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Questions and Answers on 2016 Agreement Respecting Multi-jurisdictional Pension Plans

The 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) currently relates only to members, former members, retired members and other persons with benefits in multi-jurisdictional pension plans registered in Ontario, British Columbia, Nova Scotia, Quebec and Saskatchewan if the plan is subject to the pension legislation of two or more of those jurisdictions.

Information on the 2016 Agreement and its impact on the administration and regulation of multi-jurisdictional pension plans, is provided below. This will be updated and expanded as further questions arise.

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General

Q10. What is a multi-jurisdictional pension plan?

A10. A multi-jurisdictional pension plan is a pension plan that provides benefits for plan members (active, former or retired) in two or more Canadian jurisdictions. -05/2011

Q11. Our pension plan only has Ontario members (active, former and retired). Does this

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agreement apply to our plan?

A11. No, the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) and the information provided here does not apply to your pension plan. However, should members in British Columbia, Nova Scotia, Quebec or Saskatchewan be added to the pension plan, the 2016 Agreement would then apply.

If new plan members are added in a jurisdiction that has not signed the 2016 Agreement:


- for new members employed in a province that has not signed the 2016 Agreement, the earlier Memorandum of Reciprocal Agreement (signed by the provinces starting in 1968) would apply to the plan in respect of those members; and
- for new members in ‘included employment’ as defined under the federal government’s pension legislation, the bi-lateral agreement between Ontario and the federal government (signed in 1968) would apply to the plan in respect of those members in included employment. -06/2016

Q12. What is the major authority?

A12. The **major authority** is the pension regulator in Canada with which a multi-jurisdictional pension plan is registered. The 2016 Agreement and the earlier agreements between governments respecting the regulation of multi-jurisdictional pension plans generally require that the major authority for a multi-jurisdictional pension plan be the pension regulator of the jurisdiction with the plurality of active members in the plan.

The pension regulators for all other jurisdictions that have members in the plan are **minor authorities**. For example, if the Financial Services Commission of Ontario is the major authority for a multi-jurisdictional pension plan and the plan also has members in British Columbia, Nova Scotia, Quebec and Saskatchewan, the pension regulators for British Columbia, Nova Scotia, Quebec and Saskatchewan would be minor authorities for the pension plan. -06/2016

Q13. What are the differences between the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) and the 2011 Agreement Respecting Multi-jurisdictional Pension Plans (2011 Agreement)?

A13. The Canadian Association of Pension Supervisory Authorities (CAPSA) website provides a version of the [2016 Agreement that shows the changes from the 2011 Agreement](#) . -06/2016

Application of the 2016 Agreement

Q100. What is the 2016 Agreement Respecting Multi-jurisdictional Pension Plans?

A100. The 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) is a legal agreement between the governments of certain Canadian jurisdictions (currently Ontario, British

Columbia, Nova Scotia, Quebec and Saskatchewan) that sets out how those jurisdictions' pension legislation will apply to a multi-jurisdictional pension plan.

The 2016 Agreement is an interim measure to replace the earlier 2011 Agreement Respecting Multi-jurisdictional Pension Plans (2011 Agreement) while the Canadian Association of Pension Supervisory Authorities (CAPSA) completes the development of amendments to the 2016 Agreement, to deal with changing pension plan funding regimes across jurisdictions. The 2011 Agreement (which was entered into by Ontario and Quebec) was designed at a time when the funding regimes were similar across all jurisdictions.

The 2016 Agreement is intended to mitigate any adverse impact on pension plan members due to the application of those legislative amendments in the context of the Agreement, while CAPSA develops amendments to the agreement to deal with those legislative amendments on a long-term basis.

The 2016 Agreement includes modifications to the asset allocation rules found in the 2011 Agreement, and provides additional transitional rules for when the agreement first applies to a pension plan. It continues to facilitate the administration and regulation of multi-jurisdictional pension plans. -06/2016

Q101. What does the 2016 Agreement Respecting Multi-jurisdictional Pension Plans require?

