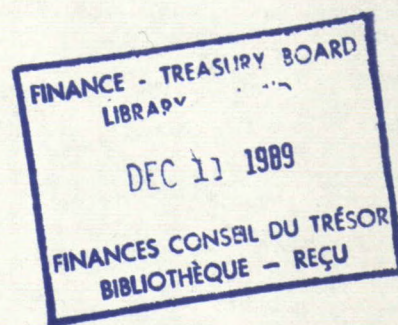

Draft Amendments
to the Income Tax Regulations
Relating to Saving for Retirement

December 1989

Canada

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Department of Finance
Canada

Ministère des Finances
Canada

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1. Paragraph (i) of the definition “remuneration” in subsection 100(1) of the *Income Tax Regulations* is revoked and the following substituted therefor:

“(i) a payment (other than a periodic annuity payment) made during the lifetime of an annuitant referred to in subparagraph 146(1)(a)(i) of the Act out of or under a registered retirement savings plan of that annuitant,”

2. Paragraph 103(6)(c) of the said Regulations is revoked and the following substituted therefor:

“(c) a payment (other than a periodic annuity payment) made during the lifetime of an annuitant referred to in subparagraph 146(1)(a)(i) of the Act out of or under a registered retirement savings plan of that annuitant,”

3. (1) Subsection 214(5) of the said Regulations is revoked and the following substituted therefor:

“(5) Where in a taxation year a transfer or payment of funds is made from a registered retirement savings plan under which the taxpayer is the annuitant to another registered retirement savings plan under which the taxpayer’s spouse or former spouse is the annuitant and subsection 146(16) of the Act applies to the payment or transfer, the issuer of each such plan and each annuitant shall jointly make an information return in prescribed form.”

(2) Subsection 214(7) of the said Regulations is revoked and the following substituted therefor:

“(7) In this section,

“annuitant” has the meaning assigned by paragraph 146(1)(a) of the Act;

“issuer” has the meaning assigned by paragraph 146(1)(c.1) of the Act;

“spouse” has the meaning assigned by subsection 146(1.1) of the Act and includes a party to a voidable or void marriage.”

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 All that portion of section 1501 of the said Regulations preceding paragraph (a) thereof is repealed and the following substituted therefor: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

5. Part XXVII of the said Regulations is revoked.

6. Part LXVIII of the said Regulations is amended by adding thereto the following section:

“6802. For the purpose of paragraph (n) of the definition “retirement compensation arrangement” in subsection 248(1) of the Act, a prescribed plan or arrangement is

(a) the plan under the *Canada Pension Plan*;

(b) a provincial pension plan as defined in section 3 of the *Canada Pension Plan*;

(c) a plan under the *Unemployment Insurance Act*;

(d) a plan pursuant to an agreement in writing that is established for the purpose of deferring the salary or wages of a professional on-ice official for the official’s services as such with the National Hockey League if, in the case of an official resident in Canada, the trust or other person who has custody and control of any funds, investments or other property under the plan is resident in Canada; or

(e) for a calendar year before 1991, a plan or arrangement (other than a plan or arrangement referred to in the definition “retirement compensation arrangement” in subsection 248(1) of the Act as an “athlete’s plan” or a pension plan the registration of which under the Act has been revoked) any part of which would, but for this paragraph, be a retirement compensation arrangement in the year by reason of subsection 207.6(5) of the Act, where

(i) a certificate of exemption under subsection 212(14) of the Act has been issued in connection with the plan or arrangement,

(ii) each employer who has made a contribution under the plan or arrangement in the year is

(A) a non-resident corporation throughout the year, or

(B) an organization that is not operated for the purpose of profit and whose assets are situated primarily outside Canada throughout the year,

(iii) if an employer described in clause (ii)(A) has made a contribution under the plan or arrangement in the year, no individual entitled (either absolutely or contingently) to benefits under the plan or arrangement is

(A) a member of a registered pension plan, or

(B) a beneficiary under a deferred profit sharing plan

to which an employer referred to in subparagraph (ii) or a person not dealing at arm's length with such an employer has made, or is required to make, contributions in relation to the year, and

(iv) contributions in the year under the plan or arrangement for the benefit of individuals resident in Canada are reasonable in relation to contributions under the plan or arrangement for the benefit of non-resident individuals."

7. The said Regulations are further amended by adding thereto the following Parts:

"PART LXXXIII

PENSION ADJUSTMENTS, PAST SERVICE PENSION ADJUSTMENTS AND PENSION ADJUSTMENT REVERSALS

INTERPRETATION

8300. (1) In this Part,

"certifiable past service event" in respect of an individual means a past service event that is required, by reason of subsection 147.1(10) of the Act, to be disregarded, in whole or in part, in determining the benefits to be paid under a registered pension plan in respect of the individual until a certification of the Minister in respect of the event has been obtained; (*fait à attester*)

"complete period of reduced services" of an individual with respect to an employer means a period of reduced services of the individual with respect to the employer that is not part of such a period that is longer; (*période complète de services réduits*)

"excluded contribution" to a registered pension plan means an amount paid to the plan that is

(a) transferred to the plan in accordance with any of subsections 146(16), 147(19) and 147.3(1) to (7) of the Act, or

(b) deductible, as a consequence of the payment, under paragraph 60(j) or (j.1) of the Act in computing the income of any taxpayer for a taxation year; (*cotisation exclue*)

“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 service of the member or the number of units of output of the member; (*disposition à prestations forfaitaires*)

“past service event” means any transaction, event or circumstance that occurs after 1990 and as a consequence of which

(a) retirement benefits become provided to an individual under a defined benefit provision of a pension plan in respect of a period before the time that the transaction, event or circumstance occurs, or

(b) the method for determining the amount of retirement benefits provided to an individual under a defined benefit provision of a pension plan in respect of a period before the time that the transaction, event or circumstance occurs is altered, including an alteration that is contemplated under the terms of the plan; (*fait lié aux services passés*)

“period of reduced services” of an individual with respect to an employer means a period that consists of one or more periods each of which is an eligible period of reduced pay or temporary absence of the individual with respect to the employer. (*période de services réduits*)

(2) The definition “past service event” in subsection (1) is applicable for the purposes of subsection 147.1(1) of the Act.

(3) All words and expressions used in this Part that are defined in sections 147 or 147.1 of the Act or in Part LXXXV have the meanings assigned in those provisions unless a definition in this Part is applicable.

(4) For the purposes of this Part and the definition “employment” in subsection 248(1) of the Act as it applies for the purposes of this Part, an officer who receives remuneration for holding an office shall, for any period that the officer holds the office, be deemed to render services to, and to be in the service of, the person from whom the officer receives the remuneration.

PENSION ADJUSTMENT

Pension Adjustment in Respect of Employer

8301. (1) For the purposes of subsection 248(1) of the Act, “pension adjustment” of an individual for a calendar year in respect of an employer means, subject to paragraphs 8308(3)(c) and (4)(c), the aggregate of all amounts each of which is the individual’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) and subsection 147(5.1) of the Act, an individual’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) a contribution made to the plan in the year by the employer in respect of the individual, or

(b) such portion of an amount allocated in the year to the individual as is attributable to forfeited amounts under the plan and earnings of the plan in respect thereof, except to the extent that such portion is

(i) included in determining the individual’s pension credit for the year in respect of any other employer who participates in the plan,

(ii) paid to the individual in the year, or

(iii) where the year is 1990, attributable to amounts forfeited before 1990 or earnings of the plan in respect thereof,

except that, where the year is before 1990, the individual’s pension credit is nil.

Pension Credit – Money Purchase Provision

(3) For the purposes of subsection (1) and Part LXXXV and subsection 147.1(9) of the Act, an individual’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) a contribution (other than an additional voluntary contribution made by the individual in 1990 or an excluded contribution) made under the provision in the year by

(i) the individual, except to the extent that the contribution was not made in connection with the individual's employment with the employer and is included in determining the individual's pension credit for the year in respect of any other employer who participates in the plan, or

(ii) the employer in respect of the individual, or

(b) such portion of an amount allocated in the year to the individual as is attributable to

(i) forfeited amounts under the provision or earnings of the plan in respect thereof, or

(ii) a surplus under the provision,

except to the extent that such portion is

(iii) included in determining the individual's pension credit for the year in respect of any other employer who participates in the plan,

(iv) paid to the individual in the year, or

(v) where the year is 1990, attributable to amounts forfeited before 1990 or earnings of the plan in respect thereof,

except that the individual's pension credit is nil where the year is before 1990, and, for the purposes of this subsection, the plan administrator shall determine the portion of a contribution made by an individual or an amount allocated to the individual that is to be included in determining the individual's pension credit in respect of each employer.

*Pension Credit – Defined Benefit Provision
of a Specified Multi-Employer Plan*

(4) For the purposes of this Part and Part LXXXV and subsection 147.1(9) of the Act, an individual's pension credit for a calendar year in respect of an employer under a defined benefit provision of a registered pension plan that is, in the year, a specified multi-employer plan is the aggregate of

(a) the aggregate of all amounts each of which is a contribution (other than an excluded contribution) made by the individual

(i) in the year in respect of

(A) the year or

(B) a plan year ending in the year (other than in respect of such portion of a plan year as is before 1990), or

(ii) in January of the year (other than in January, 1990) in respect of the immediately preceding calendar year,

except to the extent that the contribution was not made in connection with the individual's employment with the employer and is included in determining the individual's pension credit for the year in respect of any other employer who participates in the plan,

(b) the aggregate of all amounts each of which is a contribution made in the year by the employer in respect of the provision, to the extent that the contribution may reasonably be considered to be determined by reference to the number of hours worked by the individual or some other measure that is specific to the individual, and

(c) the amount determined by the formula

$$\frac{A}{B} \times (C - B)$$

where

A is the amount determined under paragraph (b) for the purpose of computing the individual's pension credit,

B is the aggregate of all amounts each of which is the amount determined under paragraph (b) for the purpose of computing the pension credit of an individual for the year in respect of the employer under the provision, and

C is the aggregate of all amounts each of which is a contribution made in the year by the employer in respect of the provision,

except that, where the year is before 1990, the individual's pension credit is nil.

Pension Credit – Defined Benefit Provision

(5) For the purposes of this Part and Part LXXXV and subsection 147.1(9) of the Act, and subject to subsections (6) and (7) and section 8308, an individual'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 individual's benefit entitlement under the provision in respect of the employer and the year

exceeds

(b) the amount, if any, by which \$600 exceeds the aggregate of all amounts each of which is an amount deducted under this paragraph for the purpose of computing the individual's pension credit for the year

(i) in respect of the employer under any other defined benefit provision of a registered pension plan,

(ii) 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

(iii) in respect of any other employer under a defined benefit provision of the particular plan,

except that, where the year is before 1990, the individual's pension credit is nil.

Pension Credit – Defined Benefit Provision of a Multi-Employer Plan

(6) Where a registered pension plan is a multi-employer plan (other than a specified multi-employer plan) in a calendar year, the following rules apply, except to the extent that the Minister has waived in writing their application in respect of the plan, for the purpose of determining the pension credits of an individual for the year under a defined benefit provision of the plan:

(a) where the individual is employed in the year by more than one participating employer, the pension credit of the individual for the year under the provision in respect of a particular employer shall be determined as if the individual were not employed by any other participating employer;

(b) paragraph (5)(b) shall be read as follows:

“(b) the amount determined by the formula

$$\$600 \times A - B$$

where

A is

(i) where the member rendered services on a full-time basis throughout the year to the employer, one, and

(ii) in any other case, the fraction (not greater than one) that measures the services that, for the purpose of determining the member's lifetime retirement benefits under the provision, the member is treated as having rendered in the year to the employer expressed as a proportion of the services that would have been rendered by the member in the year to the employer had the member rendered services to the employer on a full-time basis throughout the year, and

B is the aggregate of all amounts each of which is an amount deducted under this paragraph for the purpose of computing the individual's pension credit for the year in respect of the employer under any other defined benefit provision of the plan,";

(c) where a period in the year is a period of disability of the individual or a period of reduced services of the individual with respect to a participating employer, the pension credit of the individual for the year under the provision in respect of each participating employer shall be determined as the aggregate of

(i) the pension credit that would be determined if no benefits (other than benefits attributable to services rendered by the individual) had accrued to the individual in respect of periods of reduced services or disability, and

(ii) the pension credit that would be determined if the only benefits that had accrued to the individual were benefits in respect of periods of reduced services or disability, other than benefits attributable to services rendered by the individual during such periods; and

(d) subsection (7) shall not apply.

Transition Rule: Money Purchase Offsets

(7) Where,

(a) throughout the period commencing January 1, 1981 and ending December 31 of a particular calendar year after 1989 and before 2000 there has been subtracted, in determining the amount of lifetime retirement benefits under a defined benefit provision of a registered pension plan (other than a specified multi-employer plan), the amount of lifetime retirement benefits under a money purchase provision of the plan or of another registered pension plan,

(b) lifetime retirement benefits under the defined benefit provision are determined, at the end of the particular year, in substantially the same manner as they were determined at the end of 1989, and

(c) for each individual and each calendar year before 1990, the amount of employer contributions made under the money purchase provision for the year in respect of the individual did not exceed \$3,500,

the pension credit of an individual for the particular year in respect of an employer under the defined benefit provision is equal to the amount, if any, by which

(d) the amount that would, but for this subsection, be the individual's pension credit

exceeds

(e) the lesser of

(i) \$2,500, and

(ii) the amount determined by the formula

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

where

A is the balance in the individual's account under the money purchase provision at the end of 1989,

B is the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a period ending before 1990 that is pensionable service of the individual under the defined benefit provision and that is not part of a longer period ending before 1990 that is pensionable service of the individual under the provision, and

C is the amount that would be the individual's pension credit for 1989 in respect of the employer under the defined benefit provision if subsection (5) were read without reference to all that portion following subparagraph (b)(iii) thereof.

Timing of Contributions

(8) For the purposes of this Part, a contribution made by an employer in the first two months of a calendar year to a deferred profit sharing plan, in respect of a money purchase provision of a registered pension plan, or in respect of a defined benefit provision of a registered pension plan that is, in the immediately preceding calendar year, a specified multi-employer plan 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, to the extent that the contribution can reasonably be considered to relate to the immediately preceding calendar year.

Transferred Amounts

(9) For the purposes of subparagraphs (2)(b)(ii) and (3)(b)(iv), an amount transferred for the benefit of an individual from a registered pension plan or deferred profit sharing plan directly to a registered pension plan, registered retirement savings plan or deferred profit sharing plan shall be deemed to be an amount that was not paid to the individual.

Subsequent Events

(10) Except as otherwise expressly provided in this Part, each pension credit of an individual for a calendar year shall be determined without regard to transactions, events and circumstances that occur subsequent to the year.

BENEFIT ENTITLEMENT

Benefit Entitlement with Respect to Employer

8302. (1) For the purposes of subsection 8301(5), the benefit entitlement of an individual under a defined benefit provision of a registered pension plan in respect of a calendar year and an employer is the portion of the individual's benefit accrual under the provision in respect of the year that can reasonably be considered to be attributable to the individual's employment with the employer.

Benefit Accrual for Year

(2) For the purposes of subsection (1), and subject to subsections (5) and (6), the benefit accrual of an individual under a defined benefit provision of a registered pension plan in respect of a calendar year is the amount computed in accordance with the following rules:

(a) determine the portion of the individual's normalized pension under the provision at the end of the year that can reasonably be considered to have accrued in respect of the year;

(b) where the year is 1990, 1991, 1992 or 1993, determine the lesser of the amount determined under paragraph (a) and

(i) for 1990, \$1,277.78,

(ii) for 1991, \$1,388.89,

(iii) for 1992, \$1,500.00, and

(iv) for 1993, \$1,611.11; and

(c) where, in determining the amount of lifetime retirement benefits provided to the individual under the provision, there is deducted from the amount of such benefits that would otherwise be provided the amount of lifetime retirement benefits provided to the individual under a money purchase provision of a registered pension plan or the amount of a lifetime annuity provided to the individual under a deferred profit sharing plan, reduce the amount determined under paragraph (a) (if the year is not 1990, 1991, 1992 or 1993) or paragraph (b) (if the year is 1990, 1991, 1992 or 1993) by $\frac{1}{9}$ of the aggregate of all amounts each of which is the pension credit of the individual for the year under such a money purchase provision or deferred profit sharing plan.

Normalized Pension

(3) For the purposes of paragraph (2)(a), and subject to subsection (7), the normalized pension of an individual under a defined benefit provision of a registered pension plan at the end of a particular calendar year is the amount (expressed on an annualized basis) of lifetime retirement benefits that would be payable under the provision to the individual immediately after the end of the particular year if

(a) where lifetime retirement benefits have not commenced to be paid under the provision to the individual before the end of the particular year, they commenced to be paid immediately after the end of the year;

(b) where the individual had not attained 65 years of age before the time at which lifetime retirement benefits commenced to be paid (or are deemed by paragraph (a) to commence to be paid) to the individual, the individual attained such age at that time;

(c) the plan provided for the immediate vesting of benefits under the provision;

(d) where the amount of the individual's lifetime retirement benefits would otherwise be determined with a reduction computed by reference to the individual's age, duration of service or both, or with any other similar reduction, no such reduction were applied;

(e) where the amount of the individual's lifetime retirement benefits depends on the remuneration received by the individual in a calendar year (in this paragraph referred to as the "other year") other than the particular year, the remuneration received by the individual in the other year were determined in accordance with the following rules:

(i) where the individual was remunerated for both the particular year and the other year as a person who rendered services on a full-time basis throughout each of the years, the remuneration received by the individual in the other year were identical to the remuneration received by the individual in the particular year,

(ii) where subparagraph (i) is not applicable and the individual rendered services in the particular year, the remuneration received by the individual in the other year were the remuneration that the individual would have received in the other year (or a reasonable estimate thereof determined in a manner acceptable to the Minister) had the individual's rate of remuneration in the other year been the same as the individual's rate of remuneration in the particular year, and

(iii) where subparagraph (i) is not applicable and the individual did not render services in the particular year, the remuneration received by the individual in the other year were the remuneration that the individual would have received in the other year (or a reasonable estimate thereof determined in a manner acceptable to the Minister) had the individual's rate of remuneration in the other year been the amount that it is reasonable to consider would have been the individual's rate of remuneration in the particular year had the individual rendered services in the particular year;

(f) where the amount of the individual's lifetime retirement benefits depends on the individual's remuneration and all or a portion of the remuneration received by the individual in the particular year is treated under the provision as if it were remuneration received in a calendar year preceding the particular year for services rendered in that preceding year, that remuneration were remuneration for services rendered in the particular year;

(g) where the amount of the individual's lifetime retirement benefits depends on the individual's remuneration and the particular year is 1990, 1991, 1992 or 1993, benefits, to the extent that they can reasonably be considered to be in respect of the following range of annual remuneration, were excluded:

(i) where the particular year is 1990, the range from \$63,889 to \$86,111,

(ii) where the particular year is 1991, the range from \$69,444 to \$86,111,

(iii) where the particular year is 1992, the range from \$75,000 to \$86,111, and

(iv) where the particular year is 1993, the range from \$80,556 to \$86,111;

(h) where the amount of the individual's lifetime retirement benefits depends on the Year's Maximum Pensionable Earnings for calendar years other than the particular year, the Year's Maximum Pensionable Earnings for each such year were equal to the Year's Maximum Pensionable Earnings for the particular year;

(i) where the amount of the individual's lifetime retirement benefits depends on the actual amount of pension (in this paragraph referred to as the "statutory pension") payable to the individual under the *Canada Pension Plan* or a provincial plan (as defined in section 3 of that Act), the amount of statutory pension (expressed on an annualized basis) were equal to

(i) 25 per cent of the lesser of the Year's Maximum Pensionable Earnings for the particular year and,

(A) in the case of an individual who renders services throughout the particular year on a full-time basis to employers who participate in the plan, the aggregate of all amounts each of which is the individual's remuneration for the particular year from such an employer, and

(B) in any other case, the amount that it is reasonable to expect would be determined under clause (A) if the individual had rendered services throughout the particular year on a full-time basis to employers who participate in the plan, or

(ii) at the option of the plan administrator, any other amount determined in accordance with a reasonable method for estimating the statutory pension that can be expected to result in amounts substantially similar to amounts determined under subparagraph (i);

(j) where the amount of the individual's lifetime retirement benefits depends on the pension (in this paragraph referred to as the "statutory pension") payable to the individual under Part I of the *Old Age Security Act*, the amount of statutory pension payable for each calendar year were equal to the aggregate of all amounts each of which is the amount of the full monthly pension payable under Part I of the *Old Age Security Act* for a month in the particular year;

(k) where the amount of the individual's lifetime retirement benefits depends on the amount of benefits (other than public pension benefits or similar benefits of a country other than Canada) provided under another benefit provision of a pension plan or under a deferred profit sharing plan, and except as otherwise expressly permitted in writing by the Minister, the amounts of the other benefits were such as to maximize the amount of the individual's lifetime retirement benefits;

(l) where the individual's lifetime retirement benefits would otherwise include benefits that the plan is required to provide by reason of a designated provision of the law of Canada or a province (within the meaning assigned by section 8509), or that the plan would be required to provide if each such provision were applicable to the plan in respect of all its members, such benefits were not included;

(m) where

(i) the individual attained 65 years of age before lifetime retirement benefits commenced to be paid (or are deemed by paragraph (a) to have commenced to be paid) to the individual, and

(ii) an adjustment is made in determining the amount of those benefits for the purpose of offsetting, in whole or in part, the decrease in the value of lifetime retirement benefits that would otherwise result by reason of the deferral of those benefits after the individual attained 65 years of age,

that adjustment were not made, except to the extent that the adjustment exceeds the adjustment that would be made on an actuarially equivalent basis;

(n) where the amount of the individual's lifetime retirement benefits depends on

(i) the form of benefits provided in respect of the individual under the provision (whether or not at the option of the individual), including

(A) the benefits to be provided after the death of the individual,

(B) the amount of retirement benefits, other than lifetime retirement benefits, provided to the individual, or

(C) the extent to which the lifetime retirement benefits will be adjusted to reflect changes in the cost of living, or

(ii) circumstances that are relevant in determining the form of benefits,

the form of benefits and the circumstances were such as to maximize the amount of the individual's lifetime retirement benefits on commencement of payment except that, where the normal form (or one of the normal forms) of death benefit is a guarantee for ten years or less and the individual is entitled, in lieu of all or any portion of the guarantee, to additional lifetime retirement benefits not exceeding additional benefits determined on an actuarially equivalent basis, such additional benefits shall be disregarded;

(o) where the amount of the individual's lifetime retirement benefits depends on whether the individual is totally and permanently disabled at the time at which retirement benefits commence to be paid to the individual, the individual were not so disabled at that time; and

(p) where lifetime retirement benefits have commenced to be paid under the provision to the individual before the end of the particular year, benefits provided as a consequence of cost-of-living adjustments described in paragraph 8303(5)(k) were disregarded.

