

Guide to the Annual Information Return

FILING THE ANNUAL INFORMATION RETURN (AIR)

General

Pursuant to the provisions of the *Pension Benefits Standards Act* (PBSA), administrators of British Columbia pension plans are required to file an AIR annually with the Superintendent of Pensions. The AIR is also used to meet the registered pension plan annual reporting requirements of the Canada Revenue Agency (“CRA”).

This joint AIR should be completed and filed with the Superintendent of Pensions within **180 days** after the end of each fiscal year of the plan, or within 60 days after the commencement of a winding up of the plan, if the plan is required to be wound up. Information from Schedule 1 of the AIR will be forwarded to the CRA by the Financial Institutions Commission.

Separate AIRs are to be filed for each division or unit under a CRA registration number where benefits under each division/unit are funded separately from each other division. Assets for each division/unit may be pooled for purposes of investing, but are accounted for separately.

The AIR is to be accompanied by financial statements, prescribed filing fees, and for some pension plans, the Pension Plan Financial Information Return (FIR).

Financial Statements Required

Administrators of pension plans registered with the Superintendent of Pensions under the PBSA must file pension plan financial statements when filing the AIRs in respect of each plan year. Where the pension fund is invested in a Master Trust, or where the pension plan is made up of more than one division or unit, each of which provides pension benefits on a distinct basis, financial statements should reflect only the portion of the assets belonging to the reporting pension plan or division.

Certified true copies of custodial statements prepared by the fund holder(s) are to be filed if assets of the plan are valued at less than \$10 million. If the pension plan’s assets are valued at more than \$10 million, or if the Superintendent of Pensions requires, then audited financial statements prepared in accordance with the section 9(7) of the PBSA, and 4(5) of the PBS Regulation are to be filed. Audited pension fund financial statements are due not later than 270 days after the year end being reported on.

Prescribed Filing Fees

Fees are \$7.00 for each person who was an active member of the plan at the end of the fiscal year being reported on, subject to a minimum fee of \$200 and a maximum fee of \$20 000. Please make the cheque payable to the Minister of Finance.

Pension Plan Financial Information Return (FIR)

The FIR is *not* required to be filed if:

- the plan is a defined contribution plan, and the total value of plan assets is less than \$10 million, or
- the plan is not a defined contribution plan, and assets are valued at less than \$2.5 million and there are fewer than 50 members in the plan.

If the pension plan does not meet either set of conditions above, then the administrator must complete and file a FIR at the same time that the AIR is filed. Please refer to the **Guide to the Pension Plan Financial Information Return** for instructions to complete the FIR.

COMPLETING THE AIR

The following provides information to assist administrators in completing certain sections of the AIR. If the space allotted in any section of the AIR is insufficient to enter the required information, additional sheets of paper may be used and attached to the AIR.

1. PLAN IDENTIFICATION

(a) Administrators are asked to provide both PBSA and CRA registration numbers on this line. Plans structured with more than one division or unit, each of which provides pension benefits on a distinct basis, will be assigned a separate provincial identification number that will be used in future years for reporting.

(b) Plan Legal Name

The name of the plan as defined in the plan documents is to be entered on this line.

(c) Division Name

The name of the division or unit for which the AIR is being completed should be entered here. Separate AIRs are to be filed for each division or unit under a CRA registration number, where benefits under each division/unit are funded separately from each other division. Assets for each division/unit are pooled for purposes of investing, but are accounted for separately for funding and solvency purposes.

(d) Employer or Board of Trustees

Please indicate whether the pension plan is administered by the Employer or by a Board of Trustees. Information on the plan Employer is to be entered under 1(d). Please identify the executive officer of the Employer responsible for the pension plan.

Plan Employer includes the employer administering a plan which has been exempted from the definition of multi-employer plan pursuant to section 1(3.1) of the PBSA or section 3(11) of the PBS Regulation, and the plan is not administered by a Board of Trustees.

If the plan is administered by a board of trustees, please attach a list of their names, addresses and telephone numbers, and identify the chair.

(e) Day-to-Day Administrator

The name and address of the person responsible for the day-to-day administration of the pension plan, including a third party administrator, should be indicated on these lines. This individual is not to be confused with the Employer/Board of Trustees, as entered under 1(d) or as defined in the PBSA.

(f) Location of Books and Records

If the pension plan books and records are held at a location other than the plan sponsor/administrator, their location is to be indicated on these lines.

