



---

SECTION: Registration  
INDEX NO.: R500-250  
TITLE: Guide To Completing A Pension Plan Document Checklist - PBA s. 98  
APPROVED BY: The Superintendent of Pensions  
PUBLISHED: Compliance Assistance Guideline #5  
EFFECTIVE DATE: November 1, 1992 to May 1, 1994 [No longer applicable - Feb. 2000]

---

## **A GUIDE TO COMPLETING THE PENSION PLAN DOCUMENT CHECKLIST**

Pension plan Administrators are responsible for ensuring that the pension plan and the pension fund are administered in accordance with the Pension Benefits Act, R.S.O. 1990, c.P.8 (the "Act"), Regulations, and published Commission policies. The Pension Plan Document Checklist (the "Checklist") is designed to assist the Administrator of a pension plan in fulfilling this responsibility. It is required to be filed with Applications for Registration of a Pension Plan, Restated Plan Text, or Other Amendments. This Guideline is intended to assist in the completion of the Checklist which is authorized by subsection 98(1) of the Act.

### **Requirement To Identify The Administrator**

The employer or plan sponsor is the Administrator of a pension plan unless the appointment of another person(s), company, committee, board or agency eligible to be appointed Administrator (Section 8 of the Act) has been provided for in the pension plan.

### **Effective Date**

Since greater reliance is being placed on the certification of the Administrator (that a pension plan complies with the Act, Regulations, and Commission policies), filings received by the Commission on or after November 1, 1992 must be accompanied by the Checklist. The Checklist will also speed-up the processing of registrations.

### **The Pension Plan Document Checklist Package**

The Checklist is composed of the following elements:

- o A brief notice to the Administrator and instructions for filling out the Checklist;
- o Section I: General Information;
- o Section II: Application for Registration Of A Pension Plan, or Application For Registration Of A Restated Plan Text;

- o Section III: Application for Registration of Other Amendments; and
- o Section IV: Certification.

### **Explanation of Sections**

#### **Section I: General Information**

Administrators are required to provide information identifying the plan. Completion of this section is necessary for the timely processing of the application.

This section also asks the Administrator to indicate the purpose of the application (i.e. applying to register a pension plan, restated plan text or other amendment). The nature of the application will determine whether section 2 or 3 of the Checklist should be completed.

The Administrator must also indicate whether the application involves a transfer of assets, merger of plans, refund of contributions, distribution of surplus, plan conversion, early retirement/downsizing program, or full/partial wind up of the pension plan.

#### **Section II: Application For Registration Of A Pension Plan, or Application For Registration Of A Restated Plan Text**

This section should only be used when making application for the registration of a plan or for the registration of a restated plan text. In order to assist Administrators in meeting their compliance obligations, columns 1 and 2 of this section list the minimum requirements of the Act and Regulations with the relevant section references. In column 3, Administrators are asked to indicate the section reference in their source documents\* that meets the statutory requirement listed in column 1.

\* A source document may be one or a combination of the following: Pension Plan Text, Trust Agreement, Insurance Company Contract, Collective Agreement, etc.

#### **Section III: Application For Registration Of Other Amendments**

This section should be used when submitting an amendment other than a Restated Plan Text. Examples include an amendment which changes the benefit formula, plan name, eligibility conditions, etc. Administrators are asked to indicate the nature of the amendment in column 1 and reference the relevant section of the source document in column 2.

#### **Section IV: Certification**

Pension plans cannot be administered in a manner which is contrary to filed documents. In the case of compliance amendments, the Administrator is responsible for ensuring that the pension plan and the pension fund are administered in accordance with the Act and Regulations regardless of whether the amendments have been filed.

An amendment that has the effect of reducing the amount or commuted value of an accrued benefit is void under section 14 of the Act. (Void amendments are not in compliance with the Act and Regulations.)

Administrators are asked to personally sign a certification that the documents filed are in compliance with the Act and Regulations. Agents of the Administrator are not eligible to make this certification. The Commission will rely on this certification to register a plan or plan amendment(s). Naturally, the Commission reserves the right, at any time after a plan or plan amendment has been registered based on this certification, to determine whether or not the filed documents comply with the Act and Regulations. Administrators are therefore advised to exercise caution in making this certification.

