



Our File: P5000-1

June 2, 2006

To: Administrators of defined benefit pension plans registered under the *Pension Benefits Standards Act, 1985*

Subject: Filing requirements and proposed funding relief for defined benefit pension plans

Proposed funding relief regulations released

The Minister of Finance today released proposed regulations to provide funding relief for defined benefit pension plans registered under the *Pension Benefits Standards Act, 1985*. The proposed regulations will be pre-published in the [Canada Gazette](#) on June 10, 2006, and interested persons will have 30 days from that date to provide comments.

OSFI expectations regarding actuarial reports

OSFI has received questions about the filing of actuarial reports in light of the proposed regulations, which were first announced in the May 2006 Federal Budget. This letter communicates our expectations in this regard, both in the period before the proposed regulations are adopted and in the event that they are adopted in the near future. OSFI recognizes that the proposed regulations are subject to public comment and to being adopted by the Government. The expectations set out below are not intended to pre-judge the outcome of the regulations process.

Until the proposed regulations come into effect, the Superintendent of Financial Institutions expects actuarial reports of federally registered pension plans to be prepared in accordance with pension funding rules currently in force. Plan administrators are expected to comply with the normal filing deadlines, which require that actuarial reports be filed with OSFI within six months of the valuation date.

Consistent with OSFI's mandate to protect the rights and interests of plan members and other beneficiaries, these filing requirements will ensure that new solvency deficiencies are identified and funded in a timely manner, and that pension plan members have access to up-to-date information on the condition of their pension plan.



OSFI
BSIF

255 Albert Street
Ottawa, Canada
K1A 0H2

www.osfi-bsif.gc.ca

Canada

Once the final regulations are adopted, there will be an option of filing a revised actuarial report to obtain funding relief under the terms and conditions contained in the final regulations, or waiting until the next required actuarial report to do so. As described below, the requirement that actuarial reports be filed in accordance with the current rules and filing deadlines is not expected to affect the amount of funding relief available under the proposed funding relief regulations, only the timing.

Obtaining funding relief by filing a revised actuarial report

In order to provide pension plans with the opportunity to obtain funding relief on a timely basis once funding relief regulations come into force, where an actuarial report with a valuation date of December 31, 2005 or later has been filed with OSFI prior to the coming-into-force of the funding relief regulations, a revised actuarial report can be filed after the regulations come into force, subject to the terms and conditions of those final regulations.

If a revised actuarial report is filed, the same valuation date must be used, and the funding relief regulations will apply in determining solvency funding payments.

Example

<i>Plan valuation date:</i>	<i>December 31, 2005</i>
<i>Deadline for filing initial actuarial report:</i>	<i>June 30, 2006</i>
<i>Funding relief regulations come into force:</i>	<i>Summer 2006</i>
<i>Revised report filed with OSFI:</i> <i>(meeting conditions for funding relief)</i>	<i>September 2006</i>

A revised actuarial report filed after the coming-into-force of the funding relief regulations would use the same valuation date as the initial report filed in June 2006, but would include a revised schedule of special payments beginning in 2006, consistent with the terms and conditions of the funding relief regulations.

If a revised actuarial report is submitted in respect of a plan after the coming-into-force of the proposed funding relief regulations, and funding relief is obtained in respect of payments due in 2006, solvency special payments already remitted in 2006 pursuant to the initial actuarial report would be counted toward the amount of solvency special payments owed under the funding relief regulations. In this way, the June 30, 2006 filing deadline is not expected to affect the amount of relief available under the proposed regulations, but may affect the timing of that relief.

OSFI recognizes that filing a revised actuarial report with a revised schedule of payments will entail some added costs. However, these costs are expected to be modest given that the revised report will use the same valuation of plan assets and liabilities as the initial report.

Obtaining funding relief at the time of the next scheduled report

Where an actuarial report has been filed in respect of a plan before the proposed regulations come into force, rather than re-filing when the funding relief regulations come into force, a

pension plan could continue to be funded under the existing rules until such time as the next scheduled actuarial report is filed. The funding relief measures could then be applied in respect of the solvency deficiency identified in that subsequent report. The proposed regulations set out a final deadline for the application of the proposed relief, based on a valuation date before January 2, 2008.

Additional guidance

OSFI plans to develop additional guidance related to the proposed funding relief measures during the pre-publication period for the proposed regulations.

If you have any questions about the filing of actuarial reports, please contact the Relationship Manager for your pension plan or Jean-Claude Primeau at (613) 990-8136.

Julie Dickson
Assistant Superintendent
Regulation Sector