5) paragraph 172(3)(c); and
- (6) paragraph 204(f).

2. The word «agrée» is substituted for the word «enregistré», with such grammatical modifications as the circumstances require, wherever the latter word occurs in the following provisions, namely:

- (1) subsection 130.1(7);
- (2) that portion of subsection 147(5) preceding paragraph (a) thereof;
and
- (3) paragraph 147(15)(a).

3. The word «agrément» is substituted for the word «enregistrement», with such grammatical modifications as the circumstances require, wherever the latter word occurs in the following provisions, namely:

- (1) subsection 144(11);
- (2) that portion of subsection 147(2) preceding paragraph (a) thereof;
- (3) subsection 147(3);
- (4) paragraph 147(4)(a);
- (5) that portion of subsection 147(5) preceding paragraph (a) thereof;
- (6) paragraphs 147(5)(a) and (b);
- (7) that portion of subsection 147(14) preceding paragraph (a) thereof;
- (8) paragraph 147(14)(a);
- (9) that portion of subsection 147(14) following paragraph 147(14)(c.5) thereof;
- (10) subsection 147(14.1);
- (11) that portion of subsection 147(15) preceding paragraph (a) thereof;

- (12) paragraph 147(15)(a);
- (13) paragraph 149(1)(o.1);
- (14) paragraph 172(3)(c); and
- (15) paragraph 204(f).

4. The expression «régime dont l'agrément est révoqué» is substituted for the expression «régime annulé», wherever the latter expression occurs in subparagraph 110.1(2)(b)(ii).

5. The expression «régime dont l'agrément est révoqué» is substituted for the expression «régime dont l'enregistrement est annulé», with such grammatical modifications as the circumstances require, wherever the latter expression occurs in the following provisions, namely:

- (1) subclause 110.2(3)(a)(i)(D)(I);
- (2) subparagraph 146.3(1)(d)(i);
- (3) that portion of subsection 147(15) preceding paragraph (a) thereof;
- (4) paragraphs 147(15)(a) to (c);
- (5) subparagraphs 147(15)(d)(i) and (ii);
- (6) paragraph 147(15)(e);
- (7) that portion of subsection 147(18) preceding paragraph (a);
- (8) paragraph 153(1)(h);
- (9) that portion of subsection 198(1) preceding paragraph (a) thereof;
- (10) that portion of subsection 198(6) following paragraph (b) thereof;
- (11) subsection 198(7);
- (12) that portion of subsection 199(1) preceding paragraph (a) thereof;
- (13) that portion of subsection 201(1) preceding paragraph (a) thereof;
- (14) that portion of subsection 201(2) preceding paragraph (a) thereof;
- (15) that portion of subsection 201(3) preceding paragraph (a) thereof;
- (16) that portion of subsection 202(1) preceding paragraph (a) thereof;
- (17) paragraph 204(d);
- (18) that portion of paragraph 204(e) preceding subparagraph (i) thereof;
- (19) paragraph 204(f);
- (20) that portion of subsection 204.2(4) preceding paragraph (a) thereof;
- (21) paragraph 212(1)(m);
- (22) paragraph 214(3)(d); and
- (23) the definition «fiducie d'employés» in subsection 248(1).

Draft Amendments to the Income Tax Regulations Relating to Saving for Retirement

1. (1) Paragraph 900(7)(a) of the *Income Tax Regulations* is revoked and the following substituted therefor:

“(a) sections 145, 146, 146.1, 146.3, 147, 147.1, 147.3, 147.5 to 147.8, 149.1, 204.4, 204.5 and 233 of the Act;”

(2) Paragraph 900(7)(c) of the said Regulations is revoked.

(3) Paragraph 900(7)(d) of the said Regulations is revoked and the following substituted therefor:

“(d) paragraphs 110(8)(b) and (c), 149(1)(l) and 230.1(1)(b) of the Act; and”

(4) Paragraph 900(9)(a) of the said Regulations is revoked and the following substituted therefor:

“(a) sections 145, 146, 146.1, 146.3, 147, 147.1, 147.3, 147.5 to 147.8, 204.4 and 204.5 of the Act;”

(5) Paragraph 900(9)(b) of the said Regulations is revoked.

(6) Paragraph 900(9)(c) of the said Regulations is revoked.

2. All that portion of section 1501 of the said Regulations preceding paragraph (a) thereof is repealed and the following substituted therefor:

“**1501.** For the purposes of the definition “deferred profit sharing plan” in subsection 147(1) of the Act, an application for registration of a plan shall be made by forwarding by registered mail to the Deputy Minister of National Revenue for Taxation at Ottawa the following documents:”

3. Part XXVII of the said Regulations is revoked.

4. The said Regulations are further amended by adding thereto the following Part:

“Part LXXVII
Pension Adjustments, Past Service Pension Adjustments
and Pension Adjustment Reversals

INTERPRETATION

7700.(1) In this Part,

“aggregate remuneration” of a taxpayer for a calendar year in respect of a defined benefit provision of a particular registered pension plan means,

(a) except where paragraph (b) is applicable, the aggregate of all amounts each of which is the taxpayer’s remuneration for the year in respect of an employer with whom all or any part of the year is pensionable service of the taxpayer under the provision, or

(b) where the only periods of pensionable service of the taxpayer in the year were periods of pensionable service of the taxpayer under a benefit provision of any other registered pension plan, such amount as is reasonable having regard to

(i) the taxpayer’s remuneration for the year in respect of each employer who participated in the other plan for the benefit of the taxpayer, or

(ii) at the election of the person computing the taxpayer’s redetermined benefit entitlement under subsection 7703(4), the taxpayer’s remuneration for calendar years subsequent to the year in respect of each employer who participates in the particular plan for his benefit; (*rémunération totale*)

“contribution” made under a benefit provision of a registered pension plan or to a deferred profit sharing plan does not include any amount

(a) paid or transferred to the plan in accordance with any of subsections 146(16), 147(19) or 147.2(1) to (7) of the Act, or

(b) that is, as a consequence of the payment of the amount to the plan, deductible by any taxpayer under paragraph 60(j), (j.01), (j.1) or (k) of the Act in computing his income for a taxation year; (*cotisation*)

“Year’s Maximum Pensionable Earnings” for a calendar year has the meaning assigned by section 17 of the *Canada Pension Plan*. (*maximum des gains annuels ouvrant droit à pension*)

(2) For the purposes of this Part, all words and expressions used in this Part, other than those defined in subsection (1), that are defined in sections 147 or 147.1 of the Act have the meanings assigned therein.

