

# A Flurry of Activity: PRPP Act in Force Today and A Trio of Other New Regulations for Employer Consideration

November 8, 2016

Between October 31, 2016 and November 4, 2016, the Ontario government filed a quartet of regulations, covering:

- the pooled registered pension plans (PRPP) system in Ontario, a system which came into force today, November 8, 2016,
- pension advisory committees (PA Committees),
- solvency funding relief for certain public sector plans, and
- the powers of the Ontario Superintendent of Financial Services to appoint a pension plan administrator.

At least one of the four regulations should be of interest to most employers with employees in Ontario.

## A New Pension Option for Ontario Employers — PRPPs

On November 8, 2016, Ontario's *Pooled Registered Pension Plans Act, 2015* and the new regulations supporting the PRPP Act came into force. The Ontario government had filed those new regulations supporting Ontario's PRPP Act a few days earlier on November 4.

In brief, a PRPP is a type of defined contribution pension plan administered by a financial institution where the obligation of the employer is largely limited to making employer contributions and/or employee contributions. Employer contributions are not mandatory. These types of plans are generally attractive for small and medium sized employers and are meant to offer an attractive means to increase pension coverage.

Employers may wish to consider PRPPs for their employees, including considering whether it would fit within a competitive compensation package and the employer's employee retention strategy.

## New Obligations for Pension Plan Administrators — Pension Advisory Committees

In less than two months, on January 1, 2017, regulations that bring forth new obligations for pension plan administrators with respect to PA Committees will come into force. Plan administrators will need to be able to respond appropriately, with the new legislative provisions and regulations in mind, with respect to PA Committee-related matters.

In brief, PA Committees are committees made up of member and retired member representatives. Their main purposes are to promote awareness and understanding of the plan monitor and to make recommendations to the administrator regarding the administration of the plan. PA Committees have traditionally been uncommon but that may change with the new regulation.

The [new regulation on PA Committees filed by the Ontario government on October 31, 2016](#) has not materially changed from the draft revised regulations released on August 22, 2016 and which we have [previously written about in our September edition of \*Labour and\*](#)

*Employment News.* The new regulation sets out detailed procedural and substantive matters related to PA Committees, including:

- conditions and restrictions relating to the establishment of a PA Committee;
- the timeframe that the administrator has, among other things, to distribute the ballot for voting and the methods for a secret ballot vote;
- requirements for the administrator to take certain actions after the representatives of a PA Committee have been appointed, including ensuring they have access, at least annually, to an individual who can report on the fund's investments and discuss the administration of the pension plan and matters of interest to beneficiaries at meetings to be held at least twice per year;
- payment out of the pension fund of reasonable costs associated with holding a vote to establish a PA Committee and related to the PA Committee's establishment and operation.

The accompanying revised legislative provisions in the *Pension Benefits Act* (Ontario) regarding PA Committees will also come into force on January 1, 2017. With time ticking away, plan administrators should consider obtaining a working knowledge of their new obligations with respect to PA Committees before the New Year to reduce surprises on January 1, 2017.

#### **New Powers for Superintendent to Appoint or Act as a Plan Administrator**

On October 31, 2016, the Ontario government filed regulations setting out the circumstances of when the Superintendent of Financial Services in which it may appoint an administrator for a pension plan or act as administrator of a pension plan. This regulation, as well as the applicable sections in the *Pension Benefits Act* (Ontario) also came into force on that same day.

#### **Solvency Funding Relief for Certain Public Sector Plans**

On October 31, 2016, the Ontario government filed a regulation with respect to solvency funding relief for certain public sector plans. That regulation came into force on the same day. Sponsors of public sector plans may wish to review this regulation to see if the Ontario government provided them with a treat in the form of solvency funding relief.

Although it may be a stretch to say these four regulations are equivalent to a bag of Halloween goodies, at least one may be beneficial for employers. If you have any questions on the new developments with respect to PRPPs, PA Committees, the other regulations filed by the Ontario government, or have any pension and benefits questions, please contact any member of our Pension and Benefits Group who would be pleased to assist.

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