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FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

## Regulation Changes to the Pension Benefits Guarantee Fund (PBGF)

**Regulation 466/11** was filed on December 16, 2011 and will come into effect on January 1, 2012. Regulation 466/11 implements changes to the Pension Benefits Guarantee Fund (PBGF). The Order in Council proclaiming subsection 38(1) of the Securing Pension Benefits Now and for the Future Act, 2010 (**Bill 120**) into force will also come into effect on the same date. The most significant changes brought about by this new legislation for pension plans entitled to make a PBGF claim are as follows:

- Annual assessments for each pension plan covered under the PBGF with PBGF assessment dates of January 1, 2012 or later will be increased by:
  - raising the base fee per Ontario plan beneficiary (active members, retired members and other beneficiaries) from \$1.00 to \$5.00;
  - raising the maximum fee per Ontario plan beneficiary in unfunded pension plans from \$100.00 to \$300.00;
  - eliminating the current \$4 million assessment cap for unfunded pension plans;
  - introducing a minimum assessment of \$250.00 for every pension plan covered by the PBGF, and
  - eliminating the current exemption for pension plans that are assessed \$25.00 or less.
- For pension plans with a wind up date on or after December 8, 2010, all benefit improvements made less than five years before plan wind up are excluded from a beneficiary's entitlement (instead of the current three years).
- Extension of the exclusion period for PBGF coverage for new plans from 3 to 5 years.
- A technical change modifies how a PBGF claim is calculated for plans with a wind up date on or after December 8, 2010.

In addition, the Regulation clarifies how assets are allocated when a multi-jurisdictional pension plan registered in Ontario that is subject to the new Agreement Respecting Multi-Jurisdictional Pension Plans between Ontario and Quebec, is wound up.

These changes will apply to pension plans that provide defined benefits and are not exempt from PBGF

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coverage, including those pension plans registered in other Canadian jurisdictions that have Ontario plan beneficiaries.

## Transition Rules for PBGF Assessments

The changes in assessments will affect plans with PBGF assessment dates on and after January 1, 2012.

Some affected plans with a plan year end on or after April 1, 2011, i.e., plans with PBGF assessment dates on or after January 1, 2012, may have already been sent a PBGF assessment certificate form by the Financial Services Commission of Ontario (FSCO). These plans are required to file their PBGF assessment certificates and pay their assessments by their PBGF assessment dates. These plans will also be required to pay an additional PBGF assessment by September 30, 2012. FSCO will send information to each affected plan about the changes brought about by Regulation 466/11 and subsection 38(1) of Bill 120, including its transitional provisions. In addition, FSCO will provide each plan with information about the amount of the additional assessment that must be paid.

If a plan's assessment date falls on or after January 1, 2012 and before September 1, 2012, if the plan files the PBGF assessment certificate based on the pre-January 1, 2012 assessment formula before the PBGF assessment date and pays the additional assessment based on the new assessment formula on or before September 30, 2012 there will be no late penalty.

Affected plans that have a plan year end on or after December 1, 2011, i.e., plans with PBGF assessment dates on or after September 1, 2012, will receive revised PBGF assessment certificate forms based on the new assessment requirements. If the plan files the new (revised) assessment certificate and pays the assessment based on the new assessment certificate on or before September 30, 2012 there will be no late penalty.

### Transitional PBGF Assessment Questions

## Transitional Rules for Changes to PBGF Coverage

There are a number of changes that affect benefits covered under the PBGF for pension plans that have wind up date on or after December 8, 2010 (Please note that the Nortel pension plans are not affected by this change). Effective January 1, 2012, any pension plan that has been established for less than five years at the wind up date will not be covered by the PBGF if the wind up date is on or after December 8, 2010.

Similarly, effective January 1, 2012, any benefit improvement, including an increase to a pension or pension benefit, or an increase to the value of a pension or pension benefit that became effective within five years before the wind up date, will not be covered under the PBGF, if the wind up date is on or after December 8, 2010.

More information is available at the [Ministry of Finance website](#).

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