(3) For the purposes of this Part and subsections 147.1(3) and (7) of the Act, “past service event” means any transaction, event or circumstance that occurs after 1988 and as a consequence of which additional retirement benefits become provided to a taxpayer under a defined benefit provision of a registered pension plan in respect of a period of his pensionable service under the provision before the year in which the transaction, event or circumstance occurs.

(4) For the purposes of subsection (3),

(a) the acceptance by the Minister of a pension plan for registration shall be considered to be an event as a consequence of

which additional retirement benefits are provided under the plan;
and

(b) where a registered pension plan is amended and, as a consequence, the plan provides (if the Act is read without reference to subsection 147.1(23) thereof) additional retirement benefits to a taxpayer, the acceptance by the Minister of the amendment shall be considered to be an event as a consequence of which additional retirement benefits are provided under the plan to the taxpayer.

Pension Adjustment

Pension Adjustment in Respect of Employer

7701.(1) For the purposes of subsection 248(1) of the Act, “pension adjustment” of a taxpayer for a calendar year in respect of an employer means the aggregate of all amounts each of which is the taxpayer’s pension credit for the year in respect of the employer under a deferred profit sharing plan or under a benefit provision of a registered pension plan.

Pension Credit – Deferred Profit Sharing Plan

(2) For the purposes of subsection (1), a taxpayer’s pension credit for a calendar year in respect of an employer under a deferred profit sharing plan is the aggregate of all amounts each of which is a contribution made to the plan in the year by the employer in respect of the taxpayer.

Pension Credit – Money Purchase Provision

(3) For the purposes of subsection (1) and subsection 147.4(3) of the Act, a taxpayer’s pension credit for a calendar year in respect of an employer under a money purchase provision of a registered pension plan is the aggregate of all amounts each of which is a contribution (other than an additional voluntary contribution made by the taxpayer in 1988) made under the provision in the year by

(a) the taxpayer, except to the extent that the contribution is included in determining the taxpayer’s pension credit for the year in respect of any other employer, or

(b) the employer in respect of the taxpayer.

Pension Credit – Flat Benefit Provision of a Specified Multi-Employer Plan

(4) For the purposes of this Part and subsection 147.4(3) of the Act, a taxpayer’s pension credit for a calendar year in respect of an employer under a flat benefit provision of a registered pension plan that is, in the year, a specified multi-employer plan is the aggregate of all amounts each of which is a contribution made in respect of the provision

- (a) in the year by the taxpayer in respect of his pensionable service under the provision in the year with the employer;
- (b) in January of the year by the taxpayer in respect of his pensionable service under the provision in the immediately preceding calendar year with the employer; or
- (c) in the year by the employer in respect of the taxpayer.

Pension Credit – Defined Benefit Provision

(5) For the purposes of this Part and paragraphs 147.1(3)(a) and (b) and subsection 147.4(3) of the Act, a taxpayer's pension credit for a calendar year in respect of an employer under a defined benefit provision of a particular registered pension plan (other than a plan that is, in the year, a specified multi-employer plan) is the amount, if any, by which

- (a) 9 times the taxpayer's benefit entitlement under the provision in respect of the employer and the year

exceeds

- (b) an amount determined by the plan administrator, not exceeding the amount, if any, by which

- (i) the product obtained when \$600 is multiplied by the portion of the year (expressed as a fraction of the year) that consists of periods in the year throughout which the taxpayer was employed by the employer and any other periods in the year that are included in the taxpayer's pensionable service under the provision with the employer,

exceeds

- (ii) the aggregate of all amounts each of which is an amount determined pursuant to this paragraph for the purpose of computing the taxpayer's pension credit for the year

- (A) in respect of the employer under any other defined benefit provision of a registered pension plan,

- (B) in respect of any other employer (who, at any time in the year, does not deal at arm's length with the employer) under a defined benefit provision of a registered pension plan, or

- (C) in respect of any other employer under a defined benefit provision of the particular plan.

Timing of Contributions

(6) For the purposes of this Part, a contribution made in the first two months of a calendar year after 1987,

- (a) by an employer to a deferred profit sharing plan, where the contribution can reasonably be considered to be in respect of services rendered by his employees and former employees in the immediately preceding calendar year, or

(b) by an employer under a money purchase provision of a registered pension plan or in respect of a flat benefit provision of a registered pension plan that is, in the immediately preceding calendar year, a specified multi-employer plan, where the contribution can reasonably be considered to be in respect of pensionable service of his employees and former employees under the provision in the immediately preceding calendar year, shall be deemed to have been made by the employer at the end of the immediately preceding calendar year and not to have been made in the year.

Subsequent Events

(7) Except as otherwise expressly provided in this Part, the amount of a taxpayer's pension credits for a calendar year in respect of an employer shall be determined without taking into account events that occur subsequent to the year.

Benefit Entitlement

Apportionment of Benefit Accrual

7702. (1) For the purposes of subsection 7701(5), the benefit entitlement of a taxpayer under a defined benefit provision of a registered pension plan in respect of a calendar year and an employer is the portion of the taxpayer's benefit accrual under the provision in respect of the year that can reasonably be considered to be in respect of his pensionable service with the employer in the year.