A101. Like the 2011 Agreement Respecting Multi-jurisdictional Pension Plans, the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) provides a legal framework for the administration and regulation of multi-jurisdictional pension plans in Canada. Among other things, the 2016 Agreement:

- requires that a multi-jurisdictional plan only register with one pension regulator (the 'major authority') in Canada, and sets out rules for determining which pension regulator will be the major authority for the plan;
- provides that certain requirements of the major authority's pension legislation (such as general funding requirements, investment requirements, etc.) will apply to the entire plan and all of its members despite the requirements of any other jurisdiction's pension legislation, while the remaining requirements of those other jurisdictions' pension legislation will continue to apply to the members and the plan as it operates within those other jurisdictions;
- requires that the 'final location' approach to determining a plan member's benefits be applied in cases where the member has been employed in more than one jurisdiction while a member of the plan; and
- sets out clear rules for allocating the assets of a plan between jurisdictions in the event of a plan termination and wind-up or a plan split. -06/2016

Q102. When does the 2016 Agreement Respecting Multi-jurisdictional Pension Plans apply to a multi-jurisdictional pension plan?

A102. The 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) is intended to apply starting July 1, 2016, if:

- the multi-jurisdictional pension plan is registered with the pension regulator of one of the jurisdictions that has signed the 2016 Agreement (currently, Ontario, British Columbia, Nova Scotia, Quebec and Saskatchewan); and
- the pension plan provides benefits to members, former members or retired members in two or more of the jurisdictions that are subject to the 2016 Agreement (currently, Ontario, British Columbia, Nova Scotia, Quebec and Saskatchewan). -06/2016

Q103. Can you give me some examples of how the 2016 Agreement Respecting Multi-jurisdictional Pension Plans is applied?

A103. The following examples set out different situations to help determine how the pension legislation of certain jurisdictions apply to a multi-jurisdictional pension plan once the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) is in effect.

Where the major authority and one or more minor authorities are subject to the 2016 Agreement:

Example: A multi-jurisdictional pension plan is **registered in Ontario** and the plan has members in Ontario, Quebec and Manitoba. Manitoba has not yet signed the 2016 Agreement.

The 2016 Agreement will apply to the plan as between Ontario and Quebec. Ontario and Quebec members will have their benefits determined in accordance with the 2016 Agreement. The earlier Memorandum of Reciprocal Agreement between the provinces will apply to the Manitoba members.

Where the major authority is subject to the 2016 Agreement, but the minor authorities are not:

Example: A multi-jurisdictional pension plan is **registered in Ontario** and the plan has members in Ontario, Alberta and Manitoba. Neither Alberta nor Manitoba have signed the 2016 Agreement.

The 2016 Agreement does not apply to the plan at this time. The earlier Memorandum of Reciprocal Agreement between the provinces will continue to determine how the pension legislation of Ontario, Alberta and Manitoba are applied to the plan and the plan's members.

Where one or more minor authorities are subject to the 2016 Agreement, but the major authority is not:

Example: A multi-jurisdictional pension plan is **registered in Manitoba** and the plan has members in Ontario, Quebec and Manitoba. Manitoba has not yet signed the 2016 Agreement.

The 2016 Agreement does not apply to the plan at this time. The earlier Memorandum of Reciprocal Agreement between the provinces will continue to determine how the pension legislation of Ontario, Quebec and Manitoba are applied to the plan and the plan's members. -06/2016

Q104. Our pension plan is registered in Ontario and has members in all jurisdictions. With the signing of the 2016 Agreement Respecting Multi-jurisdictional Pension Plans, are all plan

members subject to the 2016 Agreement?