Terminated, Deceased or Retired Member

(4) For greater certainty, subsection (3) applies to determine the amount of normalized lifetime retirement benefits of an individual under a defined benefit provision of a registered pension plan at the end of a calendar year where, for any reason (including death), benefits cease in the year to accrue under the provision to the individual.

Defined Benefit Offset

(5) Where the amount of lifetime retirement benefits provided under a particular defined benefit provision of a registered pension plan to a member of the plan depends on the amount of lifetime retirement benefits provided to the member under one or more other defined benefit provisions of registered pension plans, the benefit accrual of the member under the particular provision in respect of a calendar year is the amount, if any, by which

(a) the amount that would, but for this subsection, be the benefit accrual of the member under the particular provision in respect of the year if the benefits provided under the other provisions were provided under the particular provision

exceeds

(b) the amount that would be the benefit accrual of the member under the other provisions in respect of the year if the other provisions were a single provision.

Transition Rule: Career Average Benefits

(6) Where

(a) on March 27, 1988 lifetime retirement benefits under a defined benefit provision of a pension plan were determined as the greater of benefits computed on a career average basis and benefits computed on a final or best average earnings basis,

(b) the method for determining lifetime retirement benefits under the provision has not been amended after March 27, 1988 and before the end of a particular calendar year, and

(c) it was reasonable to expect, on January 1, 1990, that the life-time retirement benefits to be paid under the provision to at least 75 per cent of the members of the plan on that date (other than members to whom benefits do not accrue under the provision after that date) will be determined on the final or best average earnings basis,

at the option of the plan administrator, benefit accruals under the provision in respect of the particular year may, where the particular year is before 1992, be determined without regard to the career average formula.

Anti-Avoidance

(7) 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 a pension credit of an individual for a calendar year under the provision would, but for this subsection, be reduced as a consequence of the application of paragraph (3)(g), that paragraph shall not apply in determining the individual's normalized pension under the provision in respect of the year.

PAST SERVICE PENSION ADJUSTMENT

PSPA in Respect of Employer

8303. (1) For the purposes of subsection 248(1) of the Act, "past service pension adjustment" of an individual for a calendar year in respect of an employer means the accumulated PSPA of the individual for the year in respect of the employer, determined as of the end of the year.

Accumulated PSPA for Year

(2) For the purposes of this Part and subsection 204.2(1.3) of the Act, the accumulated PSPA of an individual for a calendar year in respect of an employer, determined as of any time, is the aggregate of all amounts each of which is the individual's provisional PSPA in respect of the employer

(a) associated with a past service event (other than a certifiable past service event in respect of the individual) that occurs in the year and before that time, or

(b) associated with a certifiable past service event in respect of the individual where the Minister has, in the year and before that time, issued a certification for the purposes of subsection 147.1(10) of the Act as it applies with respect to the event and the individual.

Provisional PSPA

(3) Subject to subsection (6) and section 8308, the provisional PSPA of an individual in respect of an employer associated with a past service event that occurs at 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 1989 and before the particular year, the amount that would have been the individual's pension credit for the year in respect of the employer under a defined benefit provision of a registered pension plan had the individual's benefit entitlement under the provision in respect of the year and the employer been equal to the individual's redetermined benefit entitlement (determined as of the particular time) under the provision in respect of the year and the employer

exceeds

(b) the aggregate that would be determined under paragraph (a) if the reference in that paragraph to "determined as of the particular time" were read as a reference to "determined as of the time immediately before the particular time".

Redetermined Benefit Entitlement

(4) For the purposes of paragraph (3)(a), an individual's redetermined benefit entitlement under a defined benefit provision of a registered pension plan in respect of a calendar year and an employer, determined as of a particular time, is the amount that would be determined under section 8302 to be the individual's benefit entitlement under the provision in respect of the year and the employer if, for the purpose of computing the benefit accrual of the individual in respect of the year under the provision or, where subsection 8302(5) is applicable, under any other defined benefit provision, the amount determined under paragraph 8302(2)(a) with respect to a specific provision were equal to such portion of the individual's normalized pension (computed in accordance with subsection (5)) under the specific provision at the particular time, determined with reference to the year, as may reasonably be considered to have accrued in respect of the year.

Normalized Pension

(5) For the purposes of subsection (4), the normalized pension of an individual under a defined benefit provision of a registered pension plan at a particular time, determined with reference to a calendar year (in this subsection referred to as the “pension credit year”), is the amount (expressed on an annualized basis) of lifetime retirement benefits, other than excluded benefits, that would be payable to the individual under the provision immediately after the particular time if

(a) where lifetime retirement benefits have not commenced to be paid under the provision to the individual before the particular time, they commenced to be paid immediately after the particular time,

(b) where the individual had not attained 65 years of age before the time at which lifetime retirement benefits commenced to be paid (or are deemed by paragraph (a) to commence to be paid) to the individual, the individual attained that age at that time,

(c) the amount of the individual’s lifetime retirement benefits were determined with regard to all past service events occurring at or before the particular time and without regard to past service events occurring after the particular time,

(d) the rules in paragraphs 8302(3)(c) to (o) (other than the rule in paragraph 8302(3)(g), where subsection 8302(7) was applicable with respect to the pension credit year and the provision or would have been so applicable had all benefits provided as a consequence of past service events become provided in the pension credit year) were applied for the purpose of determining the amount of the individual’s lifetime retirement benefits and, for the purpose of those paragraphs, the pension credit year were the particular year referred to in those paragraphs, and

(e) where

(i) the amount of the individual’s lifetime retirement benefits under the provision depends on the individual’s remuneration, and

(ii) all or any part of the individual’s lifetime retirement benefits in respect of the pension credit year became provided as a consequence of a past service event and pursuant to terms of the provision that enable benefits to be provided to members of the plan in respect of periods of employment with employers who have not participated under the provision,

the remuneration received by the individual from each such employer in respect of a period of employment with whom the individual is provided with benefits under the provision were remuneration received from an employer who has participated under the provision for the benefit of the individual,

and, for the purposes of this subsection, the following benefits are excluded benefits:

(f) where the amount of the individual's lifetime retirement benefits depends on the individual's remuneration for calendar years preceding the calendar year (in this paragraph referred to as the "year of calculation") that includes the particular time, benefits that result from adjustments made by reason of increases in salaries, wages or the cost of living, to the extent that the adjustments, in the aggregate, are not more favourable than an adjustment that consists of using, in lieu of the individual's remuneration for each particular year preceding the year of calculation, the amount of such remuneration increased to reflect the increase in the average wage from the particular year to the earlier of the year of calculation and the calendar year, if any, in which retirement benefits commenced to be paid under the provision to the individual,

(g) benefits provided by reason of an increase after the pension credit year in the limit imposed by subsection 8503(4) on the amount of lifetime retirement benefits that may be provided to the individual, where the increase results from an increase in the defined benefit limit,

(h) where the provision is a flat benefit provision, benefits provided as a direct consequence of an increase at any time (in this paragraph referred to as the "time of increase") after the pension credit year in a fixed amount under the provision, other than

(i) benefits provided as a consequence of a second or subsequent increase in the fixed amount after the time that retirement benefits under the provision commenced to be paid to the individual, or

(ii) benefits that would not have become provided had the fixed amount been increased to the amount determined by the formula

$$A \times \frac{B}{C}$$

where

A is the fixed amount immediately before the time of increase,

B is the average wage for the calendar year that includes the time of increase, and

C is the average wage for the later of

(i) the fourth year preceding the calendar year that includes the time of increase, and

(ii) the calendar year for which the fixed amount was first applicable,

(i) where the provision is a flat benefit provision, benefits provided as a direct consequence of an increase at any time (in this paragraph referred to as the "time of increase") after the pension credit year in the fixed amount under the provision where

(i) the fixed amount was increased pursuant to an agreement made before March 28, 1988, and

(ii) at the time the agreement was made, it was reasonable to expect that the percentage increase in the fixed amount would approximate or be less than the percentage increase in the average wage from the calendar year in which the fixed amount was last increased before the time of increase (or, if the increase is the first increase, the calendar year in which the fixed amount was first applicable) to the calendar year that includes the time of increase,

(j) where the provision is a flat benefit provision under which the amount of each member's retirement benefits depends on the member's job category or rate of pay in such a manner that the ratio of the amount of lifetime retirement benefits to remuneration does not significantly increase as remuneration increases, benefits provided as a direct consequence of a change, after the pension credit year, in the individual's job category or rate of pay, and

(k) benefits provided as a consequence of cost-of-living adjustments made after the time that lifetime retirement benefits commenced to be paid under the provision to the individual, to the extent that the adjustments

(i) are warranted by increases in the Consumer Price Index after that time, or

(ii) are periodic adjustments described in subparagraph 8503(2)(a)(ii).

Specified Multi-Employer Plan

(6) Where, in a calendar year, an individual makes a contribution (other than an excluded contribution) in respect of a defined 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 a period after 1989 and before the year, and

(b) is not included in determining the individual's pension credit for the year in respect of any employer under the provision,

the individual's provisional PSPA in respect of an employer who participates in the plan, associated with the payment of the contribution, is the portion of the contribution that is not included in the individual's provisional PSPA in respect of any other employer who participates in the plan, and for the purpose of this subsection the plan administrator shall determine the portion of the contribution to be included in the provisional PSPA of the individual in respect of each employer.

Conditional Contributions

(7) For the purpose of subsection (6), 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 issuing a certification for the purposes of subsection 147.1(10) of the Act as it applies with respect to the individual and benefits provided as a consequence of the payment.

PENSION ADJUSTMENT REVERSAL

Total PAR in Respect of Employer

8304. (1) For the purposes of subsection 248(1) of the Act, "total pension adjustment reversal" of an individual for a calendar year in respect of an employer means the aggregate of

(a) the individual'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 individual'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 Part LXXXIV, an individual's pension adjustment reversal for a calendar year in respect of registered plans (other than multi-employer plans) in respect of an employer is nil, except where

(a) the membership termination date of the individual with respect to the employer as determined under subsection (6) is in the year, and

(b) under no plan referred to in paragraph (6)(a) in which the employer participated for the benefit of the individual have retirement benefits (other than retirement benefits derived from contributions made before 1990 under a money purchase provision of a plan or retirement benefits in respect of periods before 1990 under a defined benefit provision of a plan) been paid to the individual,

in which case the pension adjustment reversal is the amount determined by the formula

$$A + B + C$$

where

A is the amount, if any, by which the aggregate of all amounts each of which is

(i) the pension credit of the individual for the year or a preceding calendar year in respect of the employer under a defined benefit provision of a registered pension plan (other than a plan that is, in the year, a multi-employer plan), or

(ii) a past service pension adjustment of the individual for the year or a preceding calendar year in respect of the employer, except any portion thereof that can reasonably be considered to be in respect of benefits provided under a registered pension plan that is, in the year, a multi-employer plan

exceeds

(iii) the aggregate of all amounts each of which is a defined benefit distribution made, or to be made, from a registered pension plan (other than a plan that is, in the year, a multi-employer plan) in respect of the individual and attributable to the employer,

B is the amount, if any, by which

(i) the aggregate of all amounts each of which is such portion of

(A) a contribution made in respect of the individual by the employer under a money purchase provision of a registered pension plan (other than a plan that is, in the year, a multi-employer plan), or

(B) an amount allocated under a money purchase provision of a registered pension plan (other than a plan that is, in the year, a multi-employer plan) to the individual otherwise than in respect of contributions to the plan

as has been included in determining the individual's pension credit under the provision for a year in respect of the employer

exceeds

(ii) the portion of the aggregate referred to in subparagraph (i) that has vested in the individual (or in the individual's spouse or former spouse after the breakdown of their marriage or other conjugal relationship), and

C is the amount, if any, by which

(i) the aggregate of all amounts each of which is such portion of

(A) a contribution made in respect of the individual by the employer to a deferred profit sharing plan, or

(B) an amount allocated under a deferred profit sharing plan to the individual (otherwise than in respect of contributions to the plan)

as has been included in determining the individual's pension credit under the plan for a year in respect of the employer

exceeds

- (ii) the portion of the aggregate referred to in subparagraph (i) that has vested in the individual (or in the individual's spouse or former spouse after the breakdown of their marriage or other conjugal relationship).

PAR – Multi-Employer Plan

(3) For the purposes of this Part and Part LXXXIV, an individual'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 nil, except where

- (a) the plan is not a specified multi-employer plan in the year,
- (b) the membership termination date of the individual with respect to the plan and the employer as determined under subsection (7) is in the year, and
- (c) retirement benefits (other than retirement benefits derived from contributions made before 1990 under a money purchase provision of the plan or retirement benefits in respect of periods before 1990 under a defined benefit provision of the plan) have not been paid to the individual under the plan,

in which case the pension adjustment reversal is the amount determined by the formula

$$A + B$$

where

A is the amount, if any, by which the aggregate of all amounts each of which is

- (i) the pension credit of the individual for the year or a preceding calendar year in respect of the employer under a defined benefit provision of the plan, or
- (ii) the portion of a past service pension adjustment of the individual for the year or a preceding calendar year in respect of the employer that can reasonably be considered to be in respect of benefits provided under the plan

exceeds

- (iii) the aggregate of all amounts each of which is a defined benefit distribution made, or to be made, from the plan in respect of the individual and attributable to the employer, and

B is the amount, if any, by which

(i) the aggregate of all amounts each of which is such portion of

(A) a contribution made in respect of the individual by the employer under a money purchase provision of the plan, or

(B) an amount allocated under a money purchase provision of the plan to the individual (otherwise than in respect of contributions to the plan),

as has been included in determining the individual's pension credit under the provision for a year in respect of the employer

exceeds

(ii) the portion of the aggregate determined under subparagraph (i) that has vested in the individual (or in the individual's spouse or former spouse after the breakdown of their marriage or other conjugal relationship).

Defined Benefit Distribution

(4) For the purposes of subsections (2) and (3), a defined benefit distribution made from a registered pension plan in respect of an individual and attributable to an employer is such portion of a single amount paid under a defined benefit provision of the plan to any person as may reasonably be considered to be a payment of benefits in respect of periods after 1989 attributable to the individual's employment with the employer, but does not include any portion of a single amount paid directly to another registered pension plan (in this subsection referred to as the "recipient plan") to fund benefits provided in respect of the individual under a defined benefit provision of the recipient plan unless

(a) the recipient plan is a specified multi-employer plan in the calendar year in which the single amount is paid, or

(b) either plan is a multi-employer plan in the calendar year in which the single amount is paid and the employer participates in the recipient plan,

and, for the purposes of this subsection,

(c) a benefit does not include an amount paid

(i) in respect of an actuarial surplus,

(ii) as a return of contributions made by an individual, where the contributions are returned pursuant to an amendment to a pension plan that also reduces the future contributions that would otherwise be required to be made by members of the plan and that does not reduce benefits provided under the plan, or

(iii) as interest in respect of an amount referred to in subparagraph (ii), and

(d) where an amount held in connection with a defined benefit provision of a pension plan has been made available to pay benefits under another benefit provision of the plan or under a benefit provision of any other pension plan, this subsection shall apply as if the amount had been paid under the defined benefit provision to a person to be held for the purposes of that other provision.

Final Year's PA and PSPA

(5) For the purposes of subsections (2) and (3), the pension credits and past service pension adjustments of an individual in respect of an employer for the calendar year that includes the membership termination date determined under subsection (6) or (7), 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)

(6) For the purposes of subsections (2) and 8307(3) and Part LXXXIV, the membership termination date of an individual with respect to an employer is the first day on which the following conditions are satisfied otherwise than by reason of death:

(a) the individual has ceased to be a member of each registered pension plan (other than a multi-employer plan) of which the individual was a member and in which the employer participated for the individual's benefit; and

(b) the individual has ceased to be entitled to benefits under each deferred profit sharing plan of which the individual was a beneficiary and in which the employer participated for the individual's benefit.

Membership Termination Date – Multi-Employer Plan

(7) For the purposes of subsections (2) and 8307(4) and Part LXXXIV, the membership termination date of an individual with respect to a multi-employer plan and an employer of the individual is the day on which the individual ceases, otherwise than by reason of death, to be a member of the plan.

Annuity Contract

(8) For the purposes of subsections (6) and (7), where an individual receives an interest in an annuity contract on the termination of the individual's membership in a registered pension plan, the individual shall be deemed to continue, until the individual's death, to be a member of the plan.

ASSOCIATION OF BENEFITS WITH EMPLOYERS

8305. (1) Where, for the purposes of this Part, it is necessary to determine the portion of an amount of benefits provided in respect of a member of a registered pension plan under a defined benefit provision of the plan that is attributable to the member's employment with a particular employer, the following rules apply, subject to subsection 8308(7):

(a) the determination shall be made by the plan administrator;

(b) benefits provided as a consequence of services rendered by the member to an employer who participates in the plan shall be regarded as attributable to employment with that employer, whether the benefits become provided at the time the services are rendered or at a subsequent time; and

(c) the determination shall be made in a manner that

(i) is reasonable in the circumstances,

(ii) is not inconsistent with such determinations made previously, and

(iii) results in the full amount of benefits being attributed to employment with one or more employers who participate in the plan.

(2) Where the administrator of a registered pension plan does not comply with the requirements of subsection (1) in connection with the determination of an amount under this Part at any time,

- (a) the plan becomes, at that time, a revocable plan; and
- (b) the Minister shall make any determinations referred to in subsection (1) that the administrator fails to make, or fails to make in accordance with that subsection.

EXEMPTION FROM CERTIFICATION

8306. (1) For the purposes of subsection 147.1(10) of the Act as it applies with respect to a past service event and the benefits provided under a defined benefit provision of a registered pension plan in respect of a particular member of the plan, a certification of the Minister is not required where

- (a) each provisional PSPA of the member associated with the past service event is nil;
- (b) the conditions in subsection (2) are satisfied; or
- (c) the conditions in subsection (2) are substantially satisfied and the Minister waives in writing the requirement for certification.

(2) For the purposes of paragraphs (1)(b) and (c), the conditions with respect to a defined benefit provision of a registered pension plan and a past service event are the following:

- (a) there are more than 9 active members of the plan,
- (b) no more than 25 per cent of the active members of the plan are specified active members of the plan,
- (c) the benefits provided under the provision to all or substantially all of the active members of the plan are increased as a consequence of the past service event,
- (d) where there is a specified active member of the plan,
 - (i) the amounts C and D are greater than nil, and
 - (ii) the amount determined by the formula

$$\frac{A}{C}$$

does not exceed the amount determined by the formula

$$\frac{B}{D}$$

where

- A is the aggregate of all amounts each of which is the amount of lifetime retirement benefits accrued under the provision, immediately after the past service event, to a specified active member of the plan,
 - B is the aggregate of all amounts each of which is the amount of lifetime retirement benefits accrued under the provision, immediately after the past service event, to an active member of the plan (other than a specified active member),
 - C is the aggregate of all amounts each of which is the amount of lifetime retirement benefits accrued under the provision, immediately before the past service event, to a specified active member of the plan, and
 - D is the aggregate of all amounts each of which is the amount of lifetime retirement benefits accrued under the provision, immediately before the past service event, to an active member of the plan (other than a specified active member), and
- (e) the benefits provided as a consequence of the past service event to members of the plan who are not active members are not more advantageous than such benefits provided to active members of the plan,

and, for the purposes of this subsection,

- (f) a member of the plan is an active member of the plan if lifetime retirement benefits accrue under the provision to the member in respect of a period that includes the time at which the past service event occurs, and
- (g) an active member of the plan is a specified active member of the plan if
 - (i) the member is connected, at the time of the past service event, with an employer who participates in the plan, or
 - (ii) it is reasonable to expect, at the time of the past service event, that the aggregate of all amounts each of which is the remuneration of the member for the calendar year in which the past service event occurs from an employer who participates in the plan for the benefit of the member will exceed two times the Year's Maximum Pensionable Earnings for the year.