Method of Calculation

(2) For the purposes of subsection (1), and subject to subsection (4), a taxpayer's benefit accrual under a defined benefit provision of a registered pension plan in respect of a particular calendar year is the amount (expressed on an annual basis) of lifetime retirement benefits that would be determined under the provision in respect of his pensionable service in the particular year under the provision if

(a) the taxpayer retired at the end of the particular year, having attained the greatest of

(i) his normal retirement age at the end of the particular year under the provision,

(ii) 65 years of age, and

(iii) his age at the end of the particular year,

and retirement benefits under the provision commenced to be paid to him at the end of the particular year;

(b) all benefits provided under the provision in respect of the taxpayer were irrevocably vested in him;

(c) notwithstanding subsection 7700(1), the taxpayer's aggregate remuneration for each calendar year in respect of the provision were equal to, and had the same character as, his aggregate remuneration for the particular year in respect of the provision;

(d) the Year's Maximum Pensionable Earnings for each calendar year were equal to the Year's Maximum Pensionable Earnings for the particular year;

(e) where the amount of the taxpayer's lifetime retirement benefits depends on the amount of benefits (in this paragraph referred to as "statutory benefits") payable under the *Canada Pension Plan* or a provincial plan (as defined in section 3 of that Act), the amount of statutory benefits to which the taxpayer would be entitled in each calendar year were equal to

(i) 25% of the lesser of

(A) the Year's Maximum Pensionable Earnings for the particular year, and

(B) the taxpayer's aggregate remuneration for the particular year in respect of the provision, or

(ii) at the election of the person determining the taxpayer's benefit accrual, any other amount determined in accordance with a reasonable method for estimating statutory benefits and that produces amounts substantially similar to amounts determined in accordance with the method in subparagraph (i);

(f) where the amount of the taxpayer's lifetime retirement benefits depends on the amount of benefits (in this paragraph referred to as "statutory benefits") payable under Part I of the *Old Age Security Act*, the amount of statutory benefits payable for each calendar year were equal to the aggregate of all amounts each of which is the maximum amount of statutory benefits payable for a month in the particular year;

(g) where the amount of the taxpayer's lifetime retirement benefits depends on the amount of retirement benefits provided to the taxpayer under a money purchase provision of a registered pension plan, the amount of retirement benefits determined under the money purchase provision in respect of the year were equal to 1/9 of the aggregate of all amounts each of which is a contribution made under that provision and included in the taxpayer's pension credit under the provision for the year in respect of the employer;

(h) where the amount of the taxpayer's lifetime retirement benefits depends on the amount of retirement benefits provided to the taxpayer under another defined benefit provision of the plan or under a defined benefit provision of any other registered pension plan, the amount of retirement benefits determined under the other defined benefit provision in respect of the year were equal to the taxpayer's benefit accrual under that provision in respect of the year;

(i) where the amount of the taxpayer's lifetime retirement benefits depends on the payments provided to the taxpayer under a deferred profit sharing plan, the amount of such payments in respect of the year were equal to $1/9$ of the aggregate of all amounts each of which is a contribution made to the deferred profit sharing plan and included in the taxpayer's pension credit for the year in respect of an employer under the deferred profit sharing plan;

(j) where the amount of the taxpayer's lifetime retirement benefits depends on the other benefits that are provided under the provision in respect of the taxpayer (whether or not such other benefits are provided at the option of the taxpayer), the other benefits were such that the greatest amount of lifetime retirement benefits would be provided to the taxpayer; and

(k) no adjustments were made to the taxpayer's lifetime retirement benefits after the particular year.

Earnings Exclusion – Transition Years

(3) For the purposes of subsection (2) and notwithstanding subsection 7700(1), the following ranges of aggregate remuneration (determined without reference to this subsection) of a taxpayer for a calendar year in respect of a defined benefit provision of a registered pension plan shall be deemed to be nil for the applicable years:

- (a) for 1988, the range from \$47,222 to \$86,111;
- (b) for 1989, the range from \$58,333 to \$86,111;
- (c) for 1990, the range from \$63,889 to \$86,111;
- (d) for 1991, the range from \$69,444 to \$86,111;
- (e) for 1992, the range from \$75,000 to \$86,111; and
- (f) for 1993, the range from \$80,556 to \$86,111.

Maximum Benefit Accrual

(4) For each calendar year before 1994, the benefit accrual of a taxpayer under a defined benefit provision of a registered pension plan in respect of the year is the lesser of

- (a) the benefit accrual that would be determined if this section were read without reference to this subsection; and
- (b) where the year is
 - (i) 1988, \$944.44,
 - (ii) 1989, \$1,166.67,
 - (iii) 1990, \$1,277.78,
 - (iv) 1991, \$1,388.89,
 - (v) 1992, \$1,500.00, and
 - (vi) 1993, \$1,611.11.

Anti-Avoidance

(5) Notwithstanding subsection (3), where the terms of a defined benefit provision of a registered pension plan can reasonably be considered to have been established or modified so that the pension adjustment of a taxpayer for a calendar year in respect of an employer would (if this section were read without reference to this subsection) be reduced as a consequence of the application of subsection (3), that subsection shall not apply in determining the taxpayer's benefit accrual under the provision in respect of the year.

Past Service Pension Adjustment

PSPA in Respect of Employer

7703. (1) For the purposes of subsection 248(1) of the Act, "past service pension adjustment" of a taxpayer for a calendar year in respect of an employer means the aggregate of all amounts each of which is a certified past service pension adjustment of the taxpayer in respect of the employer associated with a certification made by the Minister under subsection 7706(2) in the year.

Certified PSPA

(2) For the purposes of this Part, a certified past service pension adjustment of a taxpayer in respect of an employer, associated with a certification made by the Minister under subsection 7706(2) in a calendar year, is the provisional PSPA of the taxpayer in respect of the employer that satisfied the condition in paragraph 7706(2)(b) at the time the certification was made.

