

Defined Contribution (DC) Pension Plans – What Employers need to know

The employer is responsible for its DC Pension Plan

- The employer decides the level of contributions, investment options and other design features, including:
 - [automatic features](#) such as auto-enrollment, auto-escalation and default investment funds; and
 - options to pay retirement income directly from the plan (“[variable benefits](#)”).
- The employer is the legal “administrator” of the plan. The legal administrator is a fiduciary to members and is responsible for many things, including:
 - ensuring that the plan complies with the [Pension Benefits Act \(PBA\)](#) and its [regulations](#)
 - enrolling eligible employees, giving them information about the plan & their rights/entitlements/options
 - choosing and monitoring service providers and investment fund performance

Member communications and forms (hard copy or electronic)

- Enrollment forms, investment option forms and beneficiary designation forms
- Member booklets: must be kept up to-date and be provided to employees when they are eligible to join
- Account information: most plans make this available to members online
- Annual statements: must be provided within 6 months of the plan year end
- Notice of plan amendments: there are special requirements for “adverse amendments”
- Termination and death benefit option statements: must be provided within 30 days of the event
- [Family Law forms](#) (for valuing or splitting a pension on marriage breakdown): available on FSRA’s website

Note: these items can be prepared or provided by your service provider.

Contributions must be paid and remitted at least monthly – no exceptions

- Employers must contribute: their contributions must be paid at least monthly, by no later than 30 days after the month for which the contributions are payable.
- If employees contribute, their contributions must be remitted to the pension fund at least monthly, by no later than 30 days after the month they were deducted.
 - **Note:** Employers can set up automatic payroll deductions and remittances, so that member contributions are automatically sent to the service provider.
- Each year the employer must estimate the contributions it expects to make to the plan, based on plan rules, member elections and the expected payroll. The estimate must be reported to the pension fund holder (usually an insurance company) on [Form 7](#), during the first 60 days of each plan year. Any adjustment to the estimate must also be reported on [Form 7](#) within 60 days of revision.

Keep your contact information up-to-date with FSRA

It is important to let FSRA know if the contact person at your organization, or their email address, has changed.

- If there is a change in the contact person, email pensioninquiries@fsrao.ca and include the new contact information (name, mailing address, email address and phone number).
- To update other contacts go to [Instructions for using 'Contacts' menu on the Pension Services Portal \(PSP\)](#)

Annual filings with FSRA

These documents must be filed online with FSRA within 6 months of each plan year end. Read: [PSP Instructions](#).

- The Annual Information Return (for information, read the [Annual Information Return Guide](#))
- The annual financial statement of the pension fund (not required to be audited)

Note: your service provider can prepare these filings or the information needed to complete them.

FSRA Assessments

FSRA will send the sponsoring employer an annual invoice for the assessment owing for their plan. These assessments are due each spring, on the date indicated in the assessment.

Plan Documents

Every plan must provide the benefits promised in plan documents. All plan documents must be authorized and adopted by the employer. These documents must be filed online with FSRA when the plan is created and when documents are amended. Read: PSP [Instructions](#). Documents include:

- The Plan text and any amendments to it must be filed with FSRA by no later than 60 days after it is adopted by the employer (using online [Form 1.1](#))
 - **Note:** if future contributions are being reduced, then a plan amendment must first be filed with FSRA and members must be notified in advance.
- Employee booklets (and revised booklets)
- Pension Fund document (usually, this is an insurance contract/policy)
- The collective agreement (if any aspect of the plan is collectively bargained)

Fines, Penalties and other Regulatory Actions

An employer that does not comply with the PBA:

- May be required to pay an Administrative Monetary Penalty of up to \$25,000 per contravention
- May be convicted and fined up to \$100,000 (or up to \$200,000 for each subsequent conviction)

A Director, officer, official or agent may also be subject to a penalty or be convicted and fined.

Note: In addition to fines and penalties, FSRA may order an employer to take certain steps or to wind up a pension plan if the plan is not being administered properly.

Service Providers

Almost all documents and information needed to file with FSRA or send to plan members can be prepared by your service provider. Please contact your service provider if you are unsure about their services or need assistance.

- The employer may delegate functions to a service provider, but remains responsible for the plan.
- The employer should consider the level of fees paid by members and the services provided in return. Service provider fees are typically deducted from member accounts and/or reflected in investment returns.
 - **Note:** Members' retirement savings are directly affected by both investment returns and fees.

Investments

One of the plan administrator's primary decisions is whether to give members a selection of investment funds to choose from, or to make the investment decision for them.

- Investment fund performance should be reviewed regularly. Funds should be replaced when appropriate.
- Members must be provided with access to sufficient, easily understood tools and information to allow them to make appropriate investment decisions (where applicable).

Note: Providing too many options can be confusing for members and increases the employer's responsibility.

Other Resources – from the [Canadian Association of Pension Supervisory Authorities \(CAPSA\)](#)

- CAPSA Capital Accumulation Plans Guidelines
- CAPSA Defined Contribution Pension Plans Guideline
- CAPSA Pension Plan Governance Guideline
- CAPSA Guideline on Fund Holder Arrangements
- [CAPSA Member Guide for Defined Contribution Pension Plans](#)