CERTIFICATION IN RESPECT OF PAST SERVICE EVENTS

Application for Certification

8307. (1) Application for a certification of the Minister for the purposes of subsection 147.1(10) of the Act shall be made in prescribed form by the administrator of the registered pension plan to which the certification relates.

Prescribed Condition

(2) For the purposes of subsection 147.1(10) of the Act as it applies with respect to a past service event and benefits in respect of a particular member of a registered pension plan, the prescribed condition is that, at the particular time that the Minister issues the certification, the aggregate of all amounts each of which is the member's provisional PSPA in respect of an employer associated with the past service event does not exceed the amount, if any, by which

(a) the aggregate of

(i) \$8,000,

(ii) the member's unused RRSP deduction room at the end of the year immediately preceding the calendar year (in this subsection referred to as the "particular year") that includes the particular time,

(iii) the aggregate of all amounts each of which is

(A) the member's pension adjustment reversal for the particular year in respect of registered plans (other than multi-employer plans) in respect of an employer, or

(B) the member'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 an information return has been filed under section 8402 with the Minister before the particular time,

(iv) the aggregate of all amounts each of which is

(A) the member's provisional PAR in respect of registered plans (other than multi-employer plans) in respect of an employer, or

(B) the member's provisional PAR in respect of a registered pension plan that is, in the year, a multi-employer plan (other than a specified multi-employer plan) and in respect of an employer,

determined as of the particular time for the purposes of the certification,

(v) the amount of the member's qualifying transfers made in connection with the past service event,

(vi) the amount of the member's PSPA transfers for the particular year, determined as of the particular time,

(vii) the amount of the member's qualifying withdrawals made for the purposes of the certification, determined as of the particular time, and

(viii) the amount of the member's PSPA withdrawals for the particular year, determined as of the particular time

exceeds

(b) the aggregate of all amounts each of which is the accumulated PSPA of the member for the particular year in respect of an employer, determined as of the particular time.

*Provisional PAR – Registered Plans
(Other Than Multi-Employer Plans)*

(3) The provisional PAR of an individual 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 is,

(a) where

(i) one or more single amounts remain to be paid as benefits to which the individual is entitled under a defined benefit provision of 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 within 60 days after the certification is received by the person who applied therefor, and

(iv) the membership termination date of the individual with respect to the employer, as determined under subsection 8304(6), will be the date on which the last of the single amounts referred to in subparagraph (i) is paid,

the amount that could reasonably be expected to be the individual'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 immediately after the certification; and

(b) in any other case, nil.

Provisional PAR – Multi-Employer Plan

(4) The provisional PAR of an individual in respect of a registered pension plan that is a multi-employer plan (other than a specified multi-employer plan) and in respect of an employer, determined as of a particular time for the purposes of a certification is,

(a) where

(i) one or more single amounts remain to be paid as benefits to which the individual is entitled under a defined benefit provision of 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 within 60 days after the certification is received by the person who applied therefor, and

(iv) the membership termination date of the individual with respect to the plan and the employer, as determined under subsection 8304(7), will be the date on which the last of the single amounts referred to in subparagraph (i) is paid,

the amount that could reasonably be expected to be the individual'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 immediately after the certification; and

(b) in any other case, nil.

Qualifying Transfers

(5) For the purpose of subparagraph (2)(a)(v), the amount of an individual's qualifying transfers made in connection with a past service event is the lesser of

(a) the aggregate of all amounts each of which is

(i) such portion of an amount transferred to a registered pension plan

(A) in accordance with any of subsections 146(16), 147(19), 147.3(2) or 147.3(5) or (7) of the Act, or

(B) from a specified multi-employer plan in accordance with subsection 147.3(3) of the Act

as is transferred to fund benefits provided as a consequence of the past service event, or

(ii) such portion of a contribution made to a registered pension plan as

(A) is paid to the plan to fund benefits provided as a consequence of the past service event,

(B) would be deductible under paragraph 60(j.1) of the Act in computing the individual's income for any taxation year if clause (iii)(A) thereof were read without reference to the expression "or 8(1)(m)"; and

(C) is designated by the individual in respect of the past service event by filing a prescribed form containing prescribed information with the Minister, and

(b) the aggregate of all amounts each of which is the provisional **PSPA** of the individual in respect of an employer associated with the past service event.

Deemed Transfer

(6) Where

(a) an individual has given an irrevocable direction that an amount be transferred to a registered pension plan if the Minister issues a certification for the purposes of subsection 147.1(10) of the Act as it applies with respect to the individual and benefits provided as a consequence of the past service event, and

(b) the amount will be transferred within 60 days after the certification is received by the person who applies therefor,

the amount shall be deemed, for the purpose of subsection (5), to have been transferred at the time the direction was given.

PSPA Transfers

(7) For the purposes of subparagraph (2)(a)(vi) and paragraph 146(1)(d.1) and subsection 204.2(1.3) of the Act, the amount of an individual'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 for the purposes of subsection 147.1(10) of the Act in respect of the individual, the aggregate of the amounts included, by reason of subparagraphs (2)(a)(v) and (vi), in the aggregate determined under paragraph (2)(a) for the purpose of the most recent such certification made before the particular time; and

(b) in any other case, nil.

Qualifying Withdrawals

(8) For the purpose of subparagraph (2)(a)(vii), the amount of an individual's qualifying withdrawals made for the purposes of a certification with respect to a past service event and the individual, determined as of a particular time, is the lesser of

(a) the aggregate of all amounts each of which is such portion of

(i) an amount withdrawn by the individual from a registered retirement savings plan under which the individual was the annuitant (within the meaning assigned by subsection 146(1) of the Act) at the time of the withdrawal

as is

(ii) designated by the individual for the purposes of the certification by filing a prescribed form containing prescribed information with the Minister before the particular time, where the designation complies with the conditions in subsection (9); and

(b) the amount, if any, by which the aggregate of all amounts each of which is

(i) the provisional PSPA of the individual in respect of an employer associated with the past service event, or

(ii) the accumulated PSPA of the individual in respect of an employer for the calendar year that includes the particular time, determined as of the particular time

exceeds the amount that would be determined under paragraph (2)(a), as of the particular time, for the purposes of the certification if that paragraph were read without reference to subparagraphs (i) and (vii) thereof.

Conditions Applicable to Designation

(9) The following conditions are applicable with respect to a designation referred to in subparagraph (8)(a)(ii) made by an individual for the purposes of a certification:

(a) the amount in respect of which the designation is made was

(i) withdrawn from a registered retirement savings plan not more than 24 months before the day on which the designation is filed with the Minister, and

(ii) not withdrawn in circumstances that entitle the individual to a deduction under paragraph 60(l) of the Act; and

(b) the amount designated by the individual does not include such portion of the withdrawn amount as may reasonably be considered to be

(i) an amount withdrawn in respect of premiums (within the meaning assigned by subsection 146(1) of the Act) paid by the individual to registered retirement savings plans and not deducted in computing the individual's income for any taxation year,

(ii) all or any part of an amount designated by the individual for the purposes of any other certification, or

(iii) an amount deducted in computing the individual's income for any taxation year,

and, for the purposes of this paragraph, an amount withdrawn by an individual from a registered retirement savings plan shall, except to the extent that it exceeds the amount of the individual's undeducted RRSP premiums (determined under subsection 204.2(1.2) of the Act) immediately before the amount is withdrawn, be deemed to be an amount withdrawn in respect of premiums described in subparagraph (i).

PSPA Withdrawals

(10) For the purposes of subparagraph (2)(a)(viii) and paragraph 146(1)(d.1) and subsection 204.2(1.3) of the Act, the amount of an individual's PSPA withdrawals 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 for the purposes of subsection 147.1(10) of the Act in respect of the individual, the aggregate of the amounts included, by reason of subparagraphs (2)(a)(vii) and (viii), in the aggregate determined under paragraph (2)(a) for the purpose of the most recent such certification made before the particular time; and

(b) in any other case, nil.

Prescribed Withdrawal

(11) For the purposes of subsection 146(8.2) of the Act and subsection (13), a prescribed withdrawal is such portion of an amount withdrawn by an individual from a registered retirement savings plan under which the individual is the annuitant (within the meaning assigned by subsection 146(1) of the Act) as is designated in accordance with subparagraph (8)(a)(ii) for the purposes of a certification in respect of the individual.

Prescribed Amount

(12) For the purposes of determining

(a) the RRSP deduction limit of an individual for a calendar year under paragraph 146(1)(g.1) of the Act, and

(b) the individual's cumulative excess amount in respect of registered retirement savings plans at any time in the year under subsection 204.2(1.1) of the Act,

a provisional PAR determined under subsection (3) or (4) in connection with a certification made in the year in respect of the individual for the purposes of subsection 147.1(10) of the Act is a prescribed amount except where the pension adjustment reversal corresponding to the provisional PAR is determined for the year.

Prescribed Premium

(13) For the purpose of subsection 146(6.1) of the Act, a premium paid by a taxpayer under a registered retirement savings plan under which the taxpayer is the annuitant (within the meaning assigned by subsection 146(1) of the Act) at the time the premium is paid is a prescribed premium for a particular taxation year of the taxpayer where the following conditions are satisfied:

- (a) the taxpayer withdrew an amount (in this subsection referred to as the “withdrawn amount”) in the particular year from a registered retirement savings plan for the purposes of a certification with respect to a past service event;
- (b) all or any part of the withdrawn amount is a prescribed withdrawal pursuant to subsection (11);
- (c) it is subsequently determined that
 - (i) as a consequence of reasonable error, the taxpayer withdrew a greater amount than necessary for the purposes of the certification, or
 - (ii) as a consequence of the application of paragraph 147.1(3)(b) of the Act, it was not necessary for the taxpayer to withdraw any amount;
- (d) the premium is paid by the taxpayer in the 12-month period immediately following the time at which the determination referred to in paragraph (c) is made;
- (e) the amount of the premium does not exceed such portion of the withdrawn amount as is a prescribed withdrawal pursuant to subsection (11) and is determined to have been an unnecessary withdrawal;

(f) the taxpayer files with the Minister, on or before the day on or before which the taxpayer is required (or would be required if tax under Part I of the Act were payable by the taxpayer for the taxation year in which the taxpayer pays the premium) by section 150 of the Act to file a return of income for the taxation year in which the taxpayer pays the premium, a prescribed form containing prescribed information in which the taxpayer designates the premium as a recontribution of all or any portion of the withdrawn amount; and

(g) the taxpayer has not designated, pursuant to paragraph (f), any other premium as a recontribution of all or any portion of the withdrawn amount.

Prescribed Contribution

(14) For the purpose of subsection 147.2(4) of the Act, a prescribed contribution is such portion of a contribution made to a registered pension plan as is included, by reason of subparagraph (5)(a)(ii), in the aggregate determined in respect of an individual under paragraph (5)(a).

SPECIAL RULES

Application for Registration

8308. (1) For the purposes of this Part (other than this subsection) and subsection 147.1(10) of the Act, benefits that become provided under a defined benefit provision of a pension plan before the day as of which the plan becomes a registered pension plan shall be deemed to have become provided as a consequence of an event occurring on that day and not to have been provided before that day.

Remuneration for Prior Years

(2) Where an individual who is entitled to benefits under a defined benefit provision of a registered pension plan receives remuneration at a particular time in a particular calendar year that is a year in respect of which no lifetime retirement benefits accrue under the provision to the individual and the remuneration is treated for the purpose of determining benefits under the provision as if it were remuneration received in one or more calendar years preceding the particular year for services rendered in those preceding years, the following rules apply:

(a) such portion of the remuneration as is treated under the provision as if it were remuneration received in a preceding calendar year for services rendered in that preceding year shall be deemed, for the purpose of determining, as of the particular time and any subsequent time, a redetermined benefit entitlement of the individual under the provision, to have been received in that preceding year for services rendered in that preceding year;

(b) the pension credit of the individual for the particular year under the provision in respect of an employer is the aggregate of

(i) the amount that would otherwise be the individual's pension credit for the particular year, and

(ii) the provisional PSPA (or a reasonable estimate thereof determined in a manner acceptable to the Minister) of the individual in respect of the employer associated with the payment of the remuneration,

and, for the purpose of this paragraph, where the payment of the remuneration is not otherwise a past service event, the payment shall be deemed to be a past service event; and

(c) where the payment of the remuneration is a past service event, the provisional PSPA of the individual in respect of an employer associated with the past service event shall be deemed (except for the purpose of paragraph (b)) to be nil.

Period of Reduced Services – Retroactive Benefits

(3) Where,

(a) as a consequence of a past service event, retirement benefits (in this subsection referred to as "retroactive benefits") become provided under a defined benefit provision of a registered pension plan (other than a plan that is a specified multi-employer plan) to an individual in respect of a period of reduced services of the individual with respect to an employer, and

(b) the past service event occurs on or before the last day of April of the year immediately following the calendar year in which ends the complete period of reduced services of the individual with respect to the employer that includes the period of reduced services,

the following rules apply:

(c) the pension adjustment of the individual in respect of the employer for each year before the calendar year in which the past service event occurs shall be deemed to be, and to always have been, the aggregate of

(i) the amount that would otherwise be the individual's pension adjustment for the year, and

(ii) such portion of the provisional PSPA of the individual in respect of the employer associated with the past service event as may reasonably be considered to be attributable to the provision of retroactive benefits in respect of the year, and

(d) the provisional PSPA of the individual in respect of the employer associated with the past service event shall be deemed (except for the purposes of this subsection) to be such portion of the amount that would otherwise be the individual's provisional PSPA as may reasonably be considered not to be attributable to the provision of retroactive benefits.

Period of Reduced Services – Retroactive Contributions

(4) Where

(a) contributions (in this subsection referred to as “retroactive contributions”) are made by an individual, or by an employer in respect of the individual, under a money purchase provision of a registered pension plan in respect of a period in a particular calendar year that is a period of reduced services of the individual with respect to the employer, and

(b) the retroactive contributions are made after the particular year and on or before the last day of April of the year immediately following the calendar year in which ends the complete period of reduced services of the individual with respect to the employer that includes the period of reduced services,

the following rules apply:

(c) the pension adjustment of the individual for the particular year in respect of the employer shall be deemed to be, and to always have been, the amount that it would have been had the contributions been made at the end of the particular year, and

(d) the contributions shall be deemed, for the purpose of determining pension adjustments of the individual for any year after the particular year, to have been made at the end of the particular year and not to have been made at any subsequent time.

Former Member Rejoining Plan

(5) Where

(a) an individual ceased to be a member of a registered pension plan or a deferred profit sharing plan and, as a consequence, a pension adjustment reversal of the individual was determined by the formula in subsection 8304(2) or (3), and

(b) the individual subsequently becomes a member of the plan,

this Part shall apply with respect to the individual's subsequent participation in the plan as if the individual were another person.

Past Service Benefits in Year Individual Becomes Plan Member

(6) Where

(a) at any particular time in a calendar year after 1990 an individual becomes a member of a registered pension plan,

(b) in the year and on or after the particular time, benefits (in this subsection referred to as "past service benefits") become provided to the individual under a defined benefit provision of the plan in respect of a period in the year before the particular time, and

(c) the individual was not (or is considered, by reason of subsection (5), not to have been) a member of the plan at any time in the year before the particular time,

the following rules apply, except to the extent that the Minister has waived in writing their application in respect of the plan:

(d) the pension credit of the individual under the provision for the year in respect of an employer shall be determined as if the past service benefits had not become provided to the individual,

(e) the provisional PSPA of the individual in respect of an employer associated with the past service event as a consequence of which the past service benefits became provided shall be determined as if the past service event had occurred immediately after the end of the year,

(f) where information required for the computation of the provisional PSPA referred to in paragraph (e) is not determinable until after the time at which the provisional PSPA is computed, reasonable assumptions shall be made with respect to such information, and

(g) for the purpose of subsection 147.1(10) of the Act, the past service benefits shall be deemed to be benefits in respect of a period after 1989 and before the year.

Loaned Employee

(7) Where, pursuant to an arrangement between an employer (in this subsection referred to as the “lending employer”) who is a participating employer in relation to a pension plan and an employer (in this subsection referred to as the “borrowing employer”) who, but for this subsection, would not be a participating employer in relation to the plan,

(a) an employee of the lending employer renders services to the borrowing employer for which the employee receives remuneration from the borrowing employer, and

(b) while the employee renders services to the borrowing employer, benefits continue to accrue under a defined benefit provision of the plan to the employee, or the lending employer continues to make contributions under a money purchase provision of the plan in respect of the employee,

the following rules apply:

(c) for the purpose of the definition “participating employer” in subsection 147.1(1) of the Act as it applies with respect to the plan, the borrowing employer is a prescribed employer,

(d) the determination, for the purposes of this Part, of the portion of the employee’s benefit accrual under a defined benefit provision of the plan in respect of a year that can reasonably be considered to be attributable to the employee’s employment with each of the lending and borrowing employers shall be made with regard to the remuneration received by the employee for the year from each employer, and

(e) such portion of the contributions made under a money purchase provision of the plan by the lending employer as may reasonably be considered to be in respect of the employee’s remuneration from the borrowing employer shall be deemed, for the purposes of this Part, to be contributions made by the borrowing employer.

Successor Plan

(8) Notwithstanding any other provisions of this Part, other than section 8309, where

(a) all benefits in respect of an individual under a defined benefit provision (in this subsection referred to as the "former provision") of a registered pension plan are replaced in a calendar year by identical benefits under a defined benefit provision of another registered pension plan,

(b) the replacement of benefits is consequent upon a transfer of the individual's employment from one employer (in this subsection referred to as the "former employer") to another employer (in this subsection referred to as the "successor employer"), and

(c) the Minister consents in writing to the application of this subsection in respect of that replacement of benefits,

the individual's pension adjustments for the year in respect of the former employer and the successor employer, the individual's pension adjustment reversals in respect of the employers and the individual's provisional PSPA's in respect of the successor employer shall be the amounts that they would be if all benefits in respect of the individual under the former provision had been attributable to employment with the successor employer and not to employment with the former employer.

Statutory Plans

(9) The following rules apply with respect to the pension plans established by the *Lieutenant Governors Superannuation Act* and the *Judges Act*:

(a) those pension plans shall be deemed, for the purposes of this Part, to be registered pension plans; and

(b) in the case of an individual who is a lieutenant governor of a province (other than a lieutenant governor who is not a contributor within the meaning assigned by the *Lieutenant Governors Superannuation Act*) or a judge, the individual's pension credit for a calendar year after 1989 under the defined benefit provision of the plan under which the individual is entitled to benefits is the amount, if any, by which

(i) the lesser of

(A) 18 per cent of the salary received by the individual for the year as a lieutenant governor or a judge, and

(B) the money purchase limit for the year

exceeds

(ii) \$600.

MINISTER'S POWERS

8309. (1) Where more than one method for determining an amount under this Part complies with the rules in this Part, only such of those methods as are acceptable to the Minister shall be used.

(2) Where, in a particular case, the rules in this Part require the determination of an amount in a manner that is not appropriate having regard to the provisions of this Part read as a whole and the purposes for which the amount is determined, the Minister may permit or require the amount to be determined in a manner that, in the Minister's opinion, is appropriate.

(3) Where, pursuant to subsection (2), the Minister gives permission or imposes a requirement, the permission or requirement is not effective unless it is given or imposed in writing.

ROUNDING OF AMOUNTS

8310. Where a pension credit, provisional PSPA, pension adjustment reversal or provisional PAR of an individual 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 consecutive multiples, to the higher thereof.

PART LXXXIV

REGISTERED PLANS – REPORTING AND PROVISION OF INFORMATION

DEFINITIONS

8400. (1) All words and expressions used in this Part that are defined in subsection 8300(1) or 8500(1) or in subsection 147.1(1) of the Act have the meanings assigned in those provisions.

(2) For the purposes of this Part, where the administrator of a pension plan is not otherwise a person, the administrator shall be deemed to be a person.