Provisional PSPA

(3) The provisional PSPA of a taxpayer in respect of an employer associated with a past service event (other than the making of a contribution by the taxpayer, as described in subsection (5)) and determined as of a particular time in a particular calendar year is the amount, if any, by which

(a) the aggregate of all amounts each of which is, in respect of a calendar year after 1987 and before the particular year, the amount that would have been the taxpayer's pension adjustment for the year in respect of the employer had, in the case of each defined benefit provision of a registered pension plan of which the taxpayer is a member, his benefit entitlement under the provision in respect of the year and the employer been equal to his redetermined benefit entitlement under the provision in respect of the year and the employer associated with the past service event and determined as of the particular time, to the extent that the pension adjustment can reasonably be considered to relate to benefits that, immediately after the past service event, the

taxpayer has a right, either immediate or in the future and either absolute or contingent, to receive under a registered plan

exceeds

(b) the aggregate of all amounts each of which is

(i) in respect of a calendar year before the particular year, the taxpayer's pension adjustment for the year in respect of the employer,

(ii) in respect of a calendar year before the particular year, the taxpayer's past service pension adjustment for the year in respect of the employer, or

(iii) a certified past service pension adjustment of the taxpayer in respect of the employer associated with a certification made by the Minister under subsection 7706(2) in the particular year and before the particular time,

to the extent that the amount can reasonably be considered to relate to benefits that, immediately before the past service event, the taxpayer had a right, either immediate or in the future and either absolute or contingent, to receive under a registered plan.

Redetermined Benefit Entitlement

(4) For the purposes of paragraph (3)(a), a taxpayer's redetermined benefit entitlement under a defined benefit provision of a registered pension plan in respect of a calendar year (in this subsection referred to as the "benefit year") and an employer, associated with a specific past service event and determined as of a particular time, is the amount that would be determined under section 7702 to be the taxpayer's benefit entitlement under the provision in respect of the benefit year and the employer if

(a) notwithstanding subsection 7701(7) and subject to paragraphs (b) to (j), the taxpayer's retirement benefits in respect of his pensionable service under the provision included benefits provided as a consequence of past service events occurring before the particular time, other than such benefits in respect of which a certification of the Minister under subsection 7706(2) is required to be obtained before the benefits may be paid where the certification is not made by the Minister at or before the particular time,

(b) the Minister had made a certification under subsection 7706(2) at the particular time in respect of all benefits provided in respect of the taxpayer as a consequence of the specific past service event,

(c) subsection 7702(2) were read without reference to paragraphs (a) and (k) thereof,

(d) in the case of a taxpayer to whom retirement benefits have not commenced to be paid under the provision at or before the particular time,

- (i) where the taxpayer is an active member of the plan in the year that includes the particular time, he had retired immediately after the particular time,
 - (ii) retirement benefits under the provision had commenced to be paid to him immediately after the particular time, and
 - (iii) he had attained, at the particular time, the greatest of
 - (A) his normal retirement age at the particular time under the provision,
 - (B) 65 years of age, and
 - (C) his age at the particular time,
- (e) in the case of a taxpayer to whom retirement benefits have commenced to be paid under the provision at or before the particular time, he had attained, at the time (in this paragraph referred to as the "earlier time") his retirement benefits commenced to be paid under the provision, the greatest of
- (i) his normal retirement age at the earlier time under the provision,
 - (ii) 65 years of age, and
 - (iii) his age at the earlier time,
- (f) where the taxpayer's retirement benefits (in this paragraph referred to as his "past service retirement benefits") under the provision in respect of his pensionable service in the benefit year are dependent on his aggregate remuneration in respect of the provision for one or more years preceding the year (in this paragraph referred to as the "year of calculation") that includes the particular time, the taxpayer's past service retirement benefits did not include the amount, if any, that can reasonably be considered to result from one or more adjustments made in determining the past service retirement benefits to the extent that the adjustments, in the aggregate, increase the amount of retirement benefits to the amount that would result if, for the purpose of determining the past service retirement benefits, his aggregate remuneration in respect of the provision for each year (in this paragraph referred to as the "earnings year") preceding the year of calculation were adjusted to reflect, in whole or in part, the increase in the average wage from the earnings year to the earlier of the year of calculation and the year, if any, in which retirement benefits commenced to be paid under the provision to the taxpayer,
- (g) the taxpayer's retirement benefits under the provision in respect of his pensionable service in the benefit year did not include the amount, if any, that can reasonably be considered to result from increases in the maximum lifetime retirement benefits determined under paragraph 147.1(4)(a) of the Act, where each such increase is the result of an increase in the money purchase limit from the benefit year to the earlier of the year that includes

the particular time and the year, if any, in which the retirement benefits under the provision commenced to be paid to the taxpayer, (h) in the case of a flat benefit provision, the taxpayer's retirement benefits (in this paragraph referred to as his "past service retirement benefits") under the provision in respect of his pensionable service in the year did not include the amount that is the aggregate of all amounts each of which is, in respect of an increase in the past service retirement benefits at any time that results from an increase in the fixed amount referred to in the definition "flat benefit provision" in subsection 147.1(1) of the Act (other than an increase in the fixed amount that is the second or subsequent increase to occur after the year, if any, in which retirement benefits under the provision commenced to be paid to the taxpayer), the lesser of

- (i) the increase in the past service retirement benefits at that time, and
- (ii) the amount by which the past service retirement benefits would have increased at that time if, in lieu of being based on the actual fixed amount at that time, they had been based on the fixed amount determined by the formula

$$A \times \frac{B}{C}$$

where

A is the fixed amount immediately before that time,
B is the average wage for the year that includes that time,
and

C is the average wage for the later of
(i) the fourth year preceding the year that includes that time, and
(ii) the year in which the fixed amount under the provision was last increased before that time,