Where a pension plan covers members in jurisdictions within Canada other than Ontario, the Administrator is also required to ensure that the pension plan and pension fund are administered in accordance with the pension legislation in those other jurisdictions.

**Guidelines For Plan Contents**

The following chart summarizes information generally required in pension plan documents. This summary will assist the Administrator in complying with the contractual provisions required under the Act and Regulations. Items listed in the chart refer to items in Section 2 of the Checklist.

<b>CHECKLIST REFERENCE</b>	<b>ACT (A) or REG. (R) REFERENCE</b>	<b>GUIDELINES</b>
1. Method and details of appointment of Administrator	A 10(1) para. 1; A 8	<p>The plan must provide sufficient information to confirm that the named Administrator's appointment conforms with the plan's provisions and the Act. The following is an outline of the required information where the Administrator is:</p> <ul style="list-style-type: none"> <li>i) the employer or employers: <ul style="list-style-type: none"> <li>o the employer(s) is/are the Administrator.</li> </ul> </li> </ul> <p><b>Note:</b> Where subsidiaries or affiliates participate in a company's pension plan they must be named as Administrators but may appoint the company as an agent for all of the Administrator's functions.</p>
<b>CHECKLIST REFERENCE</b>	<b>ACT(A) OR REG.(R) REFERENCE</b>	<b>GUIDELINES</b>

- ii) a pension committee:
  - o composition - total number, number of employer representatives, number of member representatives;
  - o method of appointing member representatives, e.g. appointed by union or employer or by member vote.

(iii) an insurance company:

- o XYZ Insurance Company

**Note:** An insurance company can only be an Administrator if all benefits under the plan are guaranteed by the insurance company.

- iv) board of trustees (MEPP's established by collective agreement or trust agreement):
  - o composition - total number, number of employer representatives, number of member representatives (minimum 50% member representation of whom at least 50% must be Canadian citizens or landed immigrants (A 8(1)(e)));

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

- o method of appointing member representatives,

		<ul style="list-style-type: none"> <li>e.g. through bargaining process or by member vote;</li> <li>o method of appointing employer representatives; and</li> <li>o powers and duties.</li> <li>v) a board, agency or commission made responsible by an Act of the Legislature:</li> <li>o name of board and statute.</li> </ul> <p><b>Note:</b> A pension plan does not have to set out the Administrator's authority to retain agents. The authority to employ agents and the Administrator's responsibility for agents is set out in subsections 22(5) and 22(7) of the Act. shall be the Administrator;</p>
2. Powers and duties of Board of Trustees (MEPPS only)	A 10(2)	Self-explanatory - refer to applicable section of the Act.
3. Fiscal year of Pension Plan	R 51	Self-explanatory - refer to applicable section of the Regulations.
4. Conditions for membership	A 10(1) para. 2	<p>The plan must describe:</p> <ul style="list-style-type: none"> <li>o eligible class(es) of employees (see the PCO's Interpretation Bulletin D);</li> </ul>

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

- o any service requirements; and,

		o voluntary/compulsory participation conditions.
(a) Full-time employees	A 31(2)	Eligibility period must not exceed 24 months of continuous employment.
(b) Part-time employees	A 31(3)	Eligibility period must not exceed 24 months of continuous employment with: <ul style="list-style-type: none"> <li>(i) 35% of YMPE; or,</li> <li>(ii) 700 hours,</li> </ul> in <u>each</u> of the immediately preceding two calendar years. <p><b>Note:</b> The plan cannot delay entry to the following January 1st if the minimum conditions have been satisfied part way through a calendar year, except in the case of MEPP's.</p>
	A 31(4)	For MEPP's only, eligibility conditions must not exceed lesser of: <ul style="list-style-type: none"> <li>o 35% of YMPE or 700 hours with one or more participating employers in <u>each</u> of the two immediately preceding calendar years.</li> </ul>

<b>CHECKLIST REFERENCE</b>	<b>ACT(A) OR REG.(R) REFERENCE</b>	<b>GUIDELINES</b>
5. Benefits and Rights accruing upon:	A 10(1) para. 3	Must set out benefits, rights and options of a member.