(g) Fund Holders

List all trust companies, insurance companies and/or boards of trustees that provide facilities and services for the management of assets and for the payment of pension benefits under the pension plan.

(h) Pension Plan Consultant

The name and address of the person responsible for providing consulting services on the pension plan should be indicated on these lines.

(i) Actuary (if different than (h) above)

The name and address of the person responsible for providing actuarial services on the pension plan.

2. REPORTING DATES

In completing this section and section 3, all references to “fiscal year” mean “pension plan fiscal year”.

(a) The period covered by the AIR may be 12 months or less, but may not be more than 12 months without the written consent of the Superintendent of Pensions.

(b) If the pension plan terminated or became inactive during the plan fiscal year under review or in a previous reporting period, indicate the effective date.

3. MEMBERSHIP

For plans that have terminated, on line 3(a)(8) show the number of members who are affected by the plan termination.

(a) Active members

Active Members are those who have joined the plan prior to the plan fiscal year end and have not terminated their membership or begun receiving a pension. Active members therefore include those whose membership was interrupted because of lay-off, suspension, disability or leave of absence, whether or not contributions were made on their behalf, during the period under review. Active members do not include former members who have terminated membership but still have benefits under the pension plan. Such members are reported under 3(b)(2).

In a multi-employer pension plan, termination of membership occurs when the member receives payment of his benefit (whether as a commuted value or pension payments begin), or at the end of 2 consecutive plan years in the which the member worked less than 350 hours of covered employment, whichever is earlier.

1. Ensure that membership at the beginning of the period under review reflects the membership at the end of the previous year.
2. New entrants to active membership include new members joining the plan and transfers from other plans.
3. Enter the sum of 3(a)1 plus 3(a)2 above.
4. Include normal, early, postponed and disability retirements from active plan membership.
5. Include deaths of active members.
6. Include any other terminations of membership as defined under the PBSA.
7. Enter the sum of 3(a)4, 3(a)5 plus 3(a)6 above.
8. Subtract line 7 from line 3.

(b) Former Members

1. Pensioners who are receiving a regular pension payment out of the pension fund are to be reported on this line.
2. Report all former members who still have an entitlement under the pension plan, and who are not pensioners under 3(b)1.
3. Enter the sum of 3(b)1 plus 3(b)2.

(c) Please provide an explanation under "Comments" if the membership at the beginning of the current reporting period is different than the membership at the end of the previous reporting period, or if you have any other comments on membership in the plan (i.e. merger or sale).

(d) Active Members by Province

All Active members, including those reported under Included Employment, are to be reported by province of employment by Male and Female and Total. As a validation check, the Total should be the same as the number of active members at the plan fiscal year end under 3(a)(8). The number of members in each province who are employed in "Included Employment" should **also** be reported under the column entitled "Included Employment".

Under the federal pension statute, the *Pension Benefits Standards Act, 1985* (PBSA,1985), "Included Employment" is employment in connection with the operation of any work, undertaking or business that is subject to the legislative authority of the Government of Canada. The following activities generally fall under the category of Included Employment:

- any undertaking or business in connection with navigation and shipping, both inland and maritime;
- rail transportation connecting two or more provinces;
- air transportation;
- interprovincial road transportation;
- communications, including radio, television, telegraph, telephone companies;
- chartered banks;
- any undertaking declared by the Parliament of Canada to be for the general advantage of Canada (this includes uranium mining and flour, feed or seed mills west of the Lakehead);
- employment in the Northwest Territories, the Yukon Territory or Nunavut.

For a precise definition of Included Employment, refer to section 4 of the PBSA,1985: <http://laws.justice.gc.ca/en/p-7.01/257931.html> . Pension benefits for those employed in Included Employment are subject to the PBSA,1985.

4. CURRENT SERVICE CONTRIBUTIONS

Report the amount of contributions, both member and employer, required to be remitted to the fund in accordance with the *Pension Benefits Standards Act* of British Columbia (PBSA) and Regulation, in respect of employment during the plan fiscal year under review.

Contributions paid into the fund during the current period, which were in respect of the prior reporting period, should be excluded while contributions actually paid into the fund in the subsequent reporting period but in respect of the current reporting period are to be included.

For example:

Reporting period: Jan. 1, 2005 through Dec. 31, 2005
Dec 2004 payment = \$8,000 and paid into fund Jan 2005
Dec 2005 payment = \$10,000 and paid into fund Jan 2006
Total contributions paid into fund during reporting period = \$100,000

Contributions to be reported = \$100,000 - \$8,000 + \$10,000 = \$102,000

DO NOT include contributions made for payment of any unfunded liability or solvency deficiency as disclosed in the actuarial valuation report. These are to be reported under section 5 - Special Payments.