(i) in the case of a taxpayer to whom retirement benefits commenced to be paid under the provision before the particular time, his retirement benefits (in this paragraph referred to as his "past service retirement benefits") under the provision in respect of his pensionable service in the benefit year did not include the amount that is the aggregate of all amounts each of which is an increase in the amount of the past service retirement benefits after the benefits commenced to be paid to the taxpayer, to the extent that the aggregate can reasonably be considered to augment the retirement benefits to reflect, in whole or in part, the increase in the Consumer Price Index from the month that retirement benefits commenced to be paid under the provision to him to the month that includes the particular time, and

(j) the taxpayer's retirement benefits under the provision in respect of his pensionable service in the benefit year did not include the amount, if any, that can reasonably be considered to result from an

actuarial increase in the taxpayer's retirement benefits under the provision, to the extent that the increase was made in respect of a deferral of retirement benefits after the taxpayer attained 65 years of age,

and, for the purposes of this subsection, an amount may not be excluded, by virtue of paragraphs (f) to (j), more than once in determining the taxpayer's retirement benefits under the provision in respect of his pensionable service with the employer in the benefit year.

Specified Multi-Employer Plan

(5) Where, in a calendar year, a taxpayer makes a contribution in respect of a flat benefit provision of a registered pension plan that is, in the year, a specified multi-employer plan, and the contribution

(a) is made in respect of the taxpayer's pensionable service under the provision after 1987 and before the year with a participating employer of the plan, and

(b) is not a contribution made in January of the year in respect of the taxpayer's pensionable service in the immediately preceding calendar year with the employer,

the taxpayer's provisional PSPA in respect of the employer, associated with the contribution, determined as of any time, is the amount of the contribution.

Conditional Contributions

(6) For the purposes of subsection (5), a contribution includes an amount paid to a registered pension plan where the right of any person to retain the amount on behalf of the plan is conditional on the Minister making a certification in respect of the benefits provided under the plan as a consequence of the payment.

Apportionment of Increased Benefits

(7) For the purposes of this section, where additional retirement benefits are provided to a member under a defined benefit provision of a registered pension plan as a consequence of a past service event, the administrator of the plan shall attribute, in a manner that is reasonable in the circumstances, the additional retirement benefits to periods of pensionable service of the member under the provision with one or more participating employers of the plan.

Pension Adjustment Reversal

Total PAR in Respect of Employer

7704. (1) For the purposes of subsection 248(1) of the Act, "total pension adjustment reversal" of a taxpayer for a calendar year in respect of an employer means the aggregate of

- (a) the taxpayer's pension adjustment reversal for the year in respect of registered plans (other than multi-employer plans) in respect of the employer, as determined under subsection (2); and
- (b) the aggregate of all amounts each of which is the taxpayer's pension adjustment reversal for the year in respect of a registered pension plan that is, in the year, a multi-employer plan and in respect of the employer, as determined under subsection (3).

PAR – Registered Plans (Other Than Multi-Employer Plans)

(2) For the purposes of this Part and subsection 147.4(4) of the Act, a taxpayer's pension adjustment reversal for a calendar year in respect of registered plans (other than multi-employer plans) in respect of an employer is,

- (a) where the membership termination date of the taxpayer with respect to the employer has not been determined under subsection (5), or the date has been determined and is not in the year, nil; or
- (b) where the membership termination date of the taxpayer with respect to the employer has been determined under subsection (5) and the date is in the year, the amount, if any, by which
 - (i) the aggregate of all amounts each of which is a pension adjustment or a past service pension adjustment of the taxpayer for the year or a preceding calendar year in respect of the employer

exceeds

- (ii) the aggregate of all amounts each of which is
 - (A) a pension credit of the taxpayer for the year or a preceding calendar year in respect of the employer under a benefit provision of a registered pension plan that is, in the year, a multi-employer plan,
 - (B) a certified past service pension adjustment of the taxpayer in respect of the employer associated with a certification made by the Minister under subsection 7706(2) in the year or a preceding calendar year, to the extent that the certified past service pension adjustment can reasonably be considered to be in respect of additional benefits provided to the taxpayer under a registered pension plan that is, in the year, a multi-employer plan,
 - (C) a single amount paid to the taxpayer, or paid or transferred on his behalf in accordance with any of subsections 147.2(1), (2), (4) or (6) of the Act, in satisfaction of all or any part of his rights to and interests in benefits under a registered pension plan (other than a plan that is, in the year, a multi-employer plan) in which the employer participated for the benefit of the taxpayer, to the extent that the single amount can reasonably be considered to relate to his pensionable

service after 1987 under a benefit provision of the plan with the employer, and not to relate to

(I) the taxpayer's rights to and interests in the actuarial surplus under the provision, or

(II) contributions made by the taxpayer in respect of the provision, if benefits in respect of the taxpayer under the provision were not reduced as a consequence of the payment of the single amount to the taxpayer,

(D) a single amount paid or payable to a person who is a spouse or former spouse of the taxpayer, or paid or transferred on behalf of the person in accordance with subsection 147.2(5) of the Act, pursuant to a decree, order or judgment of a competent tribunal or a written agreement, relating to a division of property between the taxpayer and the person in settlement of rights arising as a consequence of the breakdown of their marriage or other conjugal relationship, to the extent that the amount would, if paid to the taxpayer, be included in the aggregate determined under this subparagraph in respect of the taxpayer, or

(E) an amount paid to the taxpayer, or paid or transferred on his behalf in accordance with subsection 147(19) of the Act, in satisfaction of all or any part of his rights and interests under a deferred profit sharing plan in which the employer participated for the benefit of the taxpayer, to the extent that the amount can reasonably be considered to relate to contributions made after 1987 to the plan by the employer and any earnings reasonably attributable thereto.