(a)	Normal Retirement	A 35(3)	The plan must provide that minimum vesting standards apply for terminations on or after normal retirement date.
(b)	Early Retirement	A 41(2)-(6) incl.	The plan must provide that, as a minimum, the member must be entitled to elect early retirement within 10 years of the normal retirement date on an actuarially reduced basis.
(c)	Continuation of employment after Normal Retirement Date	A 35(3), (4)	<p>The plan must provide that if employment continues, the member is entitled to continue accruing benefits in accordance with the plan formula, subject to any maximum service or benefit provisions in plan.</p> <p><b>Note:</b> The plan may offer the option of receiving a pension in lieu of further benefit accruals during continued employment but it may not require it.</p>
(d)	Termination of employment or membership prior to Normal Retirement Date	A 36	For pre January 1, 1987 benefits, the plan must provide, as a minimum, full vesting after age 45 and completion of 10 years of service or membership.

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

A 37

For post December 31, 1986 benefits, the plan must provide, as a minimum, full vesting after 24 months of membership.

A 38(1)

The plan cannot prohibit a member, who is a

		member of a MEPP, a part-time employee or on layoff, from terminating membership where no contributions are paid or required to be paid on behalf of the member for 24 consecutive months.
	A 40(2)	The plan must include ancillary benefits in a member's vested benefits if the member has satisfied all eligibility conditions to exercise the right to receive the ancillary benefit.
	A 42(1)	The plan must provide transfer rights to terminating vested members, except members who are eligible for an immediate pension.
(e) Death prior to retirement	A 48(1), (2), (3), (4), (5), (6), (7) & (14)	The plan must provide a minimum death benefit equal to the commuted value of post December 31, 1986 benefits. The death benefit must be payable to the spouse, if there is one, unless the member and spouse are living separate and apart (as defined under the Family Law Act, R.S.O. 1990,

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

c.F.3) or a prescribed waiver form is completed. If the death benefit is not payable to a spouse, then the priority of payment is to the designated beneficiary first and then to the estate.

**Note #1:** The death benefits under section 48 of the Act may be in the form of a lump sum payment (cash or transfer) or a pension. The lump sum



payments are not subject to locking-in; however, if pension or deferred pension is elected, section 67 of the Act requires that such a pension may not be surrendered or commuted.

**Note #2:** For pre January 1, 1987 benefits, the minimum death benefit is a return of employee contributions plus interest (prescribed interest as a minimum from January 1, 1987).

**Note #3:** For pre January , 1987 benefits, there is no required spousal priority (i.e. the pre January 1, 1987 death benefits do not have to be payable to a spouse).

(f) Death  
after retirement

A 44(1), (2), (3)  
A 46

The plan must provide for pensions to be paid, as a minimum, in a 60% joint and survivor form unless, at the

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

date of retirement there is no spouse, the member and spouse are living separate and apart, or the joint and survivor pension is waived using the prescribed form.

**Note #1:** The Act requires that the pension payable

to the survivor of the member and the member's spouse be not less than 60% of the initial pension, thereby implying the reduction applies on first death.

However the plan may provide for a reduction on the member's death only.

**Note #2:** Bridge benefits are not subject to the 60% joint and survivor requirement (R 60).

**Note #3:** Variations in payments in respect of CPP/QPP are subject to the 60% joint and survivor requirement.

**Note #4:** The commuted value of the 60% joint and survivor pension may not be less than the commuted value of the pension that would normally be payable to the member.

<b>CHECKLIST REFERENCE</b>	<b>ACT(A) OR REG.(R) REFERENCE</b>	<b>GUIDELINES</b>
6. Retirement dates:		
(a) Normal Retirement Date	A10(1) para. 4	The pension plan must set out the normal retirement date.  The normal retirement date must be prior to age 66.

	A 35(1)	For plans registered or filed for registration prior to January 1, 1988 the normal retirement condition only applies to post December 31, 1987 benefits.
(b) Early Retirement Date	A 41(1), (2)	The plan must provide that, as a minimum, the member must be entitled to elect early retirement within 10 years of normal retirement date.
7. Requirements for entitlement to:	A 10(1) para. 5	Plans must clearly detail the vesting provisions applicable and, as a minimum, the plan must comply with the statutory vesting rules.
(a) Deferred pension in respect of employment prior to January 1, 1987	A 36(2)	Age 45 and 10 years continuous service or membership.
(b) Deferred pension in respect of employment after December 31, 1986.	A 37(2)	Continuous plan membership of 24 months.

