

## **PRELIMINARY EXAMINATION TOOL**

### **GOVERNANCE (all plan types)**

Pension plan governance refers to the structure and processes in place for the effective administration of the pension plan to ensure the fiduciary and other responsibilities of the plan administrator are met.

Review the fields below and consider the current governance practices for your pension plan(s)

- i. Has a written governance framework/policy been established and documented for the pension plan(s)?
- ii. Have fiduciary responsibilities been identified for all plan stakeholders? (Sponsor, Administrator, Delegates, etc...)
- iii. Has the plan established and documented a policies and procedures (P&P) manual for overall administration of the pension plan(s)?
- iv. Are all pension administration processes documented to ensure compliance with legislative requirements and pension plan documents & policies?
- v. Has the Administrator identified, assessed, and prioritized the pension plan's risks as well as documented a process to monitor and manage these risks periodically?
- vi. Does the plan administrator have a documented process to select delegates and subsequently measure the performance of all delegates?

### **INVESTMENT (DB & MEPP plans only, unless the DC plan investment is administrator-directed)**

Prudent investment practices require appropriate processes that include due diligence in selecting, reporting and monitoring investments. Clearly identifying and documenting roles, responsibilities, and practices are important in demonstrating a prudent investment approach.

Review the fields below and consider the investment practices for your pension plan:

- i. Has the plan's latest SIP&P been filed with FSRA, if applicable?
- ii. Has the plan established a written investment policy in addition to the plan's SIP&P?
- iii. If yes to (ii.) above, are the objectives of the additional investment policy consistent with the plan's SIP&P? If not, please specify the objectives of this investment policy in the note section below.
- iv. Has the administrator retained an Outsourced Chief Investment Officer (OCIO) for the pension plan(s)? If so, has the OCIO developed an investment policy in addition to the SIP&P?

- v. Is there a service level agreement to retain the OCIO and documented performance review of the OCIO?
- vi. Is there a documented process in place to monitor and review the OCIO's investment objectives and risk tolerances periodically?

### **INVESTMENT (Member-directed DC plans only)**

Prudent investment practices require appropriate processes that include due diligence in selecting investment options, reporting and monitoring performance, and on-going communications that help members make informed investment decisions and retirement planning.

Review the fields below and consider the investment practices for your pension plan:

- i. Has the Administrator documented the name, characteristics, risk level, and reasons for selection for the default option?
- ii. Is there a documented process to monitor the performance of all investment options on a regular basis?
- iii. Is there a documented process to review the suitability of all investment options at least annually, considering the fund performance and the demographics of the plan members?
- iv. Has the Administrator adopted any automatic features including, but not limited to auto-enrollment, auto default-selection, auto investment rebalancing?

If so, please explain in more detail in the notes section below.

- v. Has the Administrator established an investment decision-making tool for the members?  
(i.e. investor questionnaires, planning projection tools, asset allocation tools, etc.)
- vi. Has the Administrator established a member engagement/education strategy that aims to help members make informed investment decisions and retirement planning?

### **FUNDING (DB plans only)**

A funding policy should support the decision-making process for financing pension plan obligations. It should also be consistent with the purpose and goals of the pension plan. The purpose of a funding policy is to establish a framework for funding the plan taking into account factors that are relevant to the plan, such as; benefit levels, affordability of contributions, and financial position of the sponsor.

Review the fields below and consider the funding framework for your pension plan(s):

- i. Has a funding policy been established and documented for the pension plan(s)?

- ii. Is the funding policy consistent with the purpose and goals of the pensions plan(s)?
- iii. Does the funding policy sufficiently describe the key risks that are faced by the plan(s)?
- iv. Does the funding policy articulate what risk mitigation plans or tools are available to the plan sponsor?
- v. Does the funding policy describe any funding targets, contributions levels targets, benefit level targets, and any established cost/funding sharing arrangements?
- vi. If there is no funding policy in place, does the Administrator have any other document(s) that addresses the topics above? If so, please specify the name of the document(s) in the notes section below. Please ignore this question if a funding policy is in place.

### **ADMINISTRATION (all plan types)**

FSRA believes that good administration of a pensions plan is essential for plan members and beneficiaries to receive the benefits they are entitled to, and to understand their rights and responsibilities under the pension plan

Review the fields below and consider the administration practices for your pension plan(s):

- i. Are any amendments being considered for benefit changes on either a retroactive or prospective basis?
- ii. Has the Administrator developed a formal communications strategy to address member inquiries, and to inform members about any material developments of the plan(s) ?  
e.g. plan provisions, funding status, investment performance, legislative requirements, etc.
- iii. Has the plan(s) outsourced any plan administration functions to a third-party service provider(s)?
- iv. Is there a service level agreement with the third-party service provider(s) and a documented list of the outsourced services to the third-party service provider(s)?
- v. Is there a documented process for securely sharing member data with the third-party service provider(s)?
- vi. Does the administrator perform quarterly monitoring of the Transfer Ratio (TR) to ensure appropriate measures are in place? If so, please provide any documents of the TR monitoring during the review period. (DB specific question)

## FSRA PENSION PLAN EXAMINATION - REQUESTED DOCUMENT CHECK-LIST

Item # Document Description

1. Governance Documents

- a. Charter of the Pension Committee and any sub-committees
- b. Governance manual / policy
- c. Administration Policies and Procedures (P&P)

For example: oversight and compliance; expense, pension staff education; contributions; member enrollment; missing member tracking

- d. Investment policy (i.e. in addition to the plan's SIP&P)
- e. Risk management practices, for example:
  - Operational risk
  - Administrative risk
  - Financial/funding risk including leverage risk
  - Sponsor risk
  - Legislative/regulatory compliance risk
  - Cyber security risk (IT requirements; data backup; system recovery; password controls)
- f. Funding policy (for DB plans)
- g. Service level agreements with all third-party service providers

(for example: fund custodian; investment managers; consultants; actuaries; third-party administrator)

2. A list of effective dates of last restated plan text and all subsequent amendments

(please note that we do not request the copies of plan text/amendments)

3. Plan member information summary such as employees' handbook/pamphlet/booklet

4. Meeting minutes recorded by the Pension Committee, Board of Trustees, Board of Directors or other governing body, including any sub-committees (for the review period specified in the Examination Start Letter)

5. Reporting documents

- a. Most recent Asset Liability Management ("ALM") study report (for DB plans)
- b. Performance evaluation results for all applicable service providers
- c. Investment performance reports including investment managers' letter of investment compliance certification (for the review period specified in the Examination Start Letter)
- d. Due diligence reports for any direct investments, if applicable
- e. Other than s.76 Financial Statements filed annually with FSRA, are there any Internal/External audit reports for overall plan administration process and documented actions taken to address any findings

f. Records of internal contribution reconciliations between the Annual Information Return, the Form 7s (if applicable), the Actuarial Information Summary (if applicable), and the employer/employee contribution amounts as reported in the fund custodian reports, and Pension Fund Financial Statements

(for the review period specified in the Examination Start Letter)

g. Employer/employee contribution arrears reports, if applicable

6. Quarterly Transfer Ratio (TR) monitoring records to ensure the TR in the most recently filed valuation report has not declined by 10% or more. Please provide any supporting documentation of the TR monitoring.

(for the review period specified in the Examination Start Letter) (for DB plans)

7. Records of demonstration that the aggregate transfer deficiencies since the most recent AVR date does not exceed 5% of the plan asset as of that date (for DB plans)

8. Listings of any residual values related to commuted value pay-outs, if applicable (for DB plans)

9. Adopted use of a Letter of Credit (LoC) and related documentation (for DB plans)