PAR – Multi-Employer Plan

(3) For the purposes of this Part and subsection 147.4(5) of the Act, a taxpayer's pension adjustment reversal for a calendar year in respect of a registered pension plan that is, in the year, a multi-employer plan and in respect of an employer is

(a) where the membership termination date of the taxpayer with respect to the plan and the employer has not been determined under subsection (6), or the date has been determined and is not in the year, nil; or

(b) where the membership termination date of the taxpayer with respect to the plan and the employer has been determined under subsection (6) and the date is in the year, the amount, if any, by which

(i) the aggregate of all amounts each of which is

(A) a pension credit of the taxpayer for the year or a preceding calendar year in respect of the employer under a benefit provision of the plan, or

(B) a certified past service pension adjustment of the taxpayer in respect of the employer associated with a certification made by the Minister under subsection 7706(2) in the year or a preceding calendar year, to the extent that the certified past service pension adjustment can reasonably be considered to be in respect of the plan exceeds

- (ii) the aggregate of all amounts each of which is
 - (A) a single amount paid to the taxpayer, or paid or transferred on his behalf in accordance with any of subsections 147.2(1), (2), (4) or (6) of the Act, in satisfaction of all or any part of his rights to and interests in benefits under the plan, to the extent that the single amount can reasonably be considered to relate to his pensionable service under a benefit provision of the plan with the employer after 1987, and not to relate to
 - (I) the taxpayer's rights to and interests in the actuarial surplus under the provision, or
 - (II) contributions made by the taxpayer in respect of the provision, if benefits in respect of the taxpayer under the provision were not reduced as a consequence of the payment of the single amount to the taxpayer, or
 - (B) a single amount paid or payable to a person who is a spouse or former spouse of the taxpayer, or paid or transferred on behalf of the person in accordance with subsection 147.2(5) of the Act, pursuant to a decree, order or judgment of a competent tribunal or a written agreement, relating to a division of property between the taxpayer and the person in settlement of rights arising as a consequence of the breakdown of their marriage or other conjugal relationship, to the extent that the amount would, if paid to the taxpayer, be included in the aggregate determined under this subparagraph in respect of the taxpayer.

Final Year's PA and PSPA

(4) For the purposes of paragraphs (2)(b) and (3)(b), the pension adjustment, pension credits and past service pension adjustments of a taxpayer in respect of an employer for the calendar year that includes the membership termination date determined under subsection (5) or (6), as the case may be, shall be determined on the assumption that the year ended immediately before that date.

*Membership Termination Date – Registered Plans
(Other Than Multi-Employer Plans)*

(5) For the purposes of subsections (2) and 7706(4) and subsection 147.4(4) of the Act, the membership termination date of a taxpayer

with respect to an employer is the earliest day, if any, on which the taxpayer has ceased, otherwise than by reason of death,

(a) to be a member of all registered pension plans, other than multi-employer plans, of which he was a member and in which the employer participated for his benefit, and

(b) to be entitled to any benefits under any deferred profit sharing plan of which he was a beneficiary and in which the employer participated for his benefit,

except that a membership termination date is not determined under this subsection if, before the date that would otherwise be determined hereunder, retirement benefits under a benefit provision of a plan referred to in paragraph (a) have commenced to be paid to the taxpayer in respect of his pensionable service after 1987 under the provision.

Membership Termination Date – Multi-Employer Plan

(6) For the purposes of subsections (2) and 7706(5) and subsection 147.4(5) of the Act, the membership termination date of a taxpayer, with respect to a multi-employer plan (of which the taxpayer is a member) and an employer of the taxpayer, is the day, if any, on which the taxpayer ceases, otherwise than by reason of death, to be a member of the plan, except that a membership termination date is not determined under this subsection if, before the date that would otherwise be determined hereunder, retirement benefits under a benefit provision of the plan have commenced to be paid to the taxpayer in respect of his pensionable service after 1987 under the provision.

Member Contributions

7705. For the purposes of this Part, where a taxpayer makes a contribution to a registered pension plan in which more than one employer participates for the benefit of the taxpayer and

(a) the plan is, in the year in which the contribution is made, a specified multi-employer plan and the contribution is made under a flat benefit provision of the plan, the contribution shall be deemed to have been made in respect of the taxpayer's pensionable service under the provision with each employer who participates in the plan for the benefit of the taxpayer in such proportion as is reasonable in the circumstances; or

(b) the plan is not, in the year in which the contribution is made, a specified multi-employer plan and the contribution is made under a defined benefit provision of the plan, retirement benefits to be provided under the provision as a consequence of the payment of the contribution shall be deemed to be in respect of the taxpayer's pensionable service under the provision with each employer who participates in the plan for the benefit of the taxpayer in such proportion as is reasonable in the circumstances.

Certification in Respect of Additional Past Service Benefits

Certification Not Required

7706. (1) For the purposes of paragraph 147.1(3)(d) of the Act, where

(a) as a consequence of a past service event, benefits become provided under a registered pension plan in respect of the pensionable service of a taxpayer with an employer, and

(b) the taxpayer's provisional PSPA in respect of the employer, associated with and determined as of the time of the event, is nil,

the benefits may be paid without a certification of the Minister in respect thereof.