A104. If a pension plan is registered in Ontario, British Columbia, Nova Scotia, Quebec or Saskatchewan and the plan has members from two or more of these jurisdictions, as well as members from jurisdictions that are not signatories to the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement), the plan would only be subject to the 2016 Agreement with respect to members in Ontario, British Columbia, Nova Scotia, Quebec and Saskatchewan. Members from jurisdictions that are not signatories to the 2016 Agreement would continue to be subject to the earlier Memorandum of Reciprocal Agreement and/or other similar bilateral agreements with the federal government. -06/2016

Q105. How can I determine whether to apply 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) or the 2011 Agreement Respecting Multi-jurisdictional Pension Plans (2011 Agreement) to an on-going activity or transaction?

A105. Any activity or transaction that was pending before the Financial Services Commission of Ontario, Retraite Québec (formerly the Régie des rentes du Québec), an administrative body or a court under the 2011 Agreement will continue to be covered under that agreement until it is completed. All new activities and transactions that arise on or after July 1, 2016, will be covered under the 2016 Agreement. -06/2016

Administration

Q200. Many pension plans are currently preparing annual statements for their plan members. With the 2016 Agreement Respecting Multi-jurisdictional Pension Plans taking effect this year, what are the required changes to the annual statements in respect of members in British Columbia, Nova Scotia, Quebec and Saskatchewan?

A200. Where Ontario is the province of registration for a multi-jurisdictional pension plan that has members in Quebec, the plan administrator must provide annual statements to Quebec members in accordance with Ontario's pension legislation (as would have been the case under the 2011 Agreement).

Where Ontario is the province of registration for a multi-jurisdictional pension plan that has members in British Columbia, Nova Scotia or Saskatchewan, during the 2016 transitional year, the plan's fiscal year-end is the key date to determine which legislation applies:

- If the plan's **fiscal year-end is before July 1, 2016**, the plan administrator must provide annual statements to the British Columbia, Nova Scotia and Saskatchewan members in accordance with each province's requirements.
- If the plan's **fiscal year-end is on or after July 1, 2016**, the plan administrator must provide annual statements in accordance with Ontario's pension legislation to the British Columbia, Nova Scotia and Saskatchewan members. The annual statements must be provided to members in these jurisdictions within six months after the plan's fiscal year-end and must contain the information required by Ontario's pension legislation.

Following the 2016 transitional year, for plans where Ontario is the province of registration, plan administrators must provide annual statements to members in Quebec, British Columbia, Nova Scotia or

Q201. Does the 2016 Agreement Respecting Multi-jurisdictional Pension Plans change the funding rules for plans registered in Quebec?

A.201. No, the 2016 Agreement Respecting Multi-jurisdictional Pension Plans does not make any changes to Quebec's funding rules. A pension plan that is registered in Quebec continues to be subject to the Quebec funding rules. -06/2016

Changes to the Way the Pension Plan is Regulated

Q300. What is happening with the earlier Memorandum of Reciprocal Agreement, which was originally signed in 1968? Does it still apply?

A300. The earlier Memorandum of Reciprocal Agreement will continue to apply to multi-jurisdictional pension plans where:

- the major authority for the plan is the pension regulator for a jurisdiction that has **not** signed the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement);
- the major authority for the plan is the pension regulator for a jurisdiction that has signed the 2016 Agreement, but **none** of the plan members (active, former or retired) outside of the major authority's jurisdiction are from jurisdictions that have signed the 2016 Agreement; or
- the major authority for the plan is the pension regulator for a jurisdiction that has signed the 2016 Agreement, and some members (active, former or retired) outside of the major authority's jurisdiction are from jurisdictions that have also signed the 2016 Agreement, while other members are from jurisdictions that have **not** signed the 2016 Agreement. The plan members from jurisdictions that have signed the 2016 Agreement will be subject to the 2016 Agreement, while the members from jurisdictions that have not signed the 2016 Agreement will continue to be governed by either the earlier Memorandum of Reciprocal Agreement and/or the similar bilateral agreement between Ontario and the federal government for plan members subject to the pension legislation of the federal jurisdiction.

