Régie des rentes du Québec

Supplemental Pension Plans

Newsletter express

31 January 2006

Temporary funding measures: points related to certain information to be included in actuarial valuation reports

This issue of *Newsletter Express* provides information to actuaries on the application of the temporary funding measures provided for in the *Act respecting the funding of certain pension plans* and its accompanying regulation. The analysis of actuarial valuation reports received recently showed that in some cases, required information is missing. The following situations require specific information:

1. Funding of amendments[1]

As provided in section 13 of the *Act*, the cost of an amendment made on or after 6 May 2005 and determined by a partial valuation must be determined according to the higher value of calculations made on an on-going basis and on a solvency basis.

Therefore, where the cost of an amendment was determined on the higher value of calculations made on an on-going basis and on a solvency basis, the actuary must say so in his or her report. In such case, the actuary does not have to specify the date on which the decision to amend the plan was made.

However, if the cost of the amendment is determined solely on an on-going basis, the actuary must confirm that the decision to amend the plan was made before 6 May 2005.

[1] For all types of pension plans.

2. Consolidation of solvency deficits and extension of the amortization period[2]

Pursuant to the Act, it is the employer who has the capacity to decide that solvency deficits will be consolidated and that the consolidated amount will be amortized over a maximum period of 10 years. Therefore, where a valuation report shows a consolidation of solvency deficits, the actuary must confirm in the actuarial valuation report that the pension committee received one or the other of the following instructions from the employer:

- to consolidate the plan's solvency deficits;

  or

- to consolidate the plan's solvency deficits and amortize the consolidated amount over a maximum period of 10 years.

3. Consent of members and beneficiaries[2]

Unless the employer party to the plan is a municipality or a university or unless the employer has provided the appropriate guarantee, an extension of the amortization period is possible only if the plan members and beneficiaries consent thereto. Therefore, where the employer has opted for amortization of a consolidated solvency deficit over a maximum period of 10 years, the actuary must confirm in the actuarial valuation report that each of the following groups consented to the extension of the amortization period:

- the group formed by the plan's active members;
- the group formed by the plan's non-active members and beneficiaries.

Confirmations required by the Régie

If the required confirmations were not included with an actuarial valuation report already submitted to the Régie, they must be provided as quickly as possible.

Furthermore, the plan administrator must be able to produce, on request by the Régie, the documents attesting such confirmations.

For more information

To find out more about these measures, we invite you to refer to the *Act respecting the funding of certain pension plans*, the *Regulation respecting the application of the Act*, *Newsletter* number 19 (September 2005) and the *Newsletter Express* published on 7 July 2005.

(Version originale française disponible sur notre site Web)

2 For plans whose employer takes advantage of the temporary measures to ease the funding of defined benefit pension plans.

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