PENSION ADJUSTMENT

8401. (1) Where the pension adjustment of an individual for a calendar year in respect of an employer is greater than nil, the employer 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 pension adjustment, other than the portion, if any, required by subsection (2) or (3) to be reported by the administrator of a registered pension plan.

(2) Where an individual makes a contribution in a particular calendar year to a registered pension plan that is a specified multi-employer plan in the year and the contribution is not remitted to the plan by any participating employer on behalf of the individual, 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 individual's pension adjustment for the particular year in respect of an employer that may reasonably be considered to result from the contribution.

(3) Where the portion of a pension credit of an individual for a calendar year that, pursuant to subsection (4), is reportable by the administrator of a registered pension plan is greater than nil, the 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 that portion of the pension credit.

(4) For the purpose of subsection (3), where, on application by the administrator of a registered pension plan that is, in a calendar year, a multi-employer plan (other than a specified multi-employer plan), the Minister consents in writing to the application of this subsection with respect to the plan in the year, such portion of each pension credit for the year under a defined benefit provision of the plan as may reasonably be considered to be attributable to benefits provided in respect of a period of reduced services or disability of an individual is, to the extent permitted by the Minister, reportable by the administrator.

(5) Subsections (1) to (3) do not apply to require the reporting of the pension adjustments of an individual for the calendar year in which the individual dies.

(6) Where the pension adjustment of an individual for a calendar year in respect of an employer is equal to the individual's total pension adjustment reversal for the year in respect of the employer, subsections (1) to (3) and subsections 8402(1) and (2) do not apply to require the reporting of amounts in respect of the pension adjustment or the total pension adjustment reversal unless any amount is reported in respect thereof.

(7) Where the pension adjustment of an individual for a calendar year in respect of an employer is altered by reason of the application of paragraph 8308(3)(c) or (4)(c) and the amount reported by a person in respect of the pension adjustment differs from the amount (in this subsection referred to as the "redetermined amount") that the person would have been required to report based on the pension adjustment as altered, the person shall, within 60 days after the day on which paragraph 8308(3)(c) or (4)(c), as the case may be, applies to alter the pension adjustment, file with the Minister an information return in prescribed form reporting the redetermined amount.

PENSION ADJUSTMENT REVERSAL

8402. (1) Where the pension adjustment reversal (computed under subsection 8304(2)) 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 with respect to the employer, as determined under subsection 8304(6), file with the Minister an information return in prescribed form reporting the pension adjustment reversal.

(2) Where the pension adjustment reversal (computed under subsection 8304(3)) 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 with respect to the plan and the employer, as determined under subsection 8304(7), file with the Minister an information return in prescribed form reporting the pension adjustment reversal.

PAST SERVICE PENSION ADJUSTMENT

8403. Where the provisional PSPA (computed under subsection 8303(3)) of an individual in respect of an employer associated with a past service event (other than a certifiable past service event) is greater than nil, the employer shall, within 60 days after the day on which the past service event occurs, file with the Minister an information return in prescribed form reporting the provisional PSPA.

REPORTING TO INDIVIDUALS

8404. (1) Every person required by any of sections 8401 to 8403 to file an information return with the Minister shall, on or before the day on or before which the return is required to be filed with the Minister, forward to each individual to whom the return relates, two copies of the portion of the return relating to that individual.

(2) Every person who obtains a certification from the Minister for the purposes of subsection 147.1(10) of the Act as it applies with respect to a past service event and an individual shall, within 60 days after the certification is received from the Minister, forward to the individual an information return in prescribed form reporting the individual's provisional PSPA associated with the past service event and any provisional PARs of the individual determined for the purposes of the certification.

(3) Every person required by subsection (1) or (2) 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 the individual's last known address or shall deliver the return or the copy to the individual in person.

DISCONTINUANCE OF BUSINESS

8405. Subsection 205(2) and section 206 are applicable, with such modifications as the circumstances require, in respect of returns required to be filed under this Part.

PROVISION OF INFORMATION

8406. (1) Where a person who is required to file an information return under section 8401 or 8402 requires information from another person in order to determine an amount that is to be reported and makes a written request to the other person for the information, the other person shall provide the person with the information that is available to that other person,

(a) where the information return is required to be filed in the calendar year in which the request is received or is required to be filed under section 8402, within 30 days after receipt of the request; or

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

(2) Where the administrator of a registered pension plan requires information from a person in order to determine a provisional PSPA of an individual under subsection 8303(3) and makes a written request to the person for the information, the person shall, within 30 days after receipt of the request, provide the administrator with the information that is available to the person.

(3) Where, for the purpose of an application for a certification of the Minister in respect of an individual for the purposes of subsection 147.1(10) of the Act, the administrator of a registered pension plan requires information from a person relating to a provisional PAR of the individual (as determined under subsection 8307(3) or (4)) and makes a written request to the person for the information, the person shall, within 30 days after receipt of the request and in prescribed form, provide the administrator with the information that is available to the person.

REQUIREMENT TO PROVIDE INFORMATION TO MINISTER

8407. (1) The Minister may, by notice served personally or by registered or certified mail, require that any person provide to the Minister, within such reasonable time as is stipulated in the notice,

(a) information relating to the determination of amounts under Part LXXXIII;

(b) where the person claims that paragraph 147.1(10)(a) of the Act is not applicable with respect to an individual and a past service event by reason of an exemption provided by regulation, information relevant to the claim; or

(c) information for the purpose of determining whether the registration of a pension plan may be revoked.

(2) Where a person fails to provide information to the Minister pursuant to a requirement under subsection (1), each registered pension plan and deferred profit sharing plan to which the information relates becomes a revocable plan as of the day on or before which the information was required to be provided.

ANNUAL INFORMATION RETURN

8408. (1) The administrator of a registered pension plan shall, on or before the last day of April in each calendar year after 1990, file with the Minister an information return for the preceding calendar year in prescribed form and containing prescribed information.

(2) The administrator of a registered pension plan shall, within 60 days after the final distribution of property held in connection with the plan, file with the Minister an information return in prescribed form and containing prescribed information.

ACTUARIAL REPORTS

8409. The administrator of a registered pension plan that contains a defined benefit provision shall, on demand from the Minister served personally or by registered or certified mail and within such reasonable time as is stipulated in the demand, file with the Minister a report prepared by an actuary on the basis of reasonable assumptions and in accordance with generally accepted actuarial principles and containing such information as is required by the Minister with respect to the defined benefit provisions of the plan.

PART LXXXV

REGISTERED PENSION PLANS

INTERPRETATION

8500. (1) In this Part,

“active member” of a pension plan in a calendar year means a member of the plan to whom benefits accrue under a defined benefit provision of the plan in respect of all or any portion of the year or who makes contributions, or on whose behalf contributions are made, in relation to the year under a money purchase provision of the plan; (*participant actif*)

“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 on September 30 of the immediately preceding calendar year; (*moyenne de l'indice des prix à la consommation*)

“beneficiary” of an individual means any person who has a right, by virtue of the participation of the individual in a pension plan, to receive benefits under the plan after the death of the individual; (*bénéficiaire*)

“benefit provision” of a pension plan means a money purchase or defined benefit provision of the plan; (*English version only*)

“bridging benefits” provided to a member under a benefit provision of a pension plan means retirement benefits payable to the member under the provision for a period ending no later than a date determinable at the time the benefits commence to be paid; (*prestation de raccordement*)

“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*; (*indice des prix à la consommation*)

“defined benefit limit” for a calendar year means,

(a) for years before 1995, \$1,722.22, and

(b) for years after 1994, 1/9 of the money purchase limit for the year; (*plafond des prestations déterminées*)

“dependant” of an individual at the time of the individual’s death means a parent, grandparent, brother, sister, child or grandchild of the individual who, at that time, is both dependent on the individual for support and

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

(b) in full-time attendance at an educational institution, or

(c) dependent on the individual by reason of mental or physical infirmity; (*personne à charge*)

“disabled” means, in relation to an individual, suffering from a physical or mental impairment that prevents the individual from performing the duties of the employment in which the individual was engaged before the commencement of the impairment; (*invalidé*)

“eligible period of reduced pay” of an employee with respect to an employer means a period (other than a period in which the employee is, at any time after 1990, connected with the employer or a period any part of which is a period of disability of the employee)

(a) that commences after the employee has been employed by the employer and predecessor employers to the employer for not less than 36 months,

(b) throughout which the employee is employed by the employer, and

(c) throughout which the remuneration received by the employee from the employer is less than the remuneration that it is reasonable to expect the employee would have received from the employer had the employee rendered services throughout the period on a regular basis (having regard to the services rendered by the employee to the employer before the period) and had the employee's rate of remuneration been commensurate with the employee's rate of remuneration before the period; (*période admissible de salaire réduit*)

“eligible period of temporary absence” of an individual with respect to an employer means a period throughout which the individual does not render services to the employer by reason of leave of absence, layoff, strike, lock-out or any other circumstance acceptable to the Minister, other than a period

(a) any part of which is a period of disability of the individual, or

(b) in which the individual is, at any time after 1990, connected with the employer; (*période admissible d'absence temporaire*)

“eligible survivor benefit period” in relation to a person who is a dependant of an individual at the time of the individual's death means the period commencing on the day of death of the individual and ending on the earlier of the day of death of the dependant and,

(a) except where paragraph (b) or (c) is applicable, the later of

(i) the day of death of the individual, and

(ii) December 31 of the calendar year in which the dependant attains 18 years of age,

(b) where paragraph (c) is not applicable and the dependant was in full-time attendance at an educational institution on the day determined under paragraph (a), the day on which the dependant ceases to be a person in full-time attendance at an educational institution, or

(c) where the dependant was dependent on the individual (at the time of the individual's death) by reason of mental or physical infirmity, the later of

(i) the day on which the period would end if the dependant had not been infirm, and

(ii) the day on which the dependant ceases to be infirm;
(*période admissible de prestations au survivant*)

“existing plan” means a pension plan that was a registered pension plan on March 27, 1988 or in respect of which an application for registration was made to the Minister before March 28, 1988, and includes a pension plan established before March 28, 1988 pursuant to an Act of the Parliament of Canada that deems member contributions to be contributions to a registered pension plan; (*régime existant*)

“forfeited amount” under a money purchase provision of a pension plan means an amount to which a member of the plan has ceased to have any rights, other than the portion thereof, if any, that is payable

(a) to a beneficiary of the member as a consequence of the member’s death, or

(b) to a spouse or former spouse of the member as a consequence of the breakdown of their marriage or other conjugal relationship; (*montant perdu*)

“grandfathered plan” means

(a) an existing plan that, on March 27, 1988, contained a defined benefit provision, or

(b) a pension plan established to provide benefits under a defined benefit provision to one or more individuals in lieu of benefits to which the individuals were entitled under a defined benefit provision of a grandfathered plan, whether or not benefits are also provided to other individuals; (*régime exclu*)

“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, are payable to the member until the member’s death, unless the benefits are commuted or payment of the benefits is suspended; (*prestation viagère*)

“multi-employer plan” in a calendar year means a pension plan

(a) in respect of which it is reasonable to expect, at the beginning of the year (or at the time in the year when the plan is established, if later), that the percentage of active members of the plan in the year employed by a single participating employer or by participating employers who do not deal with each other at arm’s length will not exceed 95 per cent, or

(b) that is, in the year, a specified multi-employer plan,

but does not include a pension plan (other than a plan referred to in paragraph (b)) where it is reasonable to consider that one of the main reasons why there is more than one employer participating in the plan is to obtain the benefit of any of the provisions of the Act or these regulations that are applicable only with respect to multi-employer plans; (*régime interentreprises*)

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

“period of disability” of an individual means a period throughout which the individual is disabled; (*période d’invalidité*)

“predecessor employer” means, in relation to a particular employer, an employer (in this definition referred to as the “vendor”) who has sold, assigned or otherwise disposed of all or part of the vendor’s business or undertaking or all or part of the assets of the vendor’s business or undertaking to the particular employer or to another employer who, at any time after the sale, assignment or other disposition, becomes a predecessor employer in relation to the particular employer, where one or more employees of the vendor have, in conjunction with the sale, assignment or disposition, become employees of the employer acquiring the business, undertaking or assets; (*employeur remplacé*)

“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; (*prestation de pension de l’État*)

“public safety occupation” means any of the following occupations:

- (a) firefighter,
- (b) police officer,
- (c) corrections officer,
- (d) air traffic controller, and
- (e) commercial airline pilot; (*profession liée à la sécurité publique*)

“retirement benefits” provided to an individual under a benefit provision of a pension plan means benefits provided to the individual under the provision that are payable on a periodic basis; (*prestation de retraite*)

“surplus” under a money purchase provision of a pension plan at any time means such portion, if any, of the amount held at that time in respect of the provision as has not been allocated to members and is not reasonably attributable to

- (a) forfeited amounts under the provision,
- (b) earnings of the plan that are reasonably attributable to forfeited amounts under the provision, or
- (c) earnings of the plan (other than earnings that are reasonably attributable to the surplus under the provision before that time) that will be allocated to members as part of the regular allocation of such earnings; (*surplus*)

“totally and permanently disabled” means, in relation to an individual, suffering from a physical or mental impairment that prevents the individual from engaging in any employment for which the individual is reasonably suited by virtue of the individual’s education, training or experience and that can reasonably be expected to last for the remainder of the individual’s lifetime; (*invalidité totale et permanente*)

“Year’s Maximum Pensionable Earnings” for a calendar year has the meaning assigned by section 18 of the *Canada Pension Plan*.
(*maximum des gains annuels ouvrant droit à pension*)

(2) All words and expressions used in this Part that are defined in subsection 147.1(1) of the Act have the meanings assigned therein.

(3) For the purposes of this Part, 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 per cent 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,
- (b) does not deal at arm’s length with the employer, or
- (c) is a specified shareholder of the employer by reason of paragraph (d) of the definition “specified shareholder” in subsection 248(1) of the Act,

and for the purposes of this subsection,

- (d) 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 the person does not deal at arm’s length,

(e) 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 the beneficiary's beneficial interest in the trust is of the fair market value at that time of all beneficial interests in the trust,

(f) 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 the member's interest in the partnership is of the fair market value at that time of the interests of all members in the partnership, 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.

(4) For the purposes of this Part and the definition "employment" in subsection 248(1) of the Act as it applies for the purposes of this Part, an officer who receives remuneration for holding an office shall, for any period that the officer holds the office, be deemed to render services to, and to be in the service of, the person from whom the officer receives the remuneration.

PRESCRIBED CONDITIONS FOR REGISTRATION AND OTHER CONDITIONS APPLICABLE TO REGISTERED PENSION PLANS

8501. (1) For the purposes of section 147.1 of the Act, and subject to sections 8505 and 8506, the prescribed conditions for the registration of a pension plan are

(a) the conditions in paragraphs 8502(a), (c), (e), (f) and (l),

(b) if the plan contains a defined benefit provision, the conditions in paragraphs 8503(10)(a) and (c), and

(c) if the plan contains a money purchase provision, the conditions in paragraphs 8504(2)(a) and (d),

and the following conditions:

(d) there is no reason to expect, on the basis of the documents constituting the plan and establishing the funding arrangements, that

(i) the plan may become a revocable plan pursuant to subsection (2), or

(ii) the conditions in subsection 147.1(10) of the Act may not be complied with, and

(e) there is no reason to expect that the plan may become a revocable plan pursuant to subsection 8503(21) or subsection 147.1(8) or (9) of the Act.

(2) For the purposes of paragraph 147.1(11)(c) of the Act, and subject to sections 8505 and 8506, a registered pension plan becomes a revocable plan at any time that it fails to comply

(a) with a condition in paragraph 8502(b), (d) or (g) to (k);

(b) where the plan contains a defined benefit provision, with a condition in paragraph 8503(3)(a), (b), (d) or (i) to (k) or 8503(10)(b) or (d) to (f); or

(c) where the plan contains a money purchase provision, with a condition in paragraphs 8504(2)(b), (c) or (e) to (h).

(3) Each condition in this Part is subject to subsections 8503(12) and (14).

(4) Where

(a) a spouse or former spouse of a member of a registered pension plan is entitled to receive all or any portion of the benefits that would otherwise be payable under the plan to the member, and

(b) such entitlement was created

(i) by assignment of benefits by the member in settlement of rights arising out of or on a breakdown of their marriage or other conjugal relationship, or

(ii) by a provision of the law of Canada or a province applicable with respect to the division of property between the member and the member's spouse or former spouse in settlement of rights arising out of or on a breakdown of their marriage or other conjugal relationship,

the following rules apply:

(c) except where paragraph (d) is applicable, the benefits to which the spouse or former spouse is entitled shall, for the purposes of this Part, be deemed to be benefits provided and payable to the member, and

(d) where

(i) the entitlement of the spouse or former spouse was created by a provision of the law of Canada or a province described in subparagraph (b)(ii), and

(ii) the provision

(A) requires that benefits commence to be paid to the spouse or former spouse at a time that may be different from the time at which benefits commence to be paid to the member, or

(B) gives the spouse or former spouse any rights with respect to the benefits to which he or she is entitled in addition to the rights that he or she would have as a consequence of an assignment by the member, in whole or in part, of the member's right to benefits under the plan,

the benefits to which the spouse or former spouse is entitled shall, for the purpose of this Part, be deemed to be benefits provided and payable to the spouse or former spouse and not provided or payable to the member.

CONDITIONS APPLICABLE TO ALL PLANS

8502. For the purposes of section 8501, the following conditions are applicable with respect to a pension plan:

Primary purpose

(a) the primary purpose of the plan is to provide periodic payments to individuals after retirement and until death in respect of their service as employees;

Permissible contributions

(b) each contribution made to the plan after 1990 is

(i) an amount paid by a member of the plan in accordance with the plan as registered, where the amount is credited to the member's account under a money purchase provision of the plan, or is paid in respect of the member's benefits under a defined benefit provision of the plan,

(ii) an amount paid in accordance with a money purchase provision of the plan as registered, by an employer in respect of the employer's employees or former employees,

(iii) an amount that is an eligible contribution paid in respect of a defined benefit provision of the plan by an employer in respect of the employer's employees or former employees,

(iv) an amount transferred to the plan in accordance with any of subsections 146(16), 147(19) and 147.3(1) to (8) of the Act, or

(v) an amount acceptable to the Minister transferred to the plan from a pension plan that is maintained primarily for the benefit of non-residents in respect of services rendered outside Canada,

and, for the purposes of this paragraph,

(vi) a contribution paid by an employer in respect of a defined benefit provision of a pension plan is an eligible contribution where it is an eligible contribution under subsection 147.2(2) of the Act or, in the case of a plan in which Her Majesty in right of Canada or a province is a participating employer, would be an eligible contribution under subsection 147.2(2) of the Act if all amounts held to the credit of the plan in the accounts of Canada or the province were excluded from the assets of the plan, and

(vii) such portion of the contributions made by Her Majesty in right of Canada or a province in respect of a defined benefit provision of the plan as can reasonably be considered to be made in respect of the employees or former employees of another person shall be deemed to be contributions made by that other person;

Permissible benefits

(c) the plan does not provide any benefits other than

(i) benefits that are provided under one or more defined benefit provisions and are in accordance with subsection 8503(2), paragraphs 8503(3)(c) and (e) to (h) and subsection 8503(4),

(ii) benefits that are provided under one or more money purchase provisions and are in accordance with subsection 8504(1),

(iii) benefits that the plan is required to provide by reason of a designated provision of the law of Canada or a province, or that the plan would be required to provide if each such provision were applicable to the plan in respect of all its members, and

(iv) benefits that the plan is required to provide to a spouse or former spouse of a member of the plan by reason of a provision of the law of Canada or a province applicable with respect to the division of property between the member and the spouse or former spouse of the member in settlement of rights arising out of or on a breakdown of their marriage or other conjugal relationship,

and, for the purposes of this condition, benefits provided under a plan include all benefits that could, under any circumstances, become payable under the plan;

Permissible distributions

(d) each distribution made from the plan is

(i) a payment of benefits in accordance with the plan as registered,

(ii) a transfer of property held in connection with a defined benefit provision of the plan to another pension plan to be held in connection with a benefit provision of that other plan, where the transfer is in accordance with subsection 147.3(3) or (8) of the Act,

(iii) a return of all or any portion of the contributions made by a member of the plan or an employer who participates in the plan where the payment is made to avoid the revocation of the registration of the plan,

(iv) a return of all or any portion of the contributions made by a member of the plan under a defined benefit provision of the plan, where the return of contributions is pursuant to an amendment to the plan that also reduces the future contributions that would otherwise be required to be made under the provision by members,

(v) a payment of interest (computed at a rate not exceeding a reasonable rate) in respect of contributions that are returned as described in subparagraph (iv),

(vi) a payment in full or partial satisfaction of the interests of a person in an actuarial surplus relating to a defined benefit provision of the plan, or

(vii) a payment to an employer of property held in connection with a money purchase provision of the plan;

Payment of pension

(e) the plan

(i) requires that the retirement benefits of a member under each benefit provision of the plan commence to be paid not later than the end of the calendar year in which the member attains 71 years of age, and

(ii) provides that retirement benefits under each benefit provision are payable not less frequently than annually;

Assignment of rights

(f) the plan includes a stipulation that no right of a person under the plan is capable of being assigned, charged, anticipated, given as security or surrendered, and, for the purposes of this condition,

(i) assignment does not include

(A) assignment pursuant to a decree, order or judgment of a competent tribunal or a written agreement in settlement of rights arising as a consequence of the breakdown of a marriage or other conjugal relationship between an individual and the individual's spouse or former spouse, or

(B) assignment by the legal representative of a deceased individual on the distribution of the individual's estate, and

(ii) surrender does not include a reduction in benefits to avoid the revocation of the registration of the plan;

Funding media

(g) the arrangement under which property is held in connection with the plan is acceptable to the Minister;

Investments

(h) the property held in connection with the plan does not include

(i) a prohibited investment under subsection 8512(1),

(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

(i) a trustee or other person who holds property in connection with the plan does not borrow money for the purposes of the plan except where

(i) the borrowing is for a term not exceeding 90 days,

(ii) the borrowing is not part of a series of loans or other transactions and repayments, and

(iii) none of the property held in connection with the plan is used 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 property held in connection with the plan),

or where

(iv) the money is borrowed for the purpose of acquiring real property that may reasonably be considered to be acquired for the purpose of producing income from property,

(v) the aggregate of all amounts borrowed for the purpose of acquiring the property and any indebtedness incurred as a consequence of the acquisition of the property does not exceed the cost to the person of the property, and

(vi) none of the property held in connection with the plan, other than the real property, is used as security for the borrowed money;

Determination of amounts

(j) except as otherwise provided in this Part, each amount determined in connection with the plan is determined, where the amount is based on assumptions, using such reasonable assumptions as are acceptable to the Minister, and, where actuarial principles are applicable to the determination, in accordance with generally accepted actuarial principles;

Transfer of property between provisions

(k) property held in connection with a benefit provision of the plan is not made available to pay benefits under another benefit provision of the plan (including another benefit provision that replaces the first benefit provision) except where the transaction by which the property is made so available is such that if the benefit provisions were in separate registered pension plans, the transaction would constitute a transfer of property from one plan to the other in accordance with any of subsections 147.3(1) to (4), (6) and (8) of the Act; and

Appropriate pension adjustments

(l) the plan terms are not such that an amount determined under Part LXXXIII with respect to the plan is inappropriate having regard to the provisions of that Part read as a whole and the purposes for which the amount is determined.

