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Annual Statements of Members' Pension Benefits – Statement of Investment Policies and Procedures Content

On November 27, 2014, the government filed O. Reg. 235/14 made under the Pension Benefits Act (PBA). O. Reg. 235/14 includes amendments to section 40 of Regulation 909 (Regulation) that come into force on July 1, 2016.

Section 40 of the Regulation sets out the required content of the statements that must be transmitted annually to members (as defined in section 1 of the PBA) pursuant to section 27(1) of the PBA (as amended by O. Reg. 235/14 effective January 1, 2015) and the deadline for providing these statements to members.

Effective July 1, 2016, sections 40(1)(v), (w) and (x) of the Regulation (as amended by O. Reg. 235/14) will require all annual member statements to include the prescribed statement of investment policies and procedures (SIPP) related information.

Frequently Asked Questions

Q1. What is a statement of investment policies and procedures (SIPP)?

A1. A SIPP is a document that contains information about investment policies and procedures in respect of a plan's portfolio of investments and loans. Under section 78(1) of the Regulation, the administrator of a pension plan is required to establish a SIPP for the plan that meets the requirements of the federal investment regulations (FIR), as modified in sections 47.8 and 79 of the Regulation.

Note: The FIR are defined in section 66 of the Regulation as sections 6, 7, 7.1 and 7.2 and Schedule III to the federal Pension Benefits Standards Regulations, 1985 made under the Pension Benefits Standards Act, 1985 (Canada) as they may be amended from time to time. The FIR are incorporated by reference in sections 78 and 79 of the Regulation. -07/2015

Q2. What statement of investment policies and procedures (SIPP) related information is required to be included in annual member statements?

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A2. Effective July 1, 2016, all annual member statements must include the following additional SIPP information:

- a statement that the plan administrator must establish a SIPP for the plan that contains the investment policies and procedures in respect of the plan’s portfolio of investments and loans, and information about whether environmental, social and governance (ESG) factors are incorporated into the plan’s investment policies and procedures and, if so, how those ESG factors are incorporated;
- a statement that the plan administrator is required under section 29 of the PBA to make available to the member for inspection without charge copies of any SIPPs established for the plan, and upon receipt of a written request and payment of the applicable fee, to provide by mail or electronically copies any SIPPs established for the plan; and
- a statement that the member is entitled under section 30 of the PBA, to inspect at the office of the Superintendent of Financial Services (i.e. Office of the Financial Services Commission of Ontario) during business hours, the most recent SIPP that is established for the plan and to make a written request and pay the applicable fee for the Superintendent to provide the most recent SIPP to the member by mail or electronically. -12/2014

Q3. Do the annual member statements have to disclose whether or not environmental, social and governance (ESG) factors are incorporated into the plan’s investment policies and procedures?

A3. The Regulation does not require that the annual member statements contain information about whether ESG factors are incorporated into the plan’s investment policies and procedures and, if so, how those factors are incorporated. Section 40(1)(v)(ii) of the Regulation only requires that the annual member statements contain a statement that the administrator of the pension plan must establish a statement of investment policies and procedures (SIPP) that contains such ESG information. In the interest of transparency, the administrator may include additional ESG information in the annual member statements, so long as the requirements of section 40(1)(v)(ii) are met. -07/2015

Q4. When must the disclosure statements concerning the statement of investment policies and procedures (SIPP) and environmental, social and governance (ESG) factors first be included in member statements?

A4. The disclosure statement amendments came into force July 1, 2016. All annual member statements transmitted on or after that date must contain the disclosure statements. For example, annual member statements for a plan with a December 31, 2016 year-end would include this information when the statements are issued in 2017. - 08/2016

Q5. Does the administrator have to include the disclosure statements concerning the statement of investment policies and procedures (SIPP) and environmental, social and

governance (ESG) exactly as they appear in section 40(1) (v), (w) and (x)?

A5. No. Although acceptable, the exact wording does not need to be included in member statements. Administrators may modify the language if they wish to customize it to the particulars of their plan, or to make it easier to follow, provided the substance of the prescribed information is conveyed to the reader. Accordingly, administrators need to be careful not to edit out prescribed information (including references to sections of the Pension Benefits Act). – 08/2016

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