



EPPA Update 07-02

Issued November 2007

Employment Pension Plans Regulation Amendment

The Government of Alberta has amended the *Employment Pension Plans Regulation* to provide another option for employers in solving the problem of solvency deficiencies in pension plans.

Government amended the regulation to allow the use of letters of credit, which ensure funds are available for the pension plan if they are needed, without requiring employers to actually deposit them into the fund. If the deficit is eliminated, the letter of credit can be cancelled. Letters of credit will be issued by chartered banks.

Employees' benefits will not be affected by this change. Employers will have improved flexibility for administering pension plans.

The concept of using letters of credit was proposed in an Alberta Finance discussion paper in 2005 and received very positive feedback. This process has already been introduced for federally regulated defined benefit pension plans and for defined benefit pension plans registered in Quebec. It is also part of the Canadian Institute of Actuaries 10-point strategy for pension plans in Canada. Several other provinces are considering similar changes to their legislation.

For more information on letters of credit, including questions and answers, please see [Policy Bulletin #39 – Letters of Credit](#).

Other amendments to the *Employment Pension Plans Regulation* include:

- To permit the continuation a Life Income Fund (LIF) to a pension partners (either on death or on marriage breakdown) provided the death / split provided the original owner had a LIF,
- Removing the requirement for administrators of defined contribution plans to provide annuity price quotes to terminating plan members.

To view the legislation, please visit <http://www.finance.alberta.ca/publications/pensions/eppa.html>.

For further information please contact:

Superintendent of Pensions
Alberta Finance
Room 402, 9515 - 107 Street
Edmonton, AB T5K 2C3

Telephone: (780) 427-8322

Fax: (780) 422-4283

Internet: <http://www.finance.alberta.ca>

For toll-free dialling, contact your local Alberta Government R.I.T.E. line by calling 310-0000.