

# Approach



**Effective Date:** January 9, 2020

**Identifier:** No. PE0197APP \*(previously listed as No. PA-001-19)

## Pension Sector Guiding Principles

### Purpose

These principles guide FSRA's oversight of the pension sector – both in what we do and how we do it. They impact the creation of rules, our public interactions and guidance development and the deployment of our regulatory resources. We strive to apply these principles clearly and consistently.

### Rational and Context

FSRA's statutory objects as outlined under the Financial Services Regulatory Authority of Ontario Act, 2016 (FSRA Act) include<sup>1</sup>:

- a. to promote good administration of pension plans; and
- b. to protect and safeguard the pension benefits and rights of pension plan beneficiaries<sup>2</sup>.

FSRA's authority to exercise powers and discretions are primarily set out in the Pension Benefits Act.

FSRA has developed the principles set out below to guide the exercise of its regulatory authority within the context of the pension sector's complex legal and regulatory framework.

As regulator, FSRA continues to expect:

- plan administrators to know and comply with the legal and regulatory framework;
- pension plans to be well governed, with sound and appropriate risk management practices and controls;
- plan sponsors and administrators to communicate clearly and transparently to plan beneficiaries in easily understood language, enabling well-informed decisions;
- plan beneficiaries to obtain advice when needed, to be responsible for their own decision-making and to stay in contact with the plans holding their benefits; and
- service providers to adhere to applicable professional and statutory standards.

## Principles

1. **Risk-based.** We are fulsome in our analysis, and we assess risks by their nature, size, complexity and potential impact on stakeholders. We carefully consider these risks and when we act, our actions are measured and pragmatic.
2. **Reasonable.** Our regulatory responses are reasonable, proportionate, and taken with a view to protecting benefits and enabling the effective operation of our pension system.
3. **Aware.** We are mindful of the complexities within the pension sector and the respective roles of various stakeholders (including plan administrators and sponsors, plan beneficiaries and collective bargaining agents), as well as the different sizes and types of pension plans and their unique characteristics.
4. **Adaptable.** While guided by our regulatory objectives, we acknowledge that sometimes “one size does not fit all”. We monitor and assess evolving practices, circumstances, and expectations within the sector.

5. **Facilitative.** We aim to educate and enable, and to make use of regulatory tools and powers in order to facilitate appropriate outcomes.
6. **Effective and efficient.** In conjunction with the pension sector (including stakeholders and their respective advisors and service providers), we regularly assess the effectiveness and efficiency of our guidance documents, data collection, filing requirements, enforcement tools and service standards.
7. **Collaborative and transparent.** We are committed to on-going dialogue and consultation with the pension sector. We will work collaboratively with other regulators to promote jurisdictional harmonization.

## Effective Date and Future Review

This Approach is effective January 9, 2020. This Approach will be reviewed no later than January 9, 2023.

## About this Guidance

Approach documents describe FSRA's internal principles, processes and practices for supervisory action and application of CEO discretion. They do not, of themselves, create compliance obligations. Visit [FSRA's Guidance Framework](#) to learn more.

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<sup>1</sup> FSRA Act, sections 3(1) and 3(3).

<sup>2</sup> As used herein, "beneficiaries" refers to any individual with an entitlement under a pension plan, including members, former member and retired members as defined in the Pension Benefits Act and any other individual who may be entitled to payment from the plan.