DEFINED BENEFIT PROVISIONS

Net Contribution Account

8503. (1) In this section and subsection 8515(2), the net contribution account of a member of a pension plan in relation to a defined benefit provision of the plan is an account that is

(a) credited with

(i) the amount of each contribution made by the member to the plan in respect of the provision,

(ii) each amount transferred on behalf of the member to the plan in respect of the provision in accordance with any of subsections 146(16), 147(19), 147.3(2) and 147.3(5) to (7) of the Act,

(iii) such portion of each amount transferred to the plan in respect of the provision in accordance with subsection 147.3(3) as may reasonably be considered to derive from contributions made by the member to a registered pension plan or interest (computed at a reasonable rate) in respect of such contributions,

(iv) the amount of any property held in connection with another benefit provision of the plan that is made available to provide benefits under the provision, to the extent that if the provisions were in separate registered pension plans, the amount would be included in the member's net contribution account by reason of subparagraph (ii) or (iii), and

(v) interest (computed at a reasonable rate determined by the plan administrator) in respect of each period that the account has a positive balance; and

(b) charged with

(i) each amount paid under the provision in respect of the member,

(ii) the amount of any property held in connection with the provision that is made available to provide benefits in respect of the member under another benefit provision of the plan, and

(iii) interest (computed at a reasonable rate determined by the plan administrator) in respect of each period that the account has a negative balance.

Permissible Benefits

(2) For the purposes of paragraph 8502(c), the following benefits may, subject to the conditions specified in respect of each benefit, be provided under a defined benefit provision of a pension plan:

Lifetime retirement benefits

(a) lifetime retirement benefits provided to a member where the benefits are payable in equal periodic amounts, or are not so payable only by reason that

(i) the benefits payable to a member after the death of the member's spouse are less than the benefits that would be payable to the member were the member's spouse alive,

(ii) the plan provides for periodic cost-of-living adjustments to be made to the benefits, where the adjustments

(A) are determined in such a manner that they do not exceed cost-of-living adjustments warranted by increases in the Consumer Price Index after the benefits commence to be paid,

(B) consist of periodic increases at a rate not exceeding 4 per cent per annum from the time the benefits commence to be paid,

(C) are based on the rates of return on a specified pool of assets after the benefits commence to be paid, or

(D) consist of any combination of adjustments described in clauses (A) to (C),

and, in the case of adjustments described in clauses (C) and (D), the present value (at the time the member's benefits commence to be paid) of additional benefits that can reasonably be expected to be paid as a consequence of the adjustments does not exceed the greater of

(E) the present value (at the time the member's benefits commence to be paid) of additional benefits that could reasonably be expected to be paid as a consequence of adjustments warranted by increases in the Consumer Price Index after the member's benefits commence to be paid, and

(F) the present value (at the time the member's benefits commence to be paid) of additional benefits that would be paid as a consequence of adjustments at a fixed rate of 4 per cent per annum from the time the member's benefits commence to be paid, or

(iii) where the plan does not provide for periodic cost-of-living adjustments to be made to the benefits, or provides only for such adjustments as are described in clause (ii)(A) or (B), the plan provides for cost-of-living adjustments to be made to the benefits from time to time at the discretion of any person where the adjustments, together with periodic cost-of-living adjustments, if any, are warranted by increases in the Consumer Price Index after the benefits commence to be paid;

Bridging benefits

(b) bridging benefits provided to a member where

(i) the bridging benefits are payable for a period commencing no earlier than the time that lifetime retirement benefits commence to be paid under the provision to the member and ending no later than the end of the month immediately following the month in which the member attains 65 years of age, and

(ii) the amount of the bridging benefits payable for a particular month does not exceed the amount determined for the particular month 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 public pension benefits that would be payable to the member for the month in which the bridging benefits commence to be paid to the member if the member were 65 years of age throughout that month and that month were the first month for which public pension benefits were payable to the member,
- B is the number of months, if any, 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 the greatest of all amounts each of which is the ratio of the Consumer Price Index for a month not before the month in which the bridging benefits commence to be paid to the member and not after the particular month to the Consumer Price Index for the month in which the bridging benefits commence to be paid to the member, and
- D is the lesser of 10 and

(A) where the member was not, at any time after 1990, connected with an employer who has participated in the plan, 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 pensionable service of the member under the provision and that is not part of a longer period that is pensionable service of the member under the provision, and

(B) in any other case, the aggregate that would be determined under clause (A) if the duration of each period were multiplied by a fraction (not greater than one) that measures the services rendered by the member throughout the period to employers who participate in the plan as a proportion of the services that would have been rendered by the member throughout the period to such employers had the member rendered services on a full-time basis;

Guarantee period

(c) retirement benefits (in this paragraph referred to as “continued retirement benefits”) provided to one or more beneficiaries of a member who dies after retirement benefits under the provision commence to be paid to the member where

(i) the continued retirement benefits are payable for a period commencing after the 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, and

(ii) the aggregate amount of continued retirement benefits payable under the provision for each month does not exceed the amount of retirement benefits that would have been payable under the provision for the month to the member if the member were alive;

Post-retirement survivor benefits

(d) retirement benefits (in this paragraph referred to as “survivor retirement benefits”) provided to one or more beneficiaries of a member who dies after retirement benefits under the provision commence to be paid to the member where

(i) each beneficiary is either a spouse or former spouse of the member or a dependant of the member at the time of the member's death,

(ii) the survivor retirement benefits provided to a spouse or former spouse are payable for a period commencing after the death of the member and ending with the death of the spouse or former spouse, as the case may be,

(iii) the survivor retirement benefits provided to a dependant are payable for a period commencing after the death of the member and ending no later than the end of the dependant's eligible survivor benefit period,

(iv) the amount of survivor retirement benefits payable for each month to a beneficiary does not exceed 75 per cent of the amount of retirement benefits that would have been payable under the provision for the month to the member if the member were alive, and

(v) the aggregate amount of survivor retirement benefits and other retirement benefits payable under the provision for each month to beneficiaries of the member does not exceed the amount of retirement benefits that would have been payable under the provision for the month to the member if the member were alive;

**Pre-retirement survivor
benefits**

(e) retirement benefits (in this paragraph referred to as "survivor retirement benefits") provided to one or more beneficiaries of a member who dies before retirement benefits under the provision commence to be paid to the member where

(i) no other benefits (other than benefits permissible under paragraphs (g), (j) and (n)) are payable as a consequence of the member's death,

(ii) each beneficiary is either a spouse or former spouse of the member or a dependant of the member at the time of the member's death,

(iii) the survivor retirement benefits provided to a spouse or former spouse are payable for a period commencing after the death of the member and ending with the death of the spouse or former spouse, as the case may be,

(iv) the survivor retirement benefits provided to a dependant are payable for a period commencing after the death of the member and ending no later than the end of the dependant's eligible survivor benefit period,

(v) the amount of survivor retirement benefits payable for a month to a beneficiary does not exceed 75 per cent of the amount determined in respect of the month by the formula under subparagraph (vi), and

(vi) the aggregate amount of survivor retirement benefits payable under the provision for a particular month to beneficiaries of the member does not exceed the amount determined for the particular month by the formula

$$\frac{(A + B)}{12} \times C$$

where

- A is the amount (expressed on an annualized basis) of lifetime retirement benefits accrued under the provision to the member as of the member's day of death, determined without any reduction computed by reference to the member's age, duration of service or both, and without any other similar reduction,
- B is, in the case of a member who attains 65 years of age before the member's death or who was, at any time after 1990, connected with an employer who has participated in the plan, nil, and otherwise the amount, if any, by which the lesser of

(A) the amount (expressed on an annualized basis) of lifetime retirement benefits that could reasonably be expected to have accrued to the member to the day on which the member would have attained 65 years of age if the member had survived to that day and continued in employment and if the member's rate of remuneration had not increased after the member's actual day of death, and

(B) the amount, if any, by which $\frac{4}{3}$ of the Year's Maximum Pensionable Earnings for the calendar year in which the member dies exceeds such amount as is required by the Minister to be determined in respect of benefits provided, as a consequence of the death of the member, under other benefit provisions of the plan and under benefit provisions of other registered pension plans

exceeds the amount determined for A, and

- C is the greatest of all amounts each of which is the ratio of the Consumer Price Index for a month not before the month in which the member dies and not after the particular month to the consumer price index for the month in which the member dies;

**Pre-retirement survivor
benefits – alternative rule**

(f) retirement benefits (in this paragraph referred to “surviving spouse benefits”) provided to a beneficiary of a member who dies before retirement benefits under the provision commence to be paid to the member where

(i) no other benefits (other than benefits permissible under paragraphs (g), (j) and (n)) are payable as a consequence of the member’s death,

(ii) the beneficiary is a spouse or former spouse of the member,

(iii) the surviving spouse benefits are payable for a period commencing not later than the later of

(A) one year after the day of death of the member, and

(B) the end of the calendar year in which the beneficiary attains 71 years of age

and ending with the death of the beneficiary,

(iv) the surviving spouse benefits comply with the conditions in paragraph (a), and

(v) the present value (at the time of the member’s death) of all benefits provided as a consequence of the member’s death does not exceed the present value (immediately before the member’s death) of all benefits accrued under the provision in respect of the member to the day of the member’s death;

**Pre-retirement survivor
benefits – guarantee period**

(g) retirement benefits provided to one or more individuals as a consequence of the death of a person who

(i) is a beneficiary of a member who died before retirement benefits under the provision commenced to be paid to the member,

(ii) was, at the time of the member’s death, a spouse or former spouse of the member, and

(iii) dies after the member’s death,

where the benefits would be in accordance with paragraph (c) if the person were a member of the plan;

**Lump-sum payments on
termination**

(h) the payment, in respect of a member in connection with the member’s termination from the plan (otherwise than by reason of death), of one or more single amounts where

(i) the payments are the last payments to be made under the provision in respect of the member,

(ii) if subparagraph (iii) is not applicable, each single amount does not exceed the balance in the member's net contribution account immediately before the time of payment of the single amount, and

(iii) if

(A) the Minister has, pursuant to subsection (11), waived the application of the conditions in paragraph (10)(a) with respect to the provision, or

(B) the member's contributions under the provision for each calendar year after 1990 would have been in accordance with paragraph (10)(a) if the reference in clause (i)(B) thereof to "70 per cent" were read as a reference to "50 per cent",

each single amount does not exceed the amount that would be the balance in the member's net contribution account immediately before the time of payment of the single amount if, for each current service contribution made by the member under the provision, the account were credited with an additional amount equal to the amount of the contribution (other than the portion thereof, if any, paid in respect of one or more periods that were not periods of regular employment and that would not have been required to be paid by the member if the periods were periods of regular employment);

**Lump-sum payments on death
before retirement**

(i) the payment of one or more single amounts to one or more beneficiaries of a member who dies before retirement benefits under the provision commence to be paid to the member where

(i) no retirement benefits are payable as a consequence of the member's death, and

(ii) the aggregate of all amounts, each of which is such a single amount (other than the portion thereof, if any, that can reasonably be considered to be interest, computed at a rate not exceeding a reasonable rate, in respect of the period from the day of death of the member to the day that the single amount is paid), does not exceed the present value, immediately before the death of the member, of all benefits accrued under the provision in respect of the member as of the day of the member's death;

**Refund of member
contributions after death**

(j) the payment of one or more single amounts (each of which is, in this paragraph, referred to as a "refund of contributions") after the death of a member where

(i) the aggregate amount to be paid at any time does not exceed the balance, immediately before that time, in the member's net contribution account in relation to the provision, and

(ii) the refunds of contributions are the last payments to be made under the provision in respect of the member;

**Additional post-retirement
survivor benefits**

(k) retirement benefits in excess of the retirement benefits permissible under paragraph (d) (which excess benefits are referred to in this paragraph as "additional survivor benefits") provided to a spouse or former spouse of a member who dies after retirement benefits under the provision commence to be paid to the member where

(i) the additional survivor benefits would be permissible under paragraph (d) if the reference in subparagraph (iv) thereof to "75 per cent" were read as a reference to "100 per cent",

(ii) the additional survivor benefits are provided in lieu of a proportion of the lifetime retirement benefits that would otherwise be payable under the provision to the member, and

(iii) the present value (at the time at which retirement benefits under the provision commence to be paid to the member) of all benefits provided under the provision in respect of the member does not exceed the present value (at that time) of the benefits that would be so provided if

(A) the amount of the member's lifetime retirement benefits were determined without any reduction dependent on the benefits payable after the death of the member or on circumstances that are relevant in determining such death benefits, and

(B) the maximum amount of retirement benefits permissible under paragraph (d) were payable to the member's spouse or former spouse after the death of the member;

Additional bridging benefits

(l) bridging benefits in excess of bridging benefits permissible under paragraph (b) (which excess benefits are referred to in this paragraph as "additional bridging benefits") provided to a member where

(i) the additional bridging benefits would be permissible under paragraph (b) if that paragraph were read without reference to subparagraph (ii) thereof,

(ii) the total amount of bridging benefits payable under the provision to the member for any particular month does not exceed the amount (or a reasonable estimate thereof) of public pension benefits that would be payable to the member for the particular month if the member were 65 years of age throughout that month and that month were the first month for which public pension benefits were payable to the member,

(iii) the additional bridging benefits are provided in lieu of a proportion of the lifetime retirement benefits that would otherwise be payable under the provision to the member and any benefits related thereto payable after the death of the member, and

(iv) the present value (at the time at which retirement benefits under the provision commence to be paid to the member) of all benefits provided under the provision in respect of the member does not exceed the present value (at that time) of the benefits that would be so provided if the additional bridging benefits were not provided;

Commutation of benefits

(m) the payment in respect of a member of a single amount in full or partial satisfaction of the member's entitlement to other benefits under the provision, where the single amount does not exceed the present value (at the time the single amount is paid) of

(i) the other benefits that, as a consequence of the payment, cease to be provided, and

(ii) benefits, in addition to benefits referred to in subparagraph (i), that it is reasonable to consider would cease to be provided as a consequence of the payment if the plan provided for periodic adjustments to be made to the retirement benefits accrued to the member under the provision where

(A) the adjustments to the day on which retirement benefits commence to be paid reflect increases in a general measure of wages and salaries, and

(B) the adjustments after the day on which retirement benefits commence to be paid reflect increases in the Consumer Price Index; and

Idem

(n) the payment, in respect of an individual after the death of a member, of a single amount in full or partial satisfaction of the individual's entitlement to other benefits under the provision, where

(i) the individual is a beneficiary of the member,

(ii) the single amount does not exceed the present value (at the time the single amount is paid) of the other benefits that, as a consequence of the payment, cease to be provided, and

(iii) if the other benefits in respect of which the single amount is paid include benefits described in paragraph (e) and the beneficiary was a spouse or former spouse of the member at the time of the member's death, the single amount is not transferred from the plan directly to another registered pension plan or a registered retirement savings plan except with the approval of the Minister.

Conditions Applicable to Benefits

(3) For the purposes of subsection 8501(2) and subparagraph 8502(c)(i), the following conditions are applicable with respect to the benefits provided under each defined benefit provision of a pension plan:

Eligible service

(a) the only lifetime retirement benefits provided under the provision to a member (other than additional lifetime retirement benefits provided to a member because the member is totally and permanently disabled at the time the member's retirement benefits commence to be paid) are lifetime retirement benefits provided in respect of one or more of the following periods:

(i) a period throughout which the member is employed in Canada by, and receives remuneration from, an employer who participates in the plan,

(ii) a period throughout which the member was employed in Canada by, and received remuneration from, a predecessor employer to an employer who participates in the plan,

(iii) an eligible period of temporary absence of the member with respect to an employer who participates in the plan or a predecessor employer to such an employer,

(iv) a period of disability of the member subsequent to a period described in subparagraph (i) where, throughout such part of the period of disability as is after 1990, the member is not connected with any employer who participates in the plan,

(v) a period in respect of which

(A) benefits attributable to employment of the member with a former employer accrued to the member under a defined benefit provision of another registered pension plan, or

(B) contributions were made by or on behalf of the member under a money purchase provision of another registered pension plan,

(vi) a period throughout which the member was employed in Canada by a former employer where the period was an eligibility period for the participation of the member in another registered pension plan, and

(vii) a period acceptable to the Minister throughout which the member is employed outside Canada;

Benefit accruals after pension commencement

(b) benefits are not 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 if

(A) an employer who participated under the particular provision for the benefit of the member, or

(B) an employer who does not deal at arm's length with an employer referred to in clause (A)

has participated under the defined benefit provision of the other plan for the benefit of the member;

Early retirement

(c) where lifetime retirement benefits commence to be paid under the provision to a member at any time before,

(i) in the case of a member whose benefits are provided in respect of employment in a public safety occupation, the earliest of

(A) the day on which the member attains 55 years of age,

(B) the day on which the member has 25 years of early retirement eligibility service in relation to the provision,

(C) the day on which the aggregate of the member's age and years of early retirement eligibility service in relation to the provision is equal to 75, and

(D) if the member was not, at any time after 1990, connected with any employer who has participated in the plan, the day on which the member becomes totally and permanently disabled, and

(ii) in any other case, the earliest of

(A) the day on which the member attains 60 years of age,

(B) the day on which the member has 30 years of early retirement eligibility service in relation to the provision,

(C) the day on which the aggregate of the member's age and years of early retirement eligibility service in relation to the provision is equal to 80, and

(D) if the member was not, at any time after 1990, connected with any employer who has participated in the plan, the day on which the member becomes totally and permanently disabled,

the amount (expressed on an annualized basis) of lifetime retirement benefits payable to the member for the calendar year in which the lifetime retirement benefits commence to be paid does not exceed the amount determined by the formula

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

where

X is the amount (expressed on an annualized basis) of lifetime retirement benefits that would be payable to the member for the year if the benefits were determined without a reduction computed by reference to the member's age, duration of service, or both, and without any other similar reduction, and

Y is the number of months in the period from the particular day on which lifetime retirement benefits commence to be paid to the member to the earliest of the days that would be determined under clauses (i)(A) to (C) or (ii)(A) to (C), as the case may be, if the member continued in employment with an employer who participates in the plan,

and, for the purposes of this paragraph,

(iii) "early retirement eligibility service" of a member in relation to a defined benefit provision of a pension plan means periods that consist of one or more periods each of which is

(A) a period that is pensionable service of the member under the provision, or

(B) a period throughout which the member was employed by an employer who has participated in the plan or by a predecessor employer to such an employer, and