<b>CHECKLIST REFERENCE</b>	<b>ACT(A) OR REG.(R) REFERENCE</b>	<b>GUIDELINES</b>
8. Entitlement to ancillary benefits	A 10(1) para. 5; A 40(1); R 54	The plan must not provide ancillary benefits other than those listed in subsection 40(1) of the Act and section 54 of the Regulations.
	A 40(2)	The plan must not contravene the requirement that ancillary benefits for which the member has satisfied all eligibility requirements to exercise the right to receive the benefit shall be included in the

		member's pension benefit or the commuted value of the pension benefit.
9. Contributions or method of calculating required employer contributions and employee contributions if any.	A 10(1) para. 6	The plan must contain specific details on contribution levels.
	A 11(2)	The level of employer contributions must not be variable at the discretion of the employer.
	A 11(3)	For deferred profit sharing pension plans and money purchase plans, there must be a formula for allocating contributions amongst the members that is not variable at the discretion of the employer.
	A 55(1)	The plan must provide for sufficient funding to provide the benefit.

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

A 55(2); R 4(1),  
(2), 6(1), (2)

The plan shall set out the employer's obligation to contribute in respect of normal cost, going concern unfunded actuarial liabilities and solvency deficiencies.

**Note:** Money purchase and deferred profit sharing pension plans must provide a minimum employer contribution for each member.

10. Method of determining benefits payable	A 10(1) para. 7	The plan must set out the method/formula for determining benefits payable upon normal retirement, early retirement, postponed retirement, termination of employment and membership, pre-retirement death, post-retirement death.
	A 11(1)	Accrual of pension benefits must be gradual and uniform.
	A 11(2)	Computation of employer contributions and pension benefits must not be variable at the discretion of the employer.
(a) Value of deferred pension.	A 39(1)	For pre January 1, 1987 benefits, plan must provide minimum value of employee contributions plus interest.
(b) 50% rule	A 39(3)	For post December 31, 1986 accruals of contributory defined benefits, employee contributions plus

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

investment earnings may not provide for more than 50% of the commuted value. Rule must be set out in the plan.

**Note:** Increases in pre January 1, 1987 benefits created by post December 31, 1986 amendments may or may not be included in the 50% rule. The plan must set out how it will be administered.

(c) Entitlement to excess	A 39(4)	The plan must state that former members re entitled
---------------------------	---------	---

amount

to a refund of excess employee contributions plus interest (excess over 50% rule).

**Note:** The transfer options in A 42(1) do not apply to refunds of excess employee contributions. Refunds in the form of cash only or non-locked-in options (transfer or additional pension) may be allowed by the plan.

(d) Reductions, if any, related to CPP/QPP or OAS

A 54

If plan provides for a reduction in respect of CPP/QPP or OAS, the reduction must be clearly defined in the plan and must not exceed the prescribed formula in R 46 (pro-rated over 35 years). An OAS reduction for accruals after December 31, 1986 is not permitted.

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

11. Locking-in

A 63(1)

Benefits under the plan must be provided on a locked-in basis, except the following which may be paid in the form of cash refunds to members:

A 63(2)

o additional voluntary contributions;

A 63(3)

o pre January 1, 1987 contributions (employee and employer) if the member is under age 45 or has not completed 10 years of continuous service or membership;

A 63(4)

o post December 31, 1986 contributions (employee and employer) if member has less than 24 months membership;

- A 63(5);  
A 50(1)
  - o if annual benefit payable at normal retirement date is less than 2% of YMPE in the year of termination;
  
- A 63(5);  
A 50(2)
  - o 25% of commuted value of pre January 1, 1987 locked-in pension; and
  
- A 63(7) & (8)
  - o refund of member required contributions where the plan is amended to retro-actively change the plan from contributory to non contributory, subject to Commission consent.

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

**Note:** A plan may provide earlier locking-in, in which case earlier vesting must also apply, (A 64(1)). If a plan provides earlier vesting, it may, but does not have to, provide earlier locking-in.

12. Non-Alienation

A 65(1), (2);  
A 66(1), (2), (3)

Self-explanatory - refer to applicable section of the Act.

13. Method of calculating interest

A 10(1) para. 8

The plan must set out the method for crediting interest to:

- o member required contributions, if any;
- o member additional voluntary contributions, if permitted; and,

- o employer contributions towards defined contribution benefits.