Under the column "Defined Contribution", report contributions made under a defined contribution pension plan or, if the plan has characteristics of both a defined benefit plan and a defined contribution plan, report those contributions made in accordance with the defined contribution provisions of the plan.

Under the column "Defined Benefit", report contributions made under a defined benefit pension plan or, if the plan has characteristics of both a defined benefit plan and a defined contribution plan, report those contributions made in accordance with the defined benefit provisions of the plan.

(a) Member Contributions

1. Report total member required contributions, as determined in accordance with the plan document.
2. Report the amount of member additional voluntary contributions remitted to the fund.
3. "Optional defined benefit contributions" means contributions made by a member to a pension plan to provide benefits under a defined benefit provision that are in addition to contributions required to attain a pension, and includes:-
 - (a) optional ancillary contributions made to a flex plan,
 - (b) contributions to purchase benefits related to past service, and
 - (c) contributions to increase pensionable service in a multi-employer plan.
4. Enter the sum of 4(a)1 plus 4(a)2 plus 4(a)3.

(b) Employer Contributions

1. Report total current service contributions, as required by the plan documents, collective agreements or the most recent actuarial valuation report for the period under review, on this line, including amounts paid from forfeitures under a defined contribution provision of the plan or surplus under a defined benefit provision of the plan. Do **NOT** include payments for unfunded liabilities or solvency deficiencies included under section 5 - Special Payments.
2. Report the additional amounts remitted to the plan to eliminate transfer deficiencies pursuant to section 25(5)(a) of the Pension Benefits Standards Regulation.
3. Under "Defined Contribution", report the amount of required employer contributions met through re-allocation of employer credits, or "forfeitures", where those credits arose via non-vested terminations or deaths under a defined contribution plan.
4. Under "Defined Benefit", report the plan surplus used to offset employer contributions as detailed in the last actuarial valuation.
5. Enter the sum of 4(b)(1) plus 4(b)(2) minus 4(b)(3) minus 4(b)(4).

(c) For plans that have a defined benefit component, please enter the date of the actuarial valuation on which contributions were paid. Also, please provide an explanation if contributions were not made in accordance with the actuarial valuation.

(d) Contribution Base

1. Please enter the total payroll on which the contributions were based. Report covered payroll for defined benefit members separately from covered payroll for defined contribution members.
2. Please describe the base on which contributions are made if other than based on payroll, such as the number of hours worked.
3. Please indicate if contributions are the result of a collective agreement.

5. SPECIAL PAYMENTS

Special Payments are applicable to plans with a defined benefit component. Special payments include those amounts recommended by the fund's actuary as being required to amortize unfunded liabilities or solvency deficiencies over prescribed periods of time. Another type of special payment would be a lump-sum amount remitted by the employer to cover, in full, the cost of amendments that increased the plan's liability.

Payments made must be equal to, or greater than, the required payments disclosed in the most recent actuarial valuation report covering the period under review. As in question 4,

Special Payments paid into the fund during the current period, which were in respect of the prior reporting period, should be excluded while Special Payments actually paid into the fund in the subsequent reporting period but in respect of the current reporting period are to be included. Employees may be required to make payments in respect of unfunded liabilities and solvency deficiencies if the plan is a jointly trustee cost-sharing plan.

- (a) *Employer Unfunded Liability Payments:* Report on this line Special Payments for Unfunded Liabilities required to be paid by the Employer in respect of the plan fiscal year under review in accordance with the recommendations of the actuary and the PBSA and Regulation.
- (b) *Employee Unfunded Liability Payments:* Report on this line Special Payments for Unfunded Liabilities required to be paid by the Employees in respect of the plan fiscal year under review in accordance with the recommendations of the actuary and the PBSA and Regulation.
- (c) *Employer Solvency Deficiency Payments:* Report on this line Special Payments for Solvency Deficiencies required to be paid by the Employer in respect of the plan fiscal year under review in accordance with the recommendations of the actuary and the PBSA and Regulation.
- (d) *Employee Solvency Deficiency Payments:* Report on this line Special Payments for Solvency Deficiencies required to be paid by the Employees in respect of the plan fiscal year under review in accordance with the recommendations of the actuary and the PBSA and Regulation.
- (e) *Lump-sum amount(s)* remitted by the Employer to cover, in full, the cost of amendments that increased the plan's liability.