(iv) "years of early retirement eligibility service" of a member in relation to a defined benefit provision of a pension plan means 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 early retirement eligibility service of the member in relation to the provision and that is not part of a longer period of early retirement eligibility service of the member in relation to the provision;

Increased benefits for disabled member

(d) the amount of lifetime retirement benefits provided under the provision to a member does not depend on whether the member is physically or mentally impaired at the time (in this paragraph referred to as the "time of commencement") at which retirement benefits under the provision commence to be paid to the member, except where

(i) the amount of lifetime retirement benefits payable if

(A) the member is not totally and permanently disabled at the time of commencement, or

(B) the member was, at any time after 1990, connected with any employer who has participated in the plan

satisfies the condition in paragraph (c) where the amount X is determined for the purpose of that paragraph as if the member were not impaired at the time of commencement, and

(ii) the amount of lifetime retirement benefits payable for a particular month to the member if subparagraph (i) is not applicable does not exceed the amount determined for the particular month by the formula

$$\frac{(A + B)}{12} \times C$$

where

A is the amount (expressed on an annualized basis) of lifetime retirement benefits accrued under the provision to the member as of the time of commencement, determined as if the member were not impaired at the time of commencement and without any reduction computed by reference to the member's age, duration of service or both, and without any other similar reduction,

B is, in the case of a member who attains 65 years of age before the time of commencement, nil, and otherwise the amount, if any, by which the lesser of

(A) the amount (expressed on an annualized basis) of lifetime retirement benefits that could reasonably be expected to have accrued to the member to the day on which the member would have attained 65 years of age if the member had survived to that day and continued in employment and if the member's rate of remuneration had not increased after the time of commencement, and

(B) the amount, if any, by which the Year's Maximum Pensionable Earnings for the calendar year that includes the time of commencement exceeds such amount as is required by the Minister to be determined in respect of benefits provided to the member under other benefit provisions of the plan and under benefit provisions of other registered pension plans

exceeds the amount determined for A, and

C is the greatest of all amounts each of which is the ratio of the Consumer Price Index for a month not before the month that includes the time of commencement and not after the particular month to the Consumer Price Index for the month that includes the time of commencement;

Pre-1991 benefits

(e) all benefits provided under the provision in respect of periods before 1991 are acceptable to the Minister, and, for the purposes of this condition, any benefits in respect of periods before 1991 that become provided after 1988 in respect of a member who is connected with an employer who participates in the plan, or was so connected at any time before the benefits become provided, shall, before the Minister is notified in writing that the benefits are provided in respect of the member, be deemed to be unacceptable to the Minister;

Determination of retirement benefits

(f) the amount of retirement benefits provided under the provision to a member is determined in such a manner that the member's pension credit under the provision for a calendar year in respect of an employer is determinable at the end of the year;

Increase in accrued benefits

(g) where the amount (in this paragraph referred to as the "accrued amount") of lifetime retirement benefits provided to a member in respect of a calendar year depends on

(i) the member's remuneration in subsequent years, or

(ii) the average wage (or other general measure of wages and salaries) for subsequent years,

and this condition has not been waived by the Minister, the formula for determining the amount of lifetime retirement benefits is such that

(iii) the percentage increase in the accrued amount from year to year can reasonably be expected to approximate or be less than the percentage increase from year to year in the member's remuneration or in the average wage (or other general measure of wages and salaries), as the case may be, or

(iv) the maximum rate of benefit accrual (for each year of service) applicable to remuneration does not exceed 2 per cent and the condition in subparagraph (iii) is not satisfied only by reason that the formula can reasonably be considered to have been designed taking into account the public pension benefits payable to members;

Idem

(h) where the amount (in this paragraph referred to as the "accrued amount") of lifetime retirement benefits provided to a member in respect of a calendar year depends on the member's remuneration in subsequent years, the formula for determining the amount of the lifetime retirement benefits is such that any increase in the accrued amount as a consequence of increased remuneration in a subsequent year is primarily attributable to an increase in the rate of the member's remuneration;

Offset benefits

(i) where

(i) in determining the amount of lifetime retirement benefits provided under the provision to a member there is deducted

(A) the amount of lifetime retirement benefits provided to the member under a benefit provision of a registered pension plan, or

(B) the amount of a lifetime annuity provided to the member under a deferred profit sharing plan, and

(ii) a single amount is paid in full or partial satisfaction of the member's entitlement to benefits under the benefit provision or deferred profit sharing plan,

the amount that is so deducted in determining the amount of the member's lifetime retirement benefits under the defined benefit provision includes the amount of lifetime retirement benefits or life-time annuity that may reasonably be considered to have been forgone as a consequence of the payment of the single amount;

Bridging benefits – cross-plan restriction

(j) bridging benefits are not paid under the provision to a member who receives bridging benefits under another defined benefit provision of the plan (in this paragraph referred to as the “particular plan”) or under a defined benefit provision of another registered pension plan, except that this condition is not applicable where it is waived by the Minister or where

(i) bridging benefits are paid to the member under only one defined benefit provision of the particular plan,

(ii) the decision to provide bridging benefits under the particular plan to the member was not made by the member, by persons with whom the member does not deal at arm’s length or by the member and such persons, and

(iii) each employer who has participated in any registered pension plan (other than the particular plan) under a defined benefit provision of which the member receives bridging benefits

(A) has not participated in the particular plan, and

(B) has always dealt at arm’s length with each employer who has participated in the particular plan,

and, for the purposes of this paragraph, bridging benefits do not include benefits that are provided, on a basis no more favourable than an actuarially equivalent basis, in lieu of lifetime retirement benefits and related death benefits; and

Division of benefits on marriage breakdown

(k) where, by reason of a provision of the law of Canada or a province described in subparagraph 8501(4)(b)(ii), a spouse or former spouse of a member becomes entitled to receive all or any portion of the benefits that would otherwise be payable under the provision to the member, and paragraph 8501(4)(d) is applicable with respect to the benefits,

(i) the present value of benefits provided under the provision in respect of the member (including, for greater certainty, benefits provided in respect of the spouse or former spouse) is not increased as a consequence of the spouse or former spouse becoming so entitled to benefits, and

(ii) the benefits provided under the provision to the member are not, at any time, adjusted to replace, in whole or in part, the portion of the member’s benefits to which the spouse or former spouse has become entitled.

Maximum Lifetime Retirement Benefits

(4) For the purposes of subparagraph 8502(c)(i), the following conditions are applicable with respect to the lifetime retirement benefits provided to a member under a defined benefit provision of a pension plan:

(a) the amount (expressed on an annualized basis) of lifetime retirement benefits payable to the 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 does not exceed the aggregate of

(i) the aggregate of all amounts each of which is, in respect of a calendar year after 1990 (in this paragraph referred to as a "specified year") in which the member was, at any time, connected with an employer who participated in the plan in the year for the benefit of the member, the lesser of

(A) the amount determined by the formula

$$.02 \times A \times \frac{B}{C}$$

where

A is the aggregate of all amounts each of which is the member's compensation for the specified year from an employer who participated under the provision in the year for the benefit of the member,

B is the greatest of all amounts each of which is the average wage for a calendar year not before the specified year and not after the year of commencement, and

C is the average wage for the specified year, and

(B) the amount determined by the formula

$$D \times E$$

where

D is the defined benefit limit for the year of commencement, and

E is the fraction of the specified year that is pensionable service of the member under the provision, and

(ii) the amount determined by the formula

$$F \times G$$

where

F is the lesser of

(A) 2 per cent of the member's highest average compensation (computed under subsection (5)) for the purpose of the provision, indexed to the year of commencement, and

(B) the defined benefit limit for the year of commencement, and

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

(A) that is pensionable service of the member under the provision,

(B) no part of which is in a specified year, and

(C) that does not overlap any other period the duration of which is included in determining the aggregate; and

(b) the amount of lifetime retirement benefits payable to the member for a particular calendar year after the year in which the lifetime retirement benefits commence to be paid does not exceed the product of

(i) the limit determined under paragraph (a), and

(ii) the greatest of all amounts each of which is the ratio of

(A) the average Consumer Price Index for a calendar year not earlier than the calendar year in which the lifetime retirement benefits commence to be paid and not later than the particular year

to

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

Highest Average Compensation

(5) For the purposes of subsection (4), the highest average compensation of a member of a pension plan for the purpose of a defined benefit provision of the plan, indexed to the calendar year (in this subsection referred to as the "year of commencement") in which the member's retirement benefits under the provision commence to be paid, is,

(a) in the case of a member who has been employed for three non-overlapping periods of 12 consecutive months each by employers who participated under the provision for the benefit of the member, $\frac{1}{3}$ of the greatest of all amounts each of which is the aggregate of the member's total indexed compensation for the purpose of the provision for each of the 36 months in three such periods throughout which the member was so employed, and

(b) in any other case, the amount determined by the formula

$$12 \times \frac{H}{I}$$

where

H is the aggregate of all amounts each of which is the member's total indexed compensation for the purpose of the provision for a month throughout which the member was employed by an employer who participated under the provision for the benefit of the member, and

I is the number of months for which total indexed compensation is included in the amount determined for H,

and, for the purposes of this subsection, the member's total indexed compensation for a month for the purpose of the provision is the amount determined by the formula

$$J \times \frac{K}{L}$$

where

- J. is the aggregate of all amounts each of which is such portion of the member's compensation for the calendar year (in this subsection referred to as the "compensation year") that includes the month from an employer who participated under the provision for the benefit of the member as may reasonably be considered to have been received in the month or to otherwise relate to the month,
- K. is the greatest of all amounts each of which is the average wage for a calendar year not before the later of the compensation year and 1986, and not after the year of commencement, and
- L. is the average wage for the later of the compensation year and 1986.

Excluded Benefits

(6) For the purpose of determining whether lifetime retirement benefits provided under a defined benefit provision of a pension plan comply with the conditions in subsection (4), the following benefits (including any cost-of-living adjustments in respect thereof) shall be disregarded:

- (a) additional lifetime retirement benefits provided to a member because the member is totally and permanently disabled at the time the member's retirement benefits commence to be paid; and
- (b) additional lifetime retirement benefits provided to a member whose retirement benefits commence to be paid after attaining 65 years of age, where the additional benefits result from an adjustment made for the purpose of offsetting, in whole or in part, the decrease in the value of lifetime retirement benefits that would otherwise result by reason of the deferral of such benefits after the member attains 65 years of age and the adjustment is not more favourable than an adjustment made on an actuarially equivalent basis.

Alternative Compensation Rules

(7) Lifetime retirement benefits provided to a member under a defined benefit provision of a pension plan shall be deemed to comply with the conditions in subsection (4) where they would so comply if either or both of the following rules were applicable:

(a) determine, for the purpose of subsection (5), the member's compensation from an employer for a calendar year by adding to the compensation otherwise determined such portion of the amount of each bonus and retroactive increase in remuneration paid by the employer to the member after the year as may reasonably be considered to be in respect of the year, and deducting therefrom such portion of the amount of each bonus and retroactive increase in remuneration paid by the employer to the member in the year as may reasonably be considered to be in respect of a preceding year; and

(b) determine, for the purpose of computing the amount J in subsection (5), the portion of the member's compensation from an employer for a calendar year that may reasonably be considered to relate to a month in the year by apportioning the compensation uniformly over the period in the year in respect of which it was paid.

Part-Time Employee

(8) Where the pensionable service of a member under a defined benefit provision of a pension plan includes a period throughout which the member rendered services on a part-time basis to an employer who participates in the plan, the lifetime retirement benefits provided under the provision to the member shall be deemed to comply with the conditions in subsection (4) where they would so comply, or would be deemed by subsection (7) to so comply, if,

(a) for the purpose of determining the amount J in subsection (5), the member's compensation from an employer for a calendar year in which the member rendered services on a part-time basis to the employer were the amount that it is reasonable to expect would have been the member's compensation for the year from the employer if the member had rendered services to the employer on a full-time basis throughout the period or periods in the year throughout which the member rendered services to the employer, and

(b) in determining the amount G under subparagraph (4)(a)(ii), the duration of each period were multiplied by a fraction (not greater than one) that measures the services rendered by the member throughout the period to employers who participate in the plan as a proportion of the services that would have been rendered by the member throughout the period to such employers had the member rendered services on a full-time basis,

and, for the purposes of this subsection,

(c) where a member of a pension plan has rendered services throughout a period to two or more employers who participate in the plan, the employers shall be deemed to be, throughout the period, the same employer, and

(d) where a period (in this paragraph referred to as a "period of reduced services") is

(i) an eligible period of reduced pay or temporary absence of a member of a pension plan with respect to an employer, or

(ii) a period of disability of the member,

the member shall be deemed

(iii) to have rendered services throughout the period on a regular basis (having regard to the services rendered by the employee before the period) to the employer or employers by whom the member was employed before the period, and

(iv) to have received remuneration throughout the period at a rate commensurate with the member's rate of remuneration before the period.

Alternative CPI Indexing

(9) The lifetime retirement benefits provided to a member under a defined benefit provision of a pension plan shall be deemed to comply with the condition in paragraph (4)(b) where they would so comply, or would be deemed by subsection (7) or (8) to so comply, if the ratio determined under subparagraph (4)(b)(ii) were replaced by a substantially similar measure of the change in the Consumer Price Index.

Additional Conditions

(10) For the purposes of section 8501, the following conditions are applicable with respect to each defined benefit provision of a pension plan:

Member contributions

(a) where members are required or permitted to make contributions under the provision,

(i) the aggregate amount of current service contributions to be made by a member in respect of a calendar year after 1990, no part of which is a period of disability or an eligible period of reduced pay or temporary absence of the member, does not exceed the lesser of

(A) 9 per cent of the aggregate of all amounts each of which is the member's compensation for the year from an employer who participates in the plan in the year for the benefit of the member, and

(B) the aggregate of \$600 and 70 per cent of the aggregate of all amounts each of which is the amount that would be the member's pension credit for the year under the provision in respect of an employer if section 8302 were read without reference to paragraphs (2)(b) and (3)(g) thereof,

(ii) the method for determining current service contributions to be made by a member in respect of a calendar year that includes a period of disability or an eligible period of reduced pay or temporary absence of the member (such periods referred to in this subparagraph as "periods of reduced services") is consistent with that used for determining contributions in respect of years described in subparagraph (i), except that the member may be permitted or required to make, in respect of periods of reduced services, current service contributions not exceeding the amount reasonably necessary to fund the member's benefits in respect of the periods of reduced services, and

(iii) the aggregate amount of contributions to be made by a member in connection with benefits that, as a consequence of a transaction, event or circumstance occurring at a particular time, become provided under the provision in respect of periods before that time does not exceed the amount reasonably necessary to fund such benefits;

Prepayment of member contributions

(b) the contributions made under the provision by a member in respect of a calendar year are not paid before the year;

Reduction in benefits and return of contributions

(c) the plan includes a stipulation permitting

(i) the plan to be amended at any time to reduce the benefits provided under the provision in respect of a member, and

(ii) a contribution made under the provision by a member or by an employer to be returned to the person who made the contribution

to avoid the revocation of the registration of the plan;

Undue deferral of payment

(d) each single amount payable after the death of a member is paid as soon as is practicable after the member's death (or after all other benefits have been paid, in the case of a single amount permitted by reason of paragraph (2)(j));

Evidence of disability

(e) where the amount of lifetime retirement benefits provided under the provision to a member who is totally and permanently disabled exceeds the amount of such benefits that would be provided if the member were not totally and permanently disabled, the additional benefits are not paid before the plan administrator is satisfied, on the basis of a written certification from a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the member resides, that the member is totally and permanently disabled; and

Idem

(f) where lifetime retirement benefits are provided under the provision to a member in respect of a period of disability of the member, the benefits, to the extent that they would not be in accordance with paragraph (3)(a) if that paragraph were read without reference to subparagraph (iv) thereof, are not paid before the plan administrator is satisfied, on the basis of a written certification from a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the member resides, that the period is a period of disability.

Waiver of Member Contribution Condition

(11) The Minister may waive the conditions in paragraph (10)(a) where member contributions under a defined benefit provision of a pension plan are determined in a manner acceptable to the Minister and it is reasonable to expect that, on a long-term basis, the aggregate of the regular current service contributions made under the provision by all members will not exceed 1/2 of the amount required to fund the aggregate benefits in respect of which such contributions are made.

Pre-Retirement Death Benefits

(12) A pension plan may provide, in the case of a member who dies before retirement benefits under a defined benefit provision of the plan commence to be paid to the member but after becoming eligible to have such benefits commence to be paid, benefits under the provision to the beneficiaries of the member where the benefits would be in accordance with subsection (2) if retirement benefits under the provision had commenced to be paid to the member immediately before the member's death.

Commutation of Lifetime Retirement Benefits

(13) Where a pension plan permits a member to receive a single amount in full or partial satisfaction of the member's entitlement to lifetime retirement benefits under a defined benefit provision of the plan, the following rules apply:

(a) the condition in subparagraph (2)(b)(i) that the payment of bridging benefits under the provision not commence before lifetime retirement benefits commence to be paid under the provision to the member is not applicable where, before the member's lifetime retirement benefits commence to be paid, a single amount is paid in full satisfaction of the member's entitlement to the lifetime retirement benefits; and

(b) such part of the member's lifetime retirement benefits as remains payable after a single amount is paid in full satisfaction of the member's entitlement to lifetime retirement benefits that would otherwise be payable after the member attains a particular age shall be deemed, for the purposes of the conditions in this section, to be lifetime retirement benefits and not to be bridging benefits.

Suspension or Cessation of Pension

(14) A pension plan may

(a) provide for the suspension of payment of a member's retirement benefits under a defined benefit provision of the plan where

(i) the retirement benefits payable to the member after the suspension are not altered by reason of the suspension, or

(ii) subsection (15) is applicable with respect to the member's retirement benefits; and

(b) provide for the cessation of payment of any additional benefits that are payable under a defined benefit provision of the plan to a member by reason of a physical or mental impairment of the member at the time the member's retirement benefits commence to be paid.

Re-employed Member

(15) Subject to subsection (16), where a pension plan provides, in the case of a member who becomes an employee of a participating employer after the member's retirement benefits under a defined benefit provision of the plan have commenced to be paid, that

(a) payment of the member's retirement benefits under the provision is suspended while the member is employed by any participating employer, and

(b) the amount of retirement benefits payable to the member after the suspension is redetermined

(i) to include benefits in respect of all or any part of the period throughout which payment of the member's benefits was suspended,

(ii) where the amount of the member's retirement benefits was previously determined with a reduction computed by reference to the member's age, duration of service or both, or with any other similar reduction, by redetermining the amount of the reduction, or

(iii) where payment of the member's retirement benefits recommences after the member attains 65 years of age, by applying an adjustment for the purpose of compensating, in whole or in part, for the payments foregone by the member after attaining 65 years of age,

the following rules apply:

(c) the condition in paragraph (3)(b) is not applicable with respect to benefits provided under the provision to the member in respect of a period throughout which payment of the member's benefits is suspended,

(d) the conditions in paragraphs (2)(b), (3)(c) and (3)(d) and subsection (4) are applicable with respect to benefits payable under the provision to the member after a suspension of the member's retirement benefits as if the member's retirement benefits had not previously commenced to be paid, and

(e) for the purpose of paragraph 8502(c) as it applies with respect to benefits provided under the provision on the death of the member during or after a period throughout which payment of the member's benefits is suspended, subsections (2) and (12) are applicable as if the member's retirement benefits had not commenced to be paid before the period.

Re-employed Member – Special Rules Not Applicable

(16) Subsection (15) does not apply with respect to the benefits provided under a defined benefit provision of a pension plan to a member unless the terms of the plan providing for the redetermination of the amount of the member's retirement benefits do not apply where retirement benefits have, at any time, been paid under the provision to the member while the member was an employee of a participating employer.

Re-employed Member – Anti-Avoidance

(17) Where a member of a registered pension plan has become an employee of a participating employer after the member's retirement benefits under a defined benefit provision of the plan have commenced to be paid, and it is reasonable to consider that one of the main reasons for the employment of the member is to enable the member to benefit from terms of the plan providing for a redetermination of the amount of the member's retirement benefits provided in respect of a period before the benefits commenced to be paid, the plan becomes a revocable plan when payment of the member's benefits recommences.

Limits Dependent On Consumer Price Index

(18) Benefits provided under a defined benefit provision of a pension plan that are benefits to which a condition in any of subparagraphs (2)(b)(ii), (2)(e)(v) and (vi) and (3)(d)(ii) is applicable shall be deemed to comply with the condition where they would so comply if the Consumer Price Index ratio computed as part of the formula that applies for the purpose of the condition were replaced by a substantially similar measure of the change in the Consumer Price Index.

Statutory Plans – Special Rules

(19) Notwithstanding subsection (3),

(a) for the purposes of the condition in paragraph (3)(b) as it applies with respect to benefits provided under the pension plan established by the *Public Service Superannuation Act*, the reference to "any other registered pension plan" in subparagraph (3)(b)(ii) does not include the pension plans established by the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*; and

(b) the condition in paragraph (3)(c) does not apply with respect to benefits provided under the pension plan established by the *Canadian Forces Superannuation Act*.