Certification

(2) For the purposes of paragraph 147.1(3)(d) of the Act, where, as a consequence of a past service event, benefits become provided under a registered pension plan in respect of the pensionable service of a taxpayer with an employer and a certification of the Minister is required before all or any part of the benefits may be paid, the following rules apply:

(a) application for the Minister's certification in respect of the benefits shall be made in prescribed form by the employer or the plan administrator; and

(b) the Minister shall not provide a certification in respect of the benefits unless the taxpayer's provisional PSPA in respect of the employer, associated with the past service event and determined as of the particular time that the Minister provides the certification, does not exceed the amount, if any, by which

(i) the aggregate of

(A) \$8,000,

(B) the taxpayer's unused RRSP deduction room at the end of the year immediately preceding the calendar year (in this paragraph referred to as the "particular year") that includes the particular time,

(C) the aggregate of all amounts each of which is

(I) the taxpayer's pension adjustment reversal for the particular year in respect of registered plans (other than multi-employer plans) in respect of an employer, or

(II) the taxpayer's pension adjustment reversal for the particular year in respect of a registered pension plan that is, in the year, a multi-employer plan and in respect of an employer,

in respect of which there has been filed before the particular time with the Minister an information return in accordance with subsection 147.4(4) or (5) of the Act,

- (D) the aggregate of all amounts each of which is
 - (I) the taxpayer's provisional PAR in respect of registered plans (other than multi-employer plans) in respect of an employer, or
 - (II) the taxpayer's provisional PAR in respect of a registered pension plan that is, in the year, a multi-employer plan and in respect of an employer,determined as of the particular time for the purposes of the certification,
- (E) the aggregate of
 - (I) the amount of the taxpayer's qualifying transfers for the purposes of the certification, and
 - (II) the amount of the taxpayer's PSPA transfers for the particular year,determined as of the particular time, and
- (F) the aggregate of
 - (I) the amount of the taxpayer's qualifying withdrawals for the purposes of the certification, and
 - (II) the amount of the taxpayer's PSPA withdrawals for the particular year,determined as of the particular time

exceeds

- (ii) the amount of the taxpayer's total certified past service pension adjustments for the particular year, determined as of the particular time.

Total Certified Past Service Pension Adjustments

(3) For the purposes of subsection (2) and subsection 204.2(1.3) of the Act, the amount of a taxpayer's total certified past service pension adjustments for a calendar year, determined as of a particular time, is the aggregate of all amounts each of which is a certified past service pension adjustment of the taxpayer in respect of an employer and associated with a certification made by the Minister under subsection (2) in the year and before the particular time.

Provisional PAR – Registered Plans (Other Than Multi-Employer Plans)

(4) The provisional PAR of a taxpayer in respect of registered plans (other than multi-employer plans) in respect of an employer, determined as of a particular time for the purposes of a certification requested under subsection (2), is,

(a) where

- (i) one or more single amounts remain to be paid to the taxpayer, or transferred on his behalf in accordance with subsection 147.2(3) or (4), in satisfaction of his rights to and interests in benefits under a registered pension plan,

(ii) the single amounts referred to in subparagraph (i) include an amount that will be transferred to another registered pension plan to fund benefits, the payment of which is conditional upon the certification,

(iii) all single amounts referred to in subparagraph (i) will be paid or transferred within 60 days after the certification is received by the person who applied therefor, and

(iv) the membership termination date of the taxpayer with respect to the employer, as determined under subsection 7704(5), will be the date on which the last of the single amounts referred to in subparagraph (i) is paid or transferred,

the amount that could reasonably be expected to be the taxpayer's pension adjustment reversal, for the year that includes the particular time, in respect of registered plans (other than multi-employer plans) in respect of the employer, if all single amounts referred to in subparagraph (i) were paid or transferred immediately after the certification; and

(b) in any other case, nil.

Provisional PAR – Multi-Employer Plan

(5) The provisional PAR of a taxpayer in respect of a registered pension plan that is a multi-employer plan and in respect of an employer, determined as of a particular time for the purposes of a certification requested under subsection (2), is,

(a) where

(i) one or more single amounts remain to be paid to the taxpayer, or transferred on his behalf in accordance with subsection 147.2(3) or (4), in satisfaction of his rights to and interests in benefits under the plan,

(ii) the single amounts referred to in subparagraph (i) include an amount that will be transferred to another registered pension plan to fund benefits, the payment of which is conditional upon the certification,

(iii) all single amounts referred to in subparagraph (i) will be paid or transferred within 60 days after the certification is received by the person who applied therefor, and

(iv) the membership termination date of the taxpayer with respect to the plan and the employer, as determined under subsection 7704(6), will be the date on which the last of the single amounts referred to in subparagraph (i) is paid or transferred,

the amount that could reasonably be expected to be the taxpayer's pension adjustment reversal, for the year that includes the particular time, in respect of the plan and the employer, if all single amounts referred to in subparagraph (i) were paid or transferred immediately after the certification; and

(b) in any other case, nil.

Qualifying Transfers

(6) The amount of a taxpayer's qualifying transfers for the purposes of a certification requested under subsection (2) in respect of the taxpayer, determined as of a particular time, is the lesser of

(a) the aggregate of amounts paid or transferred before the particular time to a registered pension plan in accordance with any of subsections 146(16), 147(19), 147.2(2) or 147.2(5) to (7) of the Act, where the amounts will be used to fund benefits, the payment of which is conditional upon the certification; and

(b) the provisional PSPA of the taxpayer that is relevant for the purposes of the requested certification, determined as of the particular time.

PSPA Transfers

(7) For the purposes of this section and paragraph 146(1)(d.1) and subsection 204.2(1.3) of the Act, the amount of a taxpayer's PSPA transfers for a calendar year, determined as of a particular time, is

(a) if the Minister has made, in the year and before the particular time, a certification under subsection (2) in respect of the taxpayer, the amount included, by virtue of clause (2)(b)(i)(E), in the aggregate determined under subparagraph (2)(b)(i) for the purpose of the most recent such certification made before the particular time; and

(b) in any other case, nil.

