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INFORMATION
BULLETIN

BULLETIN NUMBER:	**PENS-07-002**
TITLE:	**Maximum Pensionable Age**
LEGISLATION:	***Pension Benefits Standards Act***
DATE:	**June 2007**

PURPOSE

This Bulletin provides information relating to the recent federal budget proposal to increase the age by which a pension must commence from age 69 to age 71.

Federal Budget Initiatives

In the federal budget speech of March 19, 2007, the federal Minister of Finance announced that the maximum pensionable age under the *Income Tax Act* (Canada) ("the ITA") would be increased from age 69 to age 71. The federal Minister of Finance also announced that the ITA would be amended to allow owners of registered retirement savings plans ("RRSPs") to leave funds in the RRSP until the end of the year in which they attain the age of 71.

Maximum Pensionable Age

Currently, subsection 38(9) of the *Pension Benefits Standards Act* ("the Act") states that a pension must commence to be paid no later than the end of the year in which the plan member attains the age of 69 years. Section 29 of the regulation requires that money held in a locked-in RRSP must either be transferred to a life income fund or used to purchase a life annuity contract no later than the end of the year in which the owner of the locked-in RRSP reaches the age of 69 years.

These provisions of the Act and regulation were amended in 1999, to coordinate the Act with the ITA when the federal government lowered the maximum pensionable age from 71 to the current age 69. While we are aware of the federal initiative, the Act has not yet been amended to reflect the proposed changes to the ITA

Consequently, plan amendments to incorporate the most recent federal proposal can not be registered under the Act.

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Impact on Pension Plans Subject to the Act

Amendments incorporating these changes have already been submitted to the Superintendent of Pensions ("the Superintendent"). These amendments can not be registered, as their provisions conflict with the current requirements of the Act and regulation.

Plan administrators and their consultants are advised that, if they submit any amendments reflecting the federal initiatives to the Superintendent before the Act is amended, the amendments will be reviewed for compliance with the requirements of the Act and regulation in force on the date the amendment is adopted by the administrator.

If the submitted amendment changes only the maximum pensionable age, staff will not recommend that the Superintendent register the amendment.

If there are other changes included in the amendment, and the other changes are acceptable under the Act, the Superintendent will request consent from the administrator to sever the provisions relating to maximum pensionable age, as permitted by subsection 15 (4) of the Act. If the administrator gives consent, the amendment, excluding provisions relating to the maximum pensionable age, will be registered.

The Superintendent of Pensions issues interpretation bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Pension Benefits Standards Act* and Regulations. While the comments in a particular part of an interpretation bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an interpretation bulletin generally applies as of the date on which it was published, unless otherwise specified.

If you have any questions with respect to the contents of this Information Bulletin, please contact:

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