6. PLAN ASSETS

- (a) and (b) Plan assets are the net assets held in the pension fund at the beginning of the plan fiscal year and at the end of the plan fiscal year. The net market value reported as at the year-end must reflect the receivables and payables reported either under item 7 below, or on the Pension Plan Financial Information Return.
- (c) Indicate whether members direct the investment of any portion of their own accounts under the plan. If so, indicate whether or not the plan is being administered in accordance with The Guidelines for Capital Accumulation Plans (CAP Guidelines) made by the Joint Forum of Financial Market Regulators. Where members direct some or all of their own investments and the plan is not being administered in accordance with the CAP Guidelines, then please explain why.
- (d) Indicate whether the Statement of Investment Policies and Procedures has been reviewed and/or amended during the plan fiscal year under review.

- (e) Indicate whether question 7 on this AIR is to be completed, or whether a Pension Plan Financial Information Return is required to be filed.

7. RECEIVABLES & PAYABLES

Receivables are any amounts owing to the pension fund at plan year end.

- (a) *Employee Contributions Receivable* (see questions 4(a) and 5) are

- (1) Current service contributions that were required to be paid to the pension fund by the member in respect of covered employment during the fiscal year under review;
- (2) Additional voluntary contributions of the member for the fiscal year under review;
- (3) Optional defined benefit contributions for the fiscal year under review; and
- (4) Special Payments that were required to be paid in respect of the fiscal year under review

that have not been received by the pension fund as at the plan year end.

- (b) *Employer Contributions Receivable* (see questions 4(b) and 5) are

- (1) Current service contributions that were required to be paid to the pension fund by the employer in respect of covered employment during the fiscal year under review;
- (2) Transfer Deficiency amounts in respect of the fiscal year under review; and
- (3) Special Payments that were required to be paid in respect of the fiscal year under review

that have not been received by the pension fund as at the plan year end.

- (c) *Other Receivables* at the plan fiscal year end includes investment earnings and income receivable (interest, dividends, rents); transfers not yet received; interest accrued on unpaid contributions, dividends, refunds or other advantages; amounts receivable from an indemnification agency such as Assuris (formerly the Canadian Health and Life Insurance Compensation Corporation (CompCorp)) or the Canada Deposit Insurance Corporation (CDIC).

- (d) *Total* is the sum of 7 (a) through (c).

Payables are any amounts that were due to beneficiaries or entities that were not paid out of the fund by the plan year end.

- (e) *Pension Benefits Payable* (monthly or other periodic payments payable to retired or disabled members or their survivors); *Refunds Payable* (cash payments to terminated members or beneficiaries that are not required to be locked-in, or to the employer to avoid revocation of the plan, or to return forfeited employee contributions to the employer); and *Transfers Payable* (termination payments and death payments transferred to another Registered Pension Plan, Registered Retirement Savings Plan, Registered

Retirement Income Fund or Life Insurance Company) that were requested in the plan fiscal year but which had not yet been completed by the plan year end.

- (f) *Investment Expenses Payable* include fees payable from the fund for brokerage and transaction fees (when not added to the cost base of the investment or deducted from the proceeds of disposition), securities broker's or financial manager's fees, custodial fees and other expenses related to managing the investments that are owed but not yet paid at year-end. Do not report expenses if they were deducted from investment income, or if investment management fees were paid for by the employer.
- (g) *Other Administrative Expenses Payable* include professional fees (for accountants, lawyers, actuaries, or other pension fund consultants), Board of Trustees fees, and all other pension plan administrative expenses owed but not yet paid from the plan at year-end.
- (h) *Other Payables* includes all other amounts owed or payable from the plan at the end of the fiscal year that are not included in (e), (f), and (g) above.
- (i) *Total* is the sum of 7(e) to 7(h) inclusive.

8. ADJUSTMENTS TO PENSIONS

This section is for the purpose of collecting information on any regular or *ad hoc* increases to retirees or surviving spouses in receipt of a pension.

- (a) If increases were made in the reporting period, check the appropriate box.
- (b) If pensions were increased in the reporting period, indicate the basis for the increase.
- (c) Indicate the source of the funds used to make the adjustments.

9. AMENDMENTS

Indicate whether any amendments were made to the plan during the plan fiscal year under review, the amendment number (if applicable) and relevant dates, and whether the amendments have been submitted to the Financial Institutions Commission, Pensions Department.

