

Supplemental Pension Plans

Newsletter **express**

October 2003

Administering pension plans well — and with openness

Are you a member of a pension committee or an employer who is responsible for administering a pension plan?

You may think pension plan administration is complex. You have to meet several financial and administrative responsibilities and in doing so, you must follow laws and technical rules. You will need the help of several resource persons with specialized abilities.

All that may lead you to ask questions on several subjects, including the following:

- the operation and administration of a pension plan;
- the powers you exercise;
- the possibility of confiding duties to other persons and how to do so;
- the control measures needed to ensure that work is done and to detect irregularities.

There are generally recognized principles to aid administrators in carrying out their duties. Business executives also use them to ensure the sound management of their organizations. These principles are based on openness, continuity, efficiency, balance and fairness. They are intended to protect an organization's interests.

Pension plan administrators should also apply these principles, adapting them of course to the pension field.

For example, to facilitate openness and continuity, a pension committee will have to adopt by-laws on matters that include the following:

- decision making (consultation, voting method, percentage of votes required);
- holding meetings (frequency, procedures for calling, quorum, absences, taking and circulating minutes);
- declaring conflicts of interest;
- dealing with favours and perquisites;
- adequately preparing new members to take their place on the committee and to carry out their duties (information and training).

Information bulletin on supplemental pension plans

Applying sound management practices is more than a need. It is the winning combination for ensuring the confidence of plan members and other interested parties. Moreover, it makes accountability easier and reduces the risk of errors for which the administrator could be held liable.

A new tool

The Régie des rentes du Québec will soon publish a collection of articles on the main principles of sound pension plan management. Entitled *Administering Pension Plans well — and with openness*, the collection will emphasize the importance of openness, which is an essential characteristic of sound administration.

The Régie plans to cover the following subjects:

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- Introduction to sound pension plan management;
- Duties and responsibilities of plan administrators;
- Operation of a pension committee;
- Financial information required by the Régie;
- The administrator's resource persons;
- Documentation of pension plan administration;
- Financial administration and bookkeeping;
- Information addressed to members and beneficiaries.

The first articles in the collection will be sent to plan administrators in the coming months. The Régie expects administrators to re-examine the current practices of their plans in the light of the information provided in the collection. It will contact some plans later to verify whether they have adopted rules for sound management.

Sound pension plan management should be a priority for all. Knowing the principles of sound management is essential for carrying out your duties.

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To be informed on a priority basis of the publication of each article in the collection *Administering Pension Plans well — and with openness*, sign up for the SPP mailing list at the following address: www.rrq.gouv.qc.ca/an/services/15_08.htm

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