Financial Services Commission of Ontario
Commission des services financiers de l'Ontario

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Taken from the "Your Questions Answered" column published in the PCO Bulletin. Please see the disclaimer at the beginning of the directory.

Note: Due to legislative changes, the references to "PCO" should now read "FSCO".

In accordance with subsection 7(3) of the Regulations, in a year where an actuarial gain exists, the actuarial gain may be applied to reduce any employer contributions for normal costs. How is the employer's right to continue taking contribution holidays affected when the period covered by a valuation report has passed and a report for the following period (the subsequent period) has not yet been provided to the PCO?

Where the period covered by a report filed with or submitted to the PCO has passed, the plan administrator has a specified number of months to provide the PCO with a report which covers the subsequent period. Until a report covering the subsequent period is provided, subsection 4(5) of the Regulation permits the employer to continue funding the plan in accordance with the last submitted or filed report. Subsection 4(5) provides the authority for the employer to continue to apply actuarial gains identified in the last report to take contribution holidays over any period not covered by the report (i.e., the interim period between the end of the period covered by the last report and the date the report for the subsequent period is provided to the PCO).

If the report covering the subsequent period reveals that no actuarial gain existed during the interim period over which the employer continued to take contribution holidays, employer payments for normal costs over that interim period will be considered to be in arrears. Accordingly, when the report covering the subsequent period is provided to the PCO, immediate payment of all outstanding employer contributions plus applicable interest must be made to the plan fund.