10. FEES

Section 75 of the *Pension Benefits Standards Act* outlines the fees payable for the filing of a return. Fees are \$7.00 for each person who was an active member of the plan at the end of the fiscal year being reported on, subject to a minimum fee of \$200 and a maximum fee of \$20 000. Please make the cheque payable to "Minister of Finance".

11. COMMENTS

Add any comments on or explanations of answers given in any of the above sections.

12. CERTIFICATION

The AIR certification must be signed by an authorized officer of the plan. Authorized officer is the executive officer of the employer responsible for the pension plan, or the member of the Board of Trustees authorized to sign the Annual Information Return. The authorized officer is certifying that the information provided on the AIR is true, correct and complete. This certification applies to both the Pensions Department and CRA information.

For further information, visit our web site at <http://www.fic.gov.bc.ca> or contact us at:

Financial Institutions Commission
Pensions Department
Suite 1200 – 13450 102nd Avenue
Surrey, B.C. V3T 5X3
Telephone: (604) 953-5300
Fax: (604) 953-5301

Canada Revenue Agency Schedule 1

The completion of **all** information on Schedule I is required by the CRA.

1. The sum of lines 1 to 4 need not equal the difference in the asset values at the beginning and end of the plan year.

line 1 total amounts transferred in from other RPPs, DPSPs, RRSPs, etc..

line 2 net investment earnings or net losses.

line 3 total amount of benefits paid to beneficiaries.

line 4 total amount of all transfers to other plans including RPPs, RRSPs, and RRIFs.

2. According to the *Income Tax Act* (Canada), Regulation 8500 (3), a “connected” person is generally one who:

(a) owns, directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the employer or a related corporation;

(b) does not deal at arm’s length with the employer; or

(c) is a specified shareholder of the employer by reason of subsection 248 (1) of the *Income Tax Act* (Canada).

3. After Question 3, “Specified Multi-Employer Plans” (“SMEP”s) do not need to report any further information. A SMEP has the following characteristics:

(a) the plan is a multi-employer plan (a “MEP”) (see definition below);

(b) employers participate in the plan under a collective bargaining agreement, and contributions are made according to a negotiated formula;

(c) employer contributions are based on hours worked by employees or some other similar measure;

(d) all or nearly all (90% is acceptable) of the employers are taxable entities; and

(e) it is expected that at least 15 non-related employers will contribute to the plan in the year, or at least 10% of the active members of the plan will be employed in the year by more than one participating employer.

Under certain conditions on application by the plan administrator, the Minister of National Revenue may designate a plan to be a SMEP under section 8510 (2) (b) of the *Income Tax Act* (Canada) Regulations. For a complete definition of a SMEP, please refer to section 8510 of the *Income Tax Act* (Canada) Regulations.

After Question 3, other “Multi-Employer Plans” (“MEP”s) go to Question 7. A MEP is a plan for which, at the beginning of the year, it is reasonable to expect that at no time in the year will more than 95% of the active plan members be employed by a single employer or by a regulated group of participating employers. For a complete definition of a MEP, please refer to section 8500 (1) of the *Income Tax Act* (Canada) Regulations.

5. See definition of connected person in question 2 above.

6. If the sponsor providing the plan is a corporation, indicate if the corporation underwent a change of control during the plan year. When the sponsor is not a corporation, check the box for “Not Applicable.”
9. “Actuarial Liabilities resulting from plan obligations” means the total actuarial liability based on a funding method that matches contributions with accrued benefits on a reasonable basis.
10. Provide the date of the last calculation of actuarial liability from plan obligations.

Please send the completed Annual Information Return including the CRA Schedule 1, along with the plan’s financial statements for the fiscal year under review, to:

Pensions Department
Financial Institutions Commission
13450 102nd Avenue, Suite 1200
Surrey, BC V3T 5X3

For plans with greater than \$10 million in assets as of the end of a fiscal year, on a market value basis, the financial statements filed must be **audited** financial statements. The filing deadline for the audited financial statements is 270 days from fiscal year end.

If you have questions about pages 1 to 4 of the AIR, please contact the Pensions Department of the Financial Institutions Commission of British Columbia, at 604 953-5300.

If you have questions about the Canada Revenue Agency Schedule 1, please contact the Canada Revenue Agency, Registered Plans Directorate telephone enquiries service, at 1 800 267-3100 or 613 954-0419.