Qualifying Withdrawals

(8) The amount of a taxpayer's qualifying withdrawals for the purposes of a certification requested under subsection (2) in respect of the taxpayer, determined as of a particular time, is the lesser of

(a) the aggregate of all amounts each of which is an amount

(i) withdrawn by the taxpayer in the calendar year that includes the particular time and before that time, or in the immediately preceding calendar year, from a registered retirement savings plan under which he was the annuitant (within the meaning assigned by subsection 146(1) of the Act) at the time of the withdrawal, and

(ii) designated by the taxpayer for the purposes of the certification by filing a prescribed form containing prescribed information with the Minister before the particular time; and

(b) the amount, if any, by which

(i) the aggregate of

(A) the provisional PSPA of the taxpayer that is relevant for the purposes of the requested certification, determined as of the particular time, and

(B) the taxpayer's total certified past service pension adjustments for the year that includes the particular time, determined as of the particular time

exceeds

(ii) the amount that would be determined under subparagraph (2)(b)(i), as of the particular time, for the purposes of the requested certification if that subparagraph were read without reference to clause (A) and subclause (F)(I) thereof.

Amount Eligible for Designation

(9) For the purposes of subsection (8), a taxpayer may not designate, for the purposes of a certification, that portion of an amount withdrawn by him from a registered retirement savings plan that

- (a) he has deducted in computing his income for any taxation year;
- (b) is less than the amount of his undeducted RRSP premiums (determined under subsection 204.2(1.2) of the Act) immediately before the amount is withdrawn; or
- (c) he has designated for the purposes of any other certification under subsection (2).

PSPA Withdrawals

(10) For the purposes of this section and paragraph 146(1)(d.1) and subsection 204.2(1.3) of the Act, the amount of a taxpayer's PSPA withdrawals for a calendar year, determined as of a particular time, is,

- (a) if, in the year and before the particular time, the Minister has made a certification under subsection (2) in respect of the taxpayer, the amount included, by virtue of clause (2)(b)(i)(F), in the aggregate determined under subparagraph (2)(b)(i) for the purpose of the most recent such certification provided before the particular time; and
- (b) in any other case, nil.

Prescribed Withdrawal

(11) For the purposes of subsection 146(18) of the Act, an amount withdrawn by a taxpayer in a year from a registered retirement savings plan under which he is the annuitant (within the meaning assigned by subsection 146(1) of the Act) and designated for the purposes of a certification made under subsection (2) in respect of the taxpayer is hereby prescribed.

Methods Acceptable to Minister

7707. Subject to the other provisions in this Part, a person shall use, in computing a pension adjustment, past service pension adjustment

or total pension adjustment reversal of a taxpayer for a year in respect of an employer, a method of determination that is acceptable to the Minister.

Rounding of Amounts

7708. Where a pension credit, provisional PSPA or pension adjustment reversal of a taxpayer is not a multiple of one dollar, it shall be rounded to the nearest multiple of one dollar or, if it is equidistant from two such multiples, to the higher thereof.”

5. The said Regulations are further amended by adding thereto the following Part:

“Part LXXVIII Registered Pension Plans Prescribed Investment

7800. (1) For the purposes of subparagraph 147.1(2)(f)(i) of the Act and subject to subsection (2), a prescribed investment is, with respect to a registered pension plan, a share of the capital stock of, an interest in, or a debt of

- (a) a participating employer of the plan,
- (b) a person connected with a participating employer of the plan,
- (c) a member of the plan,
- (d) a person or partnership that controls, directly or indirectly in any manner whatever, a person or partnership referred to in paragraph (a) or (b), or
- (e) a person or partnership that does not deal at arm's length with a person or partnership referred to in paragraph (a), (b), (c) or (d),

or an interest in, or a right to acquire, such a share, interest or debt.

(2) For the purposes of subsection (1), a prescribed investment does not include

- (a) a share listed on a stock exchange referred to in section 3200 or 3201;
- (b) an interest in, or a right to acquire, a share referred to in paragraph (a); or
- (c) a mortgage in respect of real property situated in Canada that
 - (i) is insured under the *National Housing Act* or by a corporation offering its services to the public in Canada as an insurer of mortgages,
 - (ii) is administered by an approved lender under the *National Housing Act*, and

(iii) bears a rate of interest that would be reasonable in the circumstances if the mortgagor dealt with the mortgagee at arm's length.

(3) For the purposes of this section, "member" and "participating employer" have the meanings assigned by subsection 147.1(1) of the Act.

Public Safety Occupations

7801. For the purposes of paragraph 147.1(3)(e) of the Act, the following occupations are hereby prescribed:

- (a) firefighter;
- (b) police officer;
- (c) corrections officer;
- (d) air traffic controller; and
- (e) commercial airline pilot.

Prescribed Laws

7802. For the purposes of subsection 147.1(12) of the Act, the following provisions are hereby prescribed:

- (a) subsection 21(2) of the *Pension Benefits Standards Act, 1985*; and
- (b) any provision of the law of a province that is similar to the subsection referred to in paragraph (a).

Application for Registration

7803. (1) For the purposes of subsection 147.1(14) of the Act, an application for registration of a pension plan shall be made by forwarding by registered mail to the Deputy Minister of National Revenue for Taxation at Ottawa the following documents:

- (a) an application in prescribed form containing prescribed information;
- (b) certified copies of the documents that create and support the plan;
- (c) certified copies of the documents that create and support the pension fund; and
- (d) a written statement from the administrator of the plan acknowledging that he is the administrator.

(2) For the purposes of this section, "administrator" has the meaning assigned by subsection 147.1(1) of the Act."

6. The said Regulations are further amended by substituting the expression "registered pension plan" for the expression "registered pension fund or plan" wherever the latter expression occurs therein, with such modifications as the circumstances require.

7. (1) Subsections 1(1) and (4) and section 4 are applicable after 1987 except that, for 1988, the reference to "the first two months of a calendar year after 1987" in subsection 7701(6) of the said Regulations, as enacted by section 4, shall be read as "the first four months of 1988".

(2) Subsections 1(2) and (5) and sections 2 and 5 are applicable after 1988.

(3) Subsections 1(3) and (6) are applicable after 1989.

(4) Section 3 is applicable to taxation years commencing after 1988.

(5) Section 6 is applicable after 1985.