Artificially Reduced Pension Adjustment

(20) Where

(a) the amount of lifetime retirement benefits provided under a defined benefit provision of a registered pension plan to a member depends on the member's remuneration,

(b) remuneration (in this subsection referred to as "excluded remuneration") of certain types is disregarded for the purpose of determining the amount of the member's lifetime retirement benefits, and

(c) it can reasonably be considered that one of the main reasons that remuneration in the form of excluded remuneration was paid to the member by an employer at any time was to artificially reduce a pension credit of the member under the provision in respect of the employer,

the following rules apply for the purposes of the conditions in subsection (4):

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

(e) the member shall be deemed not to have received such remuneration as is excluded remuneration.

Past Service Employer Contribution

(21) Where

(a) a contribution made by an employer to a registered pension plan is made, in whole or in part, in respect of benefits (in this subsection referred to as "past service benefits") provided under the plan to a member in respect of a period before 1990 and before the calendar year in which the contribution is made,

(b) the contribution is made

(i) after December 10, 1989, or

(ii) before December 11, 1989 where the contribution has not been approved by the Minister under paragraph 20(1)(s) of the Act, and

(c) it is reasonable to consider that all, or substantially all, of such portion of the contribution as is in respect of past service benefits was paid by the employer, with the consent of the member, in lieu of a payment or other benefit to which the member would otherwise be entitled,

the plan becomes, for the purposes of paragraph 147.1(11)(c) of the Act, a revocable plan immediately before the time at which the contribution is made.

MONEY PURCHASE PROVISIONS

Permissible Benefits

8504. (1) For the purposes of paragraph 8502(c), the following benefits may, subject to the conditions specified in respect of each benefit, be provided under a money purchase provision of a pension plan:

Lifetime retirement benefits

(a) lifetime retirement benefits provided to a member where the benefits are payable in equal periodic amounts or are not so payable only by reason that

(i) the benefits payable to a member after the death of the member's spouse are less than the benefits that would be payable to the member were the member's spouse alive, or

(ii) the benefits are adjusted, after they commence to be paid, where

(A) in the case of retirement benefits provided in accordance with subparagraph (2)(g)(i), the adjustments would be in accordance with any of subparagraphs 146(3)(b)(iii) to (v) of the Act if the annuity by means of which the lifetime retirement benefits are provided were an annuity under a retirement savings plan, and

(B) in any other case, the adjustments are similar in nature to the adjustments permissible under clause (A) and are acceptable to the Minister;

Bridging benefits

(b) bridging benefits provided to a member where the bridging benefits are payable for a period ending no later than the end of the month following the month in which the member attains 65 years of age;

Guarantee period

(c) retirement benefits (in this paragraph referred to as “continued retirement benefits”) provided to one or more beneficiaries of a member who dies after retirement benefits under the provision commence to be paid to the member where

(i) the continued retirement benefits are payable for a period commencing after the 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, and

(ii) the aggregate amount of continued retirement benefits payable under the provision for each month does not exceed the amount of retirement benefits that would have been payable under the provision for the month to the member if the member were alive;

Post-retirement surviving spouse benefits

(d) retirement benefits (in this paragraph referred to as “survivor retirement benefits”) provided to a beneficiary of a member who dies after retirement benefits under the provision commence to be paid to the member where

(i) the beneficiary is a spouse or former spouse of the member at the time the member’s retirement benefits commence to be paid,

(ii) the survivor retirement benefits are payable for a period commencing after the death of the member and ending with the death of the beneficiary, and

(iii) the aggregate amount of survivor retirement benefits and other retirement benefits payable under the provision for each month to beneficiaries of the member does not exceed the amount of retirement benefits that would have been payable under the provision for the month to the member if the member were alive;

Pre-retirement surviving spouse benefits

(e) retirement benefits provided to a beneficiary of a member who dies before retirement benefits under the provision commence to be paid to the member, and benefits provided to other individuals after the death of the beneficiary, where

(i) the beneficiary is a spouse or former spouse of the member at the time of the member’s death,

(ii) the benefits would be permissible under paragraphs (a) to (c) if the beneficiary were a member of the plan, and

(iii) the retirement benefits are payable to the beneficiary commencing no later than the later of one year after the day of death of the member and the end of the calendar year in which the beneficiary attains 71 years of age;

Payment from account

(f) the payment in respect of a member of a single amount from the member's account under the provision;

Lump-sum payments on death before retirement

(g) the payment of one or more single amounts to one or more beneficiaries of a member who dies before retirement benefits under the provision commence to be paid to the member;

Commutation of benefits

(h) the payment in respect of a member of a single amount in full or partial satisfaction of the member's entitlement to other benefits under the provision, where the single amount does not exceed the present value (at the time the single amount is paid) of the other benefits that, as a consequence of the payment, cease to be provided; and

Idem

(i) the payment, in respect of an individual after the death of a member, of a single amount in full or partial satisfaction of the individual's entitlement to other benefits under the provision, where the individual is a beneficiary of the member and the single amount does not exceed the present value (at the time the single amount is paid) of the other benefits that, as a consequence of the payment, cease to be provided.

Additional Conditions

(2) For the purposes of section 8501, the following conditions are applicable with respect to each money purchase provision of a pension plan:

Employer contributions

(a) the amount of contributions to be made under the provision by each employer who participates in the plan is determined in a manner acceptable to the Minister;

Idem

(b) each contribution made under the provision by an employer consists only of amounts each of which is an amount paid by the employer in respect of a particular member;

Idem

(c) contributions are not made under the provision by an employer at a time when there is a surplus under the provision;

Return of contributions

(d) the plan includes a stipulation permitting a contribution made under the provision by a member or by an employer to be returned to the person who made the contribution to avoid the revocation of the registration of the plan;

Allocation of earnings

(e) the earnings of the plan, to the extent that they relate to the provision and are not reasonably attributable to forfeited amounts or a surplus under the provision, are allocated on a reasonable basis and no less frequently than annually to plan members;

Payment or reallocation of forfeited amounts

(f) each forfeited amount under the provision and all earnings of the plan reasonably attributable thereto are paid to participating employers or reallocated to members of the plan on or before the later of December 31, 1990 and December 31 of the year immediately following the calendar year in which the amount is forfeited, or such later time as is permitted by the Minister under subsection (3);

Retirement benefits

(g) retirement benefits under the provision are provided

(i) by means of annuities purchased 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 an arrangement acceptable to the Minister; and

Undue deferral of payment

(h) each single amount payable after the death of a member is paid as soon as is practicable after the member's death.

Reallocation of Forfeitures

(3) The Minister may, on written application of the administrator of a registered pension plan, extend the time for satisfying the requirements of paragraph (2)(f) where

(a) the aggregate of the forfeited amounts arising in a calendar year is greater than normal because of unusual circumstances; and

(b) the forfeited amounts are to be reallocated on a reasonable basis to a majority of plan members.

EXISTING AND REPLACEMENT PLANS

Prescribed Conditions Before 1992

8505. (1) The prescribed conditions for the registration of a grandfathered plan are, before 1992,

(a) the condition in paragraph 8502(a),

(b) the condition in paragraph 8502(c), but only with respect to benefits provided under money purchase provisions of the plan, and

(c) if the plan contains a money purchase provision, the condition in paragraph 8504(2)(a),

and the following conditions:

(d) the benefits provided under each defined benefit provision of the plan are acceptable to the Minister, and, for the purposes of this condition, any benefits in respect of periods before 1991 that become provided after 1988 in respect of a member who is connected with an employer who participates in the plan, or was so connected at any time before the benefits become provided, shall, before the Minister is notified in writing that the benefits are provided in respect of the member, be deemed to be unacceptable to the Minister; and

(e) the plan contains such terms as may be required by the Minister.

Conditions Applicable to Benefits After 1991

(2) For the purpose of the condition in paragraph 8502(c) as it applies after 1991 with respect to a grandfathered plan, subsections 8503(2) to (4) are modified as follows:

(a) the condition in subparagraph 8503(2)(b)(ii) is replaced by the condition that the amount of bridging benefits payable to a member for a particular month does not exceed the amount determined in respect of the month by the formula

$$(A \times C \times \frac{E}{F}) + (G \times (1 - \frac{E}{F}))$$

where

A is the amount determined for A under subparagraph 8503(2)(b)(ii) in respect of the member for the month,

C is the amount determined for C under subparagraph 8503(2)(b)(ii) in respect of the member for the month,

E is the aggregate of all amounts each of which is the duration (measured in years, including any fraction of a year) of a period ending before 1992 that is pensionable service of the member under the provision and that is not part of a longer period ending before 1992 that is pensionable service of the member under the provision,

- F 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 pensionable service of the member under the provision and that is not part of a longer period that is pensionable service of the member under the provision, and
- G is the amount determined in respect of the member for the month by the formula in subparagraph 8503(2)(b)(ii);
- (b) the conditions in paragraphs 8503(3)(c), (g) and (h) and 8503(4)(a) and (b) apply only with respect to lifetime retirement benefits provided in respect of periods after 1991; and
- (c) for the purposes of the condition in paragraph 8503(4)(a),
- (i) the aggregate determined under subparagraph (i) thereof does not include an amount in respect of 1991, and
 - (ii) the aggregate determined for G under subparagraph (ii) thereof does not include the duration of periods commencing before 1992.

Additional Prescribed Condition After 1991

- (3) The prescribed conditions for the registration of a grandfathered plan include, after 1991, the condition that all benefits provided under each defined benefit provision of the plan in respect of periods before 1992 are acceptable to the Minister.

Defined Benefits Exempt From Conditions

- (4) The Minister may, after 1991, exempt from the condition in paragraph 8502(c) the following benefits provided under a defined benefit provision of a grandfathered plan:
- (a) benefits that are payable after the death of a member, to the extent that the benefits can reasonably be considered to relate to lifetime retirement benefits provided to the member in respect of periods before 1992; and
 - (b) bridging benefits in excess of bridging benefits permissible under paragraph 8503(2)(b), to the extent that the excess bridging benefits are vested in a member as of December 31, 1991.

Conditions Not Applicable

- (5) Where a pension plan is a grandfathered plan,

(a) the conditions referred to in paragraph 8501(2)(b) do not apply before 1992 with respect to the plan;

(b) the condition in paragraph 8502(d) does not apply with respect to distributions made before 1992 under a defined benefit provision of the plan; and

(c) the conditions in paragraphs 8503(3)(a) and (b) do not apply with respect to benefits provided under a defined benefit provision of the plan in respect of periods before 1992.

PA Limits for 1991

(6) Subsections 147.1(8) and (9) of the Act do not apply with respect to a grandfathered plan for a calendar year before 1992 if

(a) the plan does not contain a money purchase provision in that year; or

(b) no contributions are made in respect of that year under the money purchase provisions of the plan.

Money Purchase Benefits Exempt From Conditions

(7) The Minister may exempt from the condition in paragraph 8502(c) such benefits provided under a money purchase provision of a pension plan in respect of a member as may reasonably be considered to derive from contributions made before 1989 under a money purchase provision of an existing plan.

MULTI-EMPLOYER PLANS AND SPECIFIED MULTI-EMPLOYER PLANS

Definition of "Specified Multi-Employer Plan"

8506. (1) For the purposes of this Part and subsection 147.1(1) of the Act, "specified multi-employer plan" in a calendar year means a pension plan

(a) in respect of which the conditions in subsection (2) are satisfied at the beginning of the year (or at the time in the year when the plan is established, if later),

(b) that has, on application by the plan administrator, been designated in writing by the Minister to be a specified multi-employer plan in the year, or

(c) that was a specified multi-employer plan in the immediately preceding calendar year (where that year is 1989 or a subsequent year),

but does not include a pension plan where the Minister has, before the beginning of the year, given notice by registered mail to the plan administrator that the plan is not a specified multi-employer plan.

Qualification as a Specified Multi-Employer Plan

(2) The conditions referred to in paragraph (1)(a) are the following:

(a) the plan does not contain a money purchase provision;

(b) it is reasonable to expect that the percentage of active members of the plan in the year employed by a single participating employer or by participating employers who do not deal with each other at arm's length will not exceed 95 per cent;

(c) employers participate in the plan pursuant to a collective bargaining agreement or similar agreement;

(d) all or substantially all of the employers who participate in the plan are persons who are not exempt from tax under Part I of the Act;

(e) contributions are made by employers in accordance with a negotiated contribution formula that does not provide for any variation in contributions determined by reference to the financial experience of the plan;

(f) the administrator is a board of trustees (or similar body) that is not controlled by representatives of employers; and

(g) the administrator has the power to determine the benefits to be provided under the plan, whether or not that power is subject to the terms of a collective bargaining agreement or similar agreement.

Minister's Notice

(3) For the purpose of subsection (1), the Minister may give notice that a plan is not a specified multi-employer plan only if the Minister is satisfied that participating employers will be able to comply with all reporting obligations imposed by Part LXXXIV with respect to the plan if it is not a specified multi-employer plan, and

(a) the notice is given at or after a time when the conditions in subsection (2) are not satisfied with respect to the plan; or

(b) the plan administrator has applied to the Minister for the notice.

Special Rules – Multi-Employer Plan

(4) Where a pension plan is a multi-employer plan in a calendar year,

(a) each member of the plan who is connected at any time in the year with an employer who participates in the plan shall be deemed, for the purposes of applying the conditions in section 8503 with respect to the plan in the year and in each subsequent year, not to be so connected in the year;

(b) paragraph 8503(3)(b) shall, in its application with respect to benefits provided under a defined benefit provision of the plan in respect of a period in the year, be read without reference to subparagraph (ii) thereof; and

(c) if bridging benefits are not provided under more than one defined benefit provision of the plan, the condition in paragraph 8503(3)(j) shall not apply in the year with respect to the plan.

Special Rules – Specified Multi-Employer Plan

(5) Where a pension plan is a specified multi-employer plan in a calendar year,

(a) a contribution made in the year to the plan by an employer in respect of the employer's employees or former employees that is made in accordance with the plan as registered shall be deemed, for the purpose of paragraph 8502(b), to be an eligible contribution;

(b) subparagraph 8502(c)(i) shall, in its application in the year with respect to the plan, be read as follows:

“(i) benefits that are in accordance with subsection 8503(2) and paragraphs 8503(3)(c) and (e)”;

(c) the conditions in paragraphs 8503(3)(i) and (10)(a) do not apply in the year with respect to the plan.

Additional Prescribed Condition

(6) Where a pension plan is a specified multi-employer plan in a calendar year (other than a grandfathered plan, where the year is before 1992), the prescribed conditions for the registration of the plan include, in that year, the condition that when employer and member contribution rates under the plan were last established, it was reasonable to expect that, for each calendar year commencing with the year in which the contribution rates were last established,

(a) the aggregate of all amounts each of which is the pension credit of an individual for the year in respect of an employer under a benefit provision of the plan

would not exceed

(b) 18 per cent of the aggregate of all amounts each of which is, for an individual and an employer where the pension credit of the individual for the year in respect of the employer under a benefit provision of the plan is greater than nil, the compensation of the individual from the employer for the year.

Purchase of Additional Benefits

(7) Where, in the case of a pension plan that is a specified multi-employer plan in a calendar year,

(a) the amount of lifetime retirement benefits provided under the plan to each member is determined by reference to the hours of employment of the member with participating employers,

(b) the plan permits a member whose actual hours of employment in a period are less than a specified number of hours for the period to make contributions to the plan in order to increase, to an amount not exceeding the specified number of hours for the period, the number of hours that are treated under the plan as hours of employment of the member in the period, and

(c) the specified number of hours for a period does not exceed a reasonable measure of the actual hours of employment of members who render services throughout the period on a full-time basis,

the condition in paragraph 8503(3)(a) does not apply with respect to such portion of the lifetime retirement benefits provided under the plan to a member as is determined by reference to hours acquired by the member as a consequence of contributions made to the plan in the year by the member, as described in paragraph (b).

AMENDMENTS

8507. (1) For the purposes of paragraph 147.1(4)(c) of the Act, the following conditions are prescribed with respect to an amendment to a registered pension plan:

(a) where the amendment increases the accrued lifetime retirement benefits provided to a member under a defined benefit provision of the plan, the increase is not, in the opinion of the Minister, inconsistent with the conditions in paragraphs 8503(3)(g) and (h); and

(b) where the plan is a grandfathered plan and the amendment increases the bridging benefits provided to a member under a defined benefit provision of the plan, the member's bridging benefits, as amended, comply with the condition in subparagraph 8503(2)(b)(ii) that would apply if the plan were not a grandfathered plan.

(2) Where an amendment to a registered pension plan provides for the return to a member of all or any part of the contributions made by the member under a defined benefit provision of the plan, the plan becomes a revocable plan at any time that an amount (other than an amount that qualifies under subsection 147.3(6) of the Act for transfer to another registered pension plan or a registered retirement savings plan) payable to the member as a consequence of the amendment is not paid to the member as soon after the amendment as is practicable.

REGISTRATION AND AMENDMENT

8508. (1) For the purposes of subsection 147.1(2) 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 plan text and any other documents that contain terms of the plan;

(c) certified copies of all trust deeds, insurance contracts and other documents relating to the funding of benefits under the plan; and

(d) certified copies of all resolutions and by-laws relating to the documents referred to in paragraphs (b) and (c).

(2) Where, after 1988, an amendment is made to a registered pension plan, to the arrangement for funding benefits thereunder or to a document that has been filed with the Minister in respect of the plan, the plan administrator shall, within 60 days after the date on which the amendment is made, forward to the Deputy Minister of National Revenue for Taxation at Ottawa

(a) a prescribed form containing prescribed information; and

(b) certified copies of all documents relating to the amendment.

(3) For the purposes of subsection 147.1(4) of the Act, an application for the acceptance of an amendment to a registered pension plan is made in prescribed manner where the documents required by subsection (2) are forwarded by registered mail to the Deputy Minister of National Revenue for Taxation at Ottawa.

DESIGNATED LAWS

8509. For the purposes of paragraph 8302(3)(l), subparagraph 8502(c)(iii) and paragraph 8515(5)(f), “designated provision of the law of Canada or a province” means subsection 21(2) of the *Pension Benefits Standards Act, 1985* and any provision of the law of a province that is similar to that subsection.

PRESCRIBED COMPENSATION

8510. (1) For the purposes of the definition “compensation” in subsection 147.1(1) of the Act, there is prescribed for inclusion in the compensation of an individual from an employer for a calendar year after 1990

(a) where

(i) the individual has an eligible period of reduced pay or temporary absence in the year with respect to the employer,

(ii) no benefits are provided in respect of the period to the individual under a defined benefit provision of any registered pension plan in which the employer does not participate, and

(iii) no contributions are made by or on behalf of the individual in respect of the period to a money purchase provision of a registered pension plan or a deferred profit sharing plan in which the employer does not participate,

the amount determined under subsection (2) in respect of the period; and

(b) where the individual has a period of disability in the year, the amount that would be determined under paragraph (2)(a) in respect of the period if the period were an eligible period of temporary absence of the individual with respect to the employer.

(2) For the purposes of paragraph (1)(a) and subsection (5), and subject to subsection (3), the amount determined in respect of a period in a calendar year that is an eligible period of reduced pay or temporary absence of an individual with respect to an employer is the least of

(a) the amount, if any, by which

(i) the amount that is reasonable to expect would have been the remuneration of the individual for the period from the employer if the individual had rendered services to the employer throughout the period on a regular basis (having regard to the services rendered by the individual to the employer before the complete period of reduced services of which the period is a part) and the individual's rate of remuneration had been commensurate with the individual's rate of remuneration before the commencement of the complete period of reduced services

exceeds

(ii) the remuneration of the individual for the period from the employer;

(b) the smallest amount that must be prescribed by this section in relation to the period so that the individual's pension adjustment for the year in respect of the employer does not exceed 18 per cent of the member's compensation from the employer for the year; and

(c) the amount determined by the formula

$$(5 - A) \times B$$

where

A is the cumulative prescribed compensation fraction of the individual in respect of the employer, determined immediately before the end of the period, and

B is the amount that it is reasonable to expect would have been the individual's remuneration for the year from the employer if the individual had rendered services to the employer on a full-time basis throughout the year and the individual's rate of remuneration had been commensurate with the individual's rate of remuneration before the commencement of the complete period of reduced services of which the period is a part.

(3) Where

(a) a particular period is an eligible period of reduced pay or temporary absence of an individual in a calendar year with respect to a particular employer,

(b) the individual has an eligible period of reduced pay or temporary absence in the year with respect to another employer that ends coincidentally with the particular period, and

(c) the cumulative prescribed compensation fraction of the individual in respect of the particular employer, determined at the end of the particular period, would, but for this section, exceed 5,

the amounts determined under subsection (2) in respect of the particular period and each other period referred to in paragraph (b) shall be such amounts as

(d) are agreed to by the particular employer and by each other employer referred to in paragraph (b) or, in the absence of agreement, are determined by the Minister, and

(e) will result in the individual's cumulative prescribed compensation fraction in respect of the employer, determined at the end of the particular period, equalling 5.

