

# Interpretation



**Effective Date:** February 14, 2022

**Identifier:** PE0299INT

## Proposed Pension Benefits Guarantee Fund Assessment Calculations and Deadlines

### Purpose

This guidance provides FSRA's interpretation with respect to certain issues related to:

1. acceptable valuation dates for actuarial valuation reports used to calculate a Pension Benefits Guarantee Fund (PBGF) assessment
2. the deadlines for PBGF assessments and assessment certificates in the normal course and on wind up

### Scope

This guidance affects the following entities regulated or registered by FSRA:

- defined benefit pension plans

This guidance affects the following stakeholders:

- employers, plan sponsors, plan administrators and their agents

## Rationale and background

Pursuant to the *Financial Services Regulatory Authority of Ontario Act, 2016* (FSRA Act), FSRA's objects in the pension sector are:

- a) to promote good administration of pension plans
- b) to protect and safeguard the pension benefits and rights of pension plan beneficiaries

FSRA interprets its obligations in administering the *Pension Benefits Act* (PBA) in light of the above objects. Ensuring good administration of pension plans and protecting the rights and benefits of members of PBGF eligible plans includes ensuring that all PBGF eligible plans contribute fairly to the PBGF as required by the PBA, and that plan administrators comply with their filing obligations. For this reason, FSRA wishes to clarify certain issues relating to PBGF assessments and assessment certificates. This Guidance should assist employers and plan administrators in ensuring compliance with the PBA.

## Interpretation

### Pension Benefits Guarantee Fund assessment - calculation

Employers sponsoring pension plans covered by the PBGF must pay an annual<sup>1</sup> assessment to the PBGF. FSRA interprets the word “annual” in this context as referring to the fiscal year of a pension plan. The amount of the annual assessment is calculated using a formula that references the number of Ontario plan beneficiaries at the end of the plan fiscal year immediately preceding the assessment date (i.e., 9 months after the fiscal year end).<sup>2</sup>

Section 37(7) of Regulation 909 requires a PBGF assessment to be calculated based on the last report filed or submitted on or before the assessment date. In the past, some administrators have calculated the annual PBGF assessment on the basis of a report filed or submitted on or before the assessment date but with a valuation date later than the fiscal year end immediately prior to

---

<sup>1</sup> Subsection 37(1) Regulation 909

<sup>2</sup> Subsection 37(4) Regulation 909

the assessment date. This practice was accepted by FSCO and continued by FSRA prior to the conclusion of its review of this practice.

However, in light of its pension objectives under the FSRA Act, and in accordance with the interpretation set out above, FSRA has determined that this practice not acceptable on the basis that assessments should be calculated consistently across all plans based on the latest filed valuation report that covers the assessment period. Allowing plans to obtain and rely on later valuations, in particular to reduce their assessment, is inconsistent with the need to ensure all PBGF eligible plans contribute fairly and equitably to the PBGF to better protect plan members.

Therefore, for pension plan fiscal years ending on or after December 31, 2021, FSRA will require the PBGF annual assessment to be based on the information set out in the most current valuation report filed with FSRA that has a valuation date that is on or before the fiscal year end immediately preceding the assessment date.<sup>3</sup>

## **Pension Benefits Guarantee Fund assessment - deadline**

The assessment date (i.e., nine months after the last day of the fiscal year of the pension plan)<sup>4</sup> is the deadline for paying the PBGF assessment. This deadline applies whether the pension plan is ongoing or is being wound up.

If the PBGF assessment is not paid by the deadline, a late payment penalty equal to 20% of the PBGF assessment (plus ongoing interest) is applied.<sup>5</sup>

In addition, a Form 2.2 – Pension Benefits Guarantee Fund (PBGF) Assessment Certificate (PBGF Certificate) must be filed with FSRA for every PBGF assessment payable.<sup>6</sup> The deadline for filing a PBGF Certificate is on or before the assessment date. For a pension plan that is winding up, FSRA encourages the plan administrator to file the PBGF Certificate for the final

---

<sup>3</sup> A valuation report for this purpose includes the wind up report for a pension plan that is winding up and the actuarial filing required for a benefit improvement.

<sup>4</sup> Subsection 37(2) Regulation 909

<sup>5</sup> Subsection 37(14) Regulation 909

<sup>6</sup> Subsections 18(7) and (8.1) Regulation 909

fiscal year of the plan that ends on the plan's wind up date, within 6 months after the wind up date.<sup>7</sup>

Note that the requirement to file the PBGF Certificate is separate and distinct from the requirement to pay the PBGF assessment. If the PBGF Certificate is filed by its filing deadline but the PBGF assessment is not paid by the payment due date, late payment penalties will apply to the PBGF assessment.

## Compliance expectations

FSRA expects employers and administrators to ensure compliance with:

- the requirements for acceptable valuation dates for actuarial valuation reports that are used to calculate PBGF assessments as interpreted by FSRA
- the deadlines for PBGF assessments and PBGF Certificates

## Effective date and future review

This Interpretation became effective on February 14, 2022, and will be reviewed no later than February 14, 2027.

## About this guidance

This document is consistent with [FSRA's Guidance Framework](#). As Interpretation guidance, it describes FSRA's view of requirements under its legislative mandate (i.e. legislation, regulations and rules) so that non-compliance can lead to enforcement or supervisory action.

---

<sup>7</sup> Since the wind up report and other wind up filings must be filed within 6 months of the wind up date, filing the final PBGF Certificate at that time supports efficient and effective plan administration, consistent with FSRA's Pension Sector Guiding Principles.