Note: Where plan members are only from Ontario, British Columbia, Nova Scotia, Quebec and Saskatchewan (i.e., the jurisdictions that have signed the 2016 Agreement), the Memorandum of Reciprocal Agreement will no longer apply to that plan. -06/2016

Q301. If the 2016 Agreement Respecting Multi-jurisdictional Pension Plans does not apply to a multi-jurisdictional pension plan, how is the plan regulated in Canada?

A301. The 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) will **not** apply to a multi-jurisdictional pension plan at all in either of the following circumstances:

- the plan is registered with the pension regulator of a jurisdiction that has not signed the 2016 Agreement; or
- the plan is registered with the pension regulator of a jurisdiction that has signed the 2016 Agreement, but none of the plan members (active, former or retired) outside that jurisdiction are from jurisdictions that have signed the 2016 Agreement.

In these circumstances, the earlier Memorandum of Reciprocal Agreement and/or similar bilateral agreements between the provinces and the federal government will apply to the plan. -06/2016

Member Benefits

Q400. Does the 2016 Agreement Respecting Multi-jurisdictional Pension Plans change the benefits that will be given to a member of a multi-jurisdictional pension plan?

A400. All jurisdictions (with the exception of Ontario, as noted below) calculate a pension plan member's benefits based on the rules of the last jurisdiction in which the member's benefits are accrued. Except as provided under the 2016 Agreement Respecting Multi-jurisdictional Pension Plans (2016 Agreement) and the earlier 2011 Agreement Respecting Multi-jurisdictional Pension Plans (2011 Agreement), Ontario requires the benefits accrued by a member under Ontario's pension laws and the benefits accrued under all other jurisdictions' pension laws to be determined separately. In effect, except as provided under the 2016 Agreement and 2011 Agreement, member benefits accrued in Ontario remain subject to Ontario's pension legislation while all other jurisdictions use a 'final location' approach for calculating a member's benefits.

Once the 2016 Agreement applies to a pension plan, the 2016 Agreement requires that a final location approach be used when calculating the benefits accrued by a pension plan member in the jurisdictions that are subject to the 2016 Agreement, including Ontario. This may have an effect on a member's overall accrued benefits. In general, all benefits accrued by a member in these jurisdictions will be determined as if the member were always subject to the final pension legislation that applied to the member at the time of benefit determination. This provides for a more consistent application of the final location approach to benefit determination across Canadian jurisdictions.

Note: Despite the above, Ontario's Pension Benefits Guarantee Fund (PBGF) coverage continues to apply to benefits accrued by pension plan members in Ontario, regardless of where in Canada the member terminates employment and plan membership. The administrator of a pension plan that is subject to the PBGF must keep a record of all periods of members' service in Ontario for the purpose of determining the application of the PBGF on the termination of a pension plan. -06/2016.


Q401. How is Ontario's Pension Benefits Guarantee Fund (PBGF) affected by the 2016 Agreement Respecting Multi-jurisdictional Pension Plans?



A401. The PBGF provides coverage only for benefits accrued in Ontario by members, former members and retired members of a pension plan. This protection does not extend to benefits accrued in any other jurisdiction. The 2016 Agreement Respecting Multi-jurisdictional Pension Plans does not affect the

application of the PBGF. -06/2016

Q402. When I terminate my employment, I plan to transfer my pension value to a locked-in account. Is this still possible under the terms of the 2016 Agreement Respecting Multi-jurisdictional Pension Plans?

A402. The 2016 Agreement Respecting Multi-jurisdictional Pension Plans does not change the options that would be available to you on termination of employment. -06/2016

 More Information

- [FSCO Communiqué - 2016 Agreement Respecting Multi-jurisdictional Pension Plans](#)
- [2016 Agreement Respecting Multi-jurisdictional Pension Plans](#) 
- [CAPSA Website](#) 
- Questions/Comments: contact FSCO's Pension Division by [e-mail](#)

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