(4) The cumulative prescribed compensation fraction of an individual in respect of an employer, determined at any time, is the aggregate of all amounts each of which is the prescribed compensation fraction associated with a period that ends at or before that time and that is an eligible period of reduced pay or temporary absence of the individual in a calendar year after 1990 with respect to

(a) the employer;

(b) any other employer who does not deal at arm's length with the employer; or

(c) any other employer who participates in a registered pension plan in which the employer participates for the benefit of the individual.

(5) The prescribed compensation fraction associated with an eligible period of reduced pay or temporary absence of an individual in a calendar year with respect to an employer is the amount determined by the formula

$$\frac{C}{B}$$

where

- B is the amount determined for B under paragraph (2)(c) in respect of the period, and
- C is the amount determined under subsection (2) in respect of the period.

(6) In subsection (2), “complete period of reduced services” of an individual with respect to an employer means a period that consists of one or more periods each of which is

- (a) a period of disability of the individual, or
- (b) an eligible period of reduced pay or temporary absence of the individual with respect to the employer,

and that is not part of such a period that is longer.

(7) A reference in this section to an eligible period of reduced pay or temporary absence of an individual in a calendar year with respect to an employer or to a period of disability of an individual in a calendar year does not include a period that is part of such a period that is longer.

SALARY DEFERRAL LEAVE PLAN

8511. Where an employee and an employer enter into an arrangement in writing described in paragraph 6801(a) or (b), the following rules apply:

- (a) the period throughout which the employee defers salary or wages pursuant to the arrangement shall be deemed to be an eligible period of reduced pay of the employee with respect to the employer; and
- (b) for the purposes of section 8510, the amount that it is reasonable to expect would have been the remuneration of the employee for any period from the employer shall be determined on the basis that the employee’s rate of remuneration were the amount that it is reasonable to expect would, but for the arrangement, have been the employee’s rate of remuneration.

PROHIBITED INVESTMENTS

8512. (1) For the purposes of subparagraph 8502(h)(i) and subject to subsections (2) and (3), a prohibited investment with respect to a registered pension plan is a share of the capital stock of, an interest in, or a debt of

- (a) an employer who participates in the plan,
- (b) a person connected with an employer who participates in 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) A prohibited investment does not include

- (a) a bond, debenture, note, mortgage, hypothec or similar obligation described in clause 212(1)(b)(ii)(C) of the Act;
- (b) a share listed on a stock exchange referred to in section 3200 or 3201;
- (c) a bond, debenture, note or similar obligation of a corporation any shares of which are listed on a stock exchange referred to in section 3200 or 3201;
- (d) an interest in, or a right to acquire, property referred to in paragraph (b) or (c); or
- (e) a mortgage in respect of real property situated in Canada that
 - (i) where the amount paid for the mortgage together with the amount of any indebtedness outstanding at the time the mortgage was acquired under any mortgage or hypothec ranking equally with or superior to the mortgage exceeds 75 per cent of the fair market value, at that time, of the real property subject to the mortgage, 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) where the registered pension plan in connection with which the mortgage in held would be a designated plan for the purposes of subsection 8513(6) if subsection 8513(4) were read without reference to subparagraph (b)(ii) thereof, 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) A prohibited investment with respect to a registered pension plan does not include an investment acquired by the plan before March 28, 1988.

(4) For the purposes of subsection (3), where at any time after March 27, 1988, the principal amount of a bond, debenture, note, mortgage, hypothec or similar obligation increases as a consequence of the advancement or lending of additional amounts or the maturity date of such an obligation is extended, the obligation shall, after that time, be deemed to have been issued at that time.

SPECIAL RULES FOR DESIGNATED PLANS

Plan for Connected Persons or Higher Income Persons

8513. (1) For the purposes of subsection (6), a registered pension plan that contains a defined benefit provision and is not a plan maintained pursuant to a collective bargaining agreement or similar agreement is a designated plan at any time when more than 50 per cent of the active members of the plan are specified active members of the plan.

Small Plan

(2) For the purposes of subsection (5) and subject to subsection (3), a registered pension plan that contains a defined benefit provision is a designated plan at any time when there are fewer than 10 active members of the plan.

Exemption

(3) Where the Minister has given written notice to the administrator of a registered pension plan that subsection (2) is not applicable with respect to the plan and has not revoked the notice, subsection (2) does not apply with respect to the plan.

Active Members and Specified Active Members

(4) For the purposes of this section,

(a) a member of a pension plan is an active member of the plan at a particular time if lifetime retirement benefits accrue to the member under a defined benefit provision of the plan in respect of a period that includes the particular time; and

(b) a member of a pension plan is a specified active member of the plan at a particular time if the member is an active member of the plan at the particular time and

(i) the member is connected at the particular time with an employer who participates in the plan, or

(ii) it is reasonable to expect, at the particular time, that the aggregate of all amounts each of which is the remuneration of the member for the calendar year that includes the particular time from an employer who participates in the plan, or from an employer who does not deal at arm's length with a participating employer, will exceed $2\frac{1}{2}$ times the Year's Maximum Pensionable Earnings for the year.

Anti-Avoidance

(5) Where

(a) it is reasonable to consider that one or more steps have been taken primarily for the purpose of avoiding the application of subsection (6) with respect to a registered pension plan, which steps may include

(i) establishing the amount of remuneration payable to one or more members of the plan at such a level that the members are not specified active members of the plan, or

(ii) providing benefits to one or more individuals, where the benefits are substantially less advantageous than the benefits provided to other individuals under the plan, so as to increase the number of active members of the plan or the number of active members of the plan who are not specified active members of the plan, and

(b) the Minister has given notice in writing to the administrator of the plan that the plan is a designated plan,

the plan is, from the date specified in the notice given by the Minister and until the Minister notifies the administrator in writing that the notice ceases to be effective, a designated plan for the purposes of subsection (6).

Conditions Applicable to Actuarial Valuation

(6) For the purposes of subsection 147.2(2) of the Act as that subsection applies with respect to a contribution made by an employer to a registered pension plan at a time when the plan is a designated plan, the following are prescribed conditions in relation to the actuarial valuation that forms the basis for the recommendation pursuant to which the contribution is made:

(a) the projected accrued benefit method is used for the purpose of determining actuarial liabilities and current service costs;

(b) in the case of a member to whom retirement benefits have not commenced to be paid on or before the effective date of the valuation, it is assumed that retirement benefits will commence to be paid to the member on or after the day on which the member attains 65 years of age;

(c) actuarial liabilities and current service costs do not exceed the amounts that would result if it were assumed that each member will survive to the time when the member's retirement benefits commence to be paid and, where the member is employed by a participating employer as of the effective date of the valuation, will continue in employment until that time;

(d) the valuation rate of interest is not less than 7.5 per cent per annum;

(e) it is assumed that

(i) the rate of increase in general wages and salaries and in each member's rate of remuneration will be at least 2 per cent per annum less than the valuation rate of interest, and

- (ii) the rate of increase in the Consumer Price Index will be at least 3.5 per cent per annum less than the valuation rate of interest;
- (f) each assumption made with respect to economic factors other than those referred to in paragraph (e) is consistent with the conditions imposed by that paragraph;
- (g) actuarial liabilities and current service costs are determined without regard to
 - (i) in the case of a member to whom retirement benefits have not commenced to be paid as of the effective date of the valuation, retirement benefits payable after the death of the member if the member dies after the commencement of retirement benefits, except
 - (A) retirement benefits payable to a spouse of the member to the extent that the amount of benefits payable for each month does not exceed $66\frac{2}{3}$ per cent of the amount of retirement benefits that would be payable to the member for the month if the member were alive, or
 - (B) where benefits described in clause (A) are not taken into account, retirement benefits payable pursuant to a guarantee that does not exceed ten years, and
 - (ii) anticipated cost-of-living and similar adjustments, to the extent that the adjustments are not required to be made by the terms of the plan; and
- (h) the plan's assets are valued at an amount not less than their fair market value as of the effective date of the valuation.

ELIGIBLE CONTRIBUTIONS – TRANSITION RULES

8514. (1) For the purposes of subsection 147.2(2) of the Act, a contribution described in any of subsections (2) to (5) made by an employer to a registered pension plan in respect of the defined benefit provisions of the plan is a prescribed contribution.

(2) A contribution made by an employer to a registered pension plan is described in this subsection if

- (a) it is made to the plan before 1994;

(b) the recommendation pursuant to which the contribution is made is such that the contributions required to be made by the employer in respect of the defined benefit provisions of the plan do not exceed the contributions that would be required if

(i) except as provided in subparagraph (ii), the contributions to be made by the employer were determined without regard to the actuarial surplus under the provisions, and

(ii) the contributions to be made by the employer after 1990 were determined on the basis that the excess actuarial surplus under the provisions in respect of the employer becomes available uniformly throughout the period commencing on the later of January 1, 1991 and the effective date of the actuarial valuation prepared in connection with the recommendation and ending December 31, 1993 to fund benefits under the provisions, in lieu of contributions that would otherwise be required to be made by the employer,

and, for the purposes of this paragraph, the amount of the excess actuarial surplus under the defined benefit provisions of a pension plan in respect of an employer is, in relation to a recommendation pursuant to which contributions are made by the employer, the amount, if any, by which the amount of the actuarial surplus under the provisions in respect of the employer exceeds the aggregate of

(iii) the lesser of the amounts determined under subparagraphs 147.2(2)(d)(ii) and (iii) of the Act in relation to the employer and the recommendation, and

(iv) where the effective date of the actuarial valuation prepared in connection with the recommendation is before 1991, the amount, if any, by which

(A) the aggregate amount of current service contributions that would, but for the actuarial surplus, have been required to be made in respect of the provisions by the employer and the employer's employees for the period from the effective date of the actuarial valuation to December 31, 1990

exceeds

(B) the aggregate amount of current service contributions for that period made in the period by the employer and the employer's employees; and

(c) it would be an eligible contribution under subsection 147.2(2) of the Act if no contributions were prescribed for the purposes of that subsection and that subsection were read without reference to subparagraphs (d)(ii) and (iii) thereof.

(3) A contribution made by an employer to a registered pension plan is described in this subsection if

(a) the Minister has approved the contribution under paragraph 20(1)(s) of the Act; and

(b) the contribution would have been deductible under paragraph 20(1)(s) of the Act had that paragraph been applicable to the taxation year of the employer in which the contribution was made.

(4) A contribution made by an employer to a registered pension plan is described in this subsection if

(a) it is made to the plan in 1991;

(b) it is made pursuant to a formula in a statute, by-law or collective bargaining agreement that was in existence on March 27, 1988; and

(c) the formula has not been amended after March 27, 1988 and before the time at which the contribution is made.

(5) A contribution made by an employer to a registered pension plan is described in this subsection if

(a) it is made to the plan in 1991;

(b) the employer was required, pursuant to the terms of the plan as they read on March 27, 1988, to make the contribution; and

(c) the contribution is acceptable to the Minister.

TRANSFER – DEFINED BENEFIT TO MONEY PURCHASE

Prescribed Amount

8515. (1) For the purposes of paragraph 147.3(4)(c) of the Act as it applies with respect to the transfer of an amount on behalf of an individual in full or partial satisfaction of the individual's entitlement to benefits under a defined benefit provision of a registered pension plan, and subject to subsections (2) and (3), the prescribed amount is the amount determined by the formula

$$A \times B$$

where

A is the amount of the individual's lifetime retirement benefits under the provision commuted in connection with the transfer, as determined under subsection (4), and

B is

(a) except where paragraph (b) is applicable, the present value factor that corresponds to the age attained by the individual at the time of the transfer, determined pursuant to the table following paragraph (b), and

(b) where the present value factor referred to in paragraph (a) is less than the present value factor that corresponds to the next higher age, the present value factor determined by interpolation between those two factors on the basis of the age (expressed in years, including any fraction of a year) of the individual.

Attained age	Present value factor
Under 50	9.0
50	9.4
51	9.6
52	9.8
53	10.0
54	10.2
55	10.4
56	10.6
57	10.8
58	11.0
59	11.3
60	11.5
61	11.7
62	12.0
63	12.2
64	12.4
65	12.4
66	12.0
67	11.7
68	11.3
69	11.0
70	10.6
71	10.3
72 or over	0.0

Minimum Prescribed Amount

(2) Where an amount is transferred in full satisfaction of an individual's entitlement to benefits under a defined benefit provision of a registered pension plan, the prescribed amount for the purposes of paragraph 147.3(4)(c) of the Act, as it applies with respect to the transfer, is the greater of the amount that would, but for this subsection, be the prescribed amount, and the balance, at the time of the transfer, in the member's net contribution account in relation to the provision.

Plan Wind-Up or Replacement

(3) Where an amount is transferred before 1991 on behalf of an individual as a consequence of the winding-up of a registered pension plan, or as a consequence of the replacement of a defined benefit provision of a registered pension plan by a money purchase provision of another registered pension plan, and either

(a) the winding-up of the plan or the replacement of the provision commenced at a time (in this subsection referred to as the "time of termination") before 1989,

(b) at the time of termination, the plan had at least 50 members, and

(c) the plan was established at least 5 years before the time of termination,

or the condition in paragraph (a) is satisfied and the Minister waives the conditions in paragraphs (b) and (c), the prescribed amount for the purposes of paragraph 147.3(4)(c) of the Act, as it applies with respect to the transfer, is the amount so transferred.

Amount of Lifetime Retirement Benefits Commuted

(4) For the purposes of subsection (1) and subject to subsection (6), the amount of an individual's lifetime retirement benefits under a defined benefit provision of a registered pension plan commuted in connection with the transfer of an amount on behalf of the individual in full or partial satisfaction of the individual's entitlement to benefits under the provision is the aggregate of,

(a) where retirement benefits have commenced to be paid under the provision to the individual, the amount (expressed on an annualized basis) by which the individual's lifetime retirement benefits under the provision are reduced as a result of the transfer;

(b) where retirement benefits have not commenced to be paid under the provision to the individual, the amount (expressed on an annualized basis) by which the individual's normalized pension (computed in accordance with subsection (5)) under the provision at the time of the transfer is reduced as a result of the transfer; and

(c) where, in conjunction with the transfer, any other payment (other than an amount that is transferred in accordance with subsection 147.3(5)) is made from the plan in partial satisfaction of the individual's entitlement to benefits under the provision, the amount (expressed on an annualized basis) by which

(i) if paragraph (a) is applicable, the individual's lifetime retirement benefits under the provision are reduced, and

(ii) if paragraph (b) is applicable, the individual's normalized pension (computed in accordance with subsection (5)) under the provision at the time of the payment is reduced

as a result of the payment, except to the extent that such reduction is included in determining, for the purposes of subsection (1), the amount of the individual's lifetime retirement benefits under the provision commuted in connection with the transfer of another amount on behalf of the individual.

Normalized Pension

(5) For the purposes of subsection (4), the normalized pension of an individual under a defined benefit provision of a registered pension plan at a particular time is the amount (expressed on an annualized basis) of lifetime retirement benefits that would be payable under the provision at the particular time if

- (a) lifetime retirement benefits commenced to be paid to the individual at the particular time;
- (b) where the individual has not attained 65 years of age before the particular time, the individual attained such age at the particular time;
- (c) the plan provided for the immediate vesting of benefits under the provision;
- (d) where the amount of the individual's lifetime retirement benefits would otherwise be determined with a reduction computed by reference to the individual's age, duration of service or both, or with any other similar reduction, no such reduction were applied;
- (e) where the amount of the individual's lifetime retirement benefits depends on the amount of benefits provided under another benefit provision of the plan or under another plan or arrangement, a reasonable estimate were made of such other benefits;
- (f) where the individual's lifetime retirement benefits would otherwise include benefits that the plan is required to provide by reason of a designated provision of the law of Canada or a province, or that the plan would be required to provide if each such provision were applicable to the plan in respect of all its members, such benefits were not included; and
- (g) where the amount of the individual's lifetime retirement benefits depends on
 - (i) the form of benefits provided in respect of the individual under the provision (whether or not at the option of the individual), including
 - (A) the benefits to be provided after the death of the individual,
 - (B) the amount of retirement benefits, other than lifetime retirement benefits, provided to the individual, or
 - (C) the extent to which the lifetime retirement benefits will be adjusted to reflect changes in the cost of living, or
 - (ii) circumstances that are relevant in determining the form of benefits,

the form of benefits and the circumstances were such as to maximize the amount of the individual's lifetime retirement benefits on commencement of payment except that, where the normal form (or one of the normal forms) of death benefit is a guarantee for ten years or less and the individual is entitled, in lieu of all or any portion of the guarantee, to additional lifetime retirement benefits, not exceeding additional benefits determined on an actuarially equivalent basis, such additional benefits shall be excluded.

Replacement Benefits

(6) Where

(a) an amount is transferred on behalf of an individual in full or partial satisfaction of the individual's entitlement to benefits under a defined benefit provision (in this paragraph referred to as the "particular provision") of a registered pension plan,

(b) in conjunction with the transfer, benefits become provided to the individual under another defined benefit provision of the plan or under a defined benefit provision of another registered pension plan, and

(c) an employer who participated under the particular provision for the benefit of the individual also participates under the other provision for the individual's benefit,

the amount of the individual's lifetime retirement benefits under the particular provision commuted in connection with the transfer is the amount that would be determined under subsection (4) if the benefits provided under the other provision were provided under the particular provision.

ASSOCIATION OF BENEFITS WITH TIME PERIODS

8516. Where, for the purposes of this Part, Part LXXXIII or subsection 147.1(10) of the Act, it is necessary to associate benefits provided under a defined benefit provision of a pension plan with periods of time, the association shall be made in a manner acceptable to the Minister.

MINISTER'S ACTIONS

8517. For the purposes of this Part,

(a) a waiver, extension of time or other modification of the requirements of this Part granted by the Minister, or

(b) an approval by the Minister in respect of any matter

is not effective unless it is in writing and expressly refers to the requirement that is modified or the matter in respect of which the approval is given.”

8. 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 and, in particular, in the following provisions, with such modifications as the circumstances require:

(a) subsection 231(7);

(b) paragraph 900(7)(c);

(c) paragraph 900(9)(b);

(d) the definition “qualified annuity” in subsection 1404(2);

(e) the title to Part XXVII;

(f) subparagraph 2700(2)(a)(i);

(g) the definition “employer’s contribution” in subsection 2700(3);

(h) paragraph 4802(b);

(i) the definition “resource property trust” in subsection 5000(7);

(j) paragraph 5101(1)(a).

9. (1) Sections 1 and 2 are applicable with respect to payments made after 1989.

(2) Section 3 is applicable with respect to transfers and payments made after 1987.

(3) Section 4 is applicable after 1990.

(4) Section 5 is applicable to taxation years commencing after 1990.

(5) Section 6 is applicable after October 8, 1986, except that in its application before December 12, 1988, paragraph 6802(c) of the said Regulations, as enacted by section 6, shall be read as follows:

“(c) a plan under the *Unemployment Insurance Act, 1971*,”

(6) Part LXXXIII of the said Regulations, as enacted by section 7, is applicable after 1988 except that,

(a) before 1991, subsection 8301(2) of the said Regulations, as enacted by section 7, shall be read without reference to the expression “and subsection 147(5.1) of the Act”;

(b) subsection 8307(11) of the said Regulations, as enacted by section 7, is applicable after 1990; and

(c) subsection 8307(13) of the said Regulations, as enacted by section 7, is applicable to the 1991 and subsequent taxation years.

(7) Sections 8400 to 8405, 8408 and 8409 of the said Regulations, as enacted by section 7, are applicable after 1988 except that

(a) any return otherwise required to be filed under section 8402 or 8405 of the said Regulations before February 28, 1991 shall be deemed to have been filed as required if it is filed on or before February 28, 1991;

(b) any return or copy of a return otherwise required under section 8404 of the said Regulations to be forwarded to an individual before February 28, 1991 shall be deemed to have been forwarded as required if it is forwarded on or before February 28, 1991; and

(c) subsection 8408(2) of the said Regulations is applicable with respect to final distributions of property held in connection with registered pension plans where the distribution is made after 1989 and any return otherwise required to be filed under subsection 8408(2) of the said Regulations before February 28, 1991 shall be deemed to have been filed as required if it is filed on or before February 28, 1991.

(8) Part LXXXV of the said Regulations, as enacted by section 7, is applicable after 1988 except that

(a) subsection 8508(1) of the said Regulations is applicable as of the day on which section 7 is published in the *Canada Gazette*; and

(b) any form or document otherwise required under subsection 8508(2) of the said Regulations, as enacted by section 7, to be forwarded to the Deputy Minister of National Revenue for Taxation before the particular day that is 60 days after the day on which section 7 is published in the *Canada Gazette* shall be deemed to have been forwarded as required if it is forwarded on or before the particular day.

(9) Section 8 is applicable after 1985.