The method for crediting interest must meet the minimum requirements set out below:

Minimum interest to be credited on member contributions to the date of termination:

A 58(2); R 21

- o for defined contribution benefits and additional voluntary contributions, fund rate; or,

**CHECKLIST  
REFERENCE**

**ACT(A) OR  
REG.(R)  
REFERENCE**

**GUIDELINES**

- o for defined benefits - either the fund rate or CANSIM series B 14045.

**Note:** The plan may provide certain averaging techniques in interest calculation.

14. Mechanism for payment of the cost of administration of the pension plan and pension fund.

A 10(1) para. 9; 22(9) & (10)

Plan must set out mechanism (paid from fund or directly by the sponsor).



15. The mechanism for establishing and maintaining the pension fund	A 10(1) para. 10; R 50	Plan must set out mechanism.  Self-explanatory - refer to applicable section of the Regulation.
16. Treatment of surplus  (a) During continuation of the pension plan	A 10(1) para. 11 A 78(1)	The plan must set out the treatment of surplus.  The plan must address use of surplus which may include:  o contribution holidays; and,  o surplus withdrawals by the employer.  <b>Note:</b> If the plan provides for surplus withdrawals by the employer, the plan must state that such withdrawals are subject to applicable legislation.

**CHECKLIST REFERENCE**

**ACT(A) OR REG.(R) REFERENCE**

**GUIDELINES**

(b) On wind-up of the pension plan		The plan should address whether surplus reverts to the employer or the members or basis for splitting surplus.  <b>Note:</b> If the plan provides for surplus reversion to the employer, the plan must state that reversion is subject to applicable legislation.
17.Obligation of Administrator to provide members with information and documents	A 10(1) para. 12  A 25(1); R 34	The plan must set out the Administrator's obligation to provide information, statements and documents. Explicit details are not required but the plan should make reference to each of the following:  The plan explanation to eligible members;

A 26(3), (5); R 35	Notice and explanation of amendments;
A 27; R 36	Annual member statement; and,
A 28; R 37, 38, 39, 40	Option statement on termination (including death and retirement).

<b>CHECKLIST REFERENCE</b>	<b>ACT(A) OR REG.(R) REFERENCE</b>	<b>GUIDELINES</b>
18. Documents/ Information from Administrator on request	A 29; R 41	Member's right to review the prescribed documents and receive copies. The plan should also address any charge the Administrator may make for providing copies.
19. Method of allocation of assets of pension plan on wind-up	A 10(1) para. 13; A 70(1)(c)	The plan must set out the method.
20. Particulars of any predecessor pension plan under which members of the pension plan may be entitled to pension	A 10(1) para.14	If there is a predecessor plan, the plan being registered must set out sufficient details to identify: <ul style="list-style-type: none"> <li>o the predecessor plan (plan name, sponsor and registration number);</li> </ul>

benefits

- o the group or class of members who have entitlements under the predecessor plan; and,
- o the treatment of benefits accrued under the prior plan (e.g. payable from prior plan, merged with current plan, purchased from insurance company, etc.).

For more information call or write to the Pension Commission of Ontario at:

101 Bloor Street West  
9th Floor  
Toronto, Ontario  
M7A 2K2  
Telephone: 416-314-0660  
Fax: 416-314-0620

The material in this Compliance Assistance Guideline has been prepared by the PCO to provide general information. The information contained here should not be construed as legal advice. The Pension Benefits Act, R.S.O. 1990, c.P.8, the Regulation (as amended), terms of a pension plan, and the policies and practices of the PCO, as they may be from time to time, should be considered to determine specific legal and legislative requirements.

---

This is the 5th in a series of Compliance Assistance Guidelines designed to assist Administrators in complying with the legislation and to ease administration.

Published Compliance Assistance Guidelines:

1. A Guide To Preparing An Application For Registration
2. A Guide To Preparing An Annual Information Return
3. A Guide To Preparing, Reviewing And Amending A Statement Of Investment Policies And Goals (SIP & G)
4. A Guide To The Wind Up Of A Pension Plan (Revised Version, December, 1990)
5. A Guide To Completing The Pension Plan Document Checklist

This Guideline is published by the Pension Commission of Ontario, 101 Bloor Street West, 9th Floor, Toronto, Ontario, M7A 2K2 (416) 314-0660 FAX (416) 314-0650. Address any enquiries to the Senior Communications Officer.