



SECTION:	Wind up
INDEX NO.:	W100-277
TITLE:	Natural Termination of a Pension Plan PBA ss. 68 and 69
APPROVED BY:	Superintendent of Financial Services
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REPLACES:	W100-276

This policy replaces W100-276 (Natural Termination of a Pension Plan) as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at www.fSCO.gov.on.ca. All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

The purpose of this policy is to address a situation where a pension plan no longer has any plan beneficiaries (members, former members, retired members, or other persons entitled to benefits from the pension plan). In this situation, the pension plan may be wound up and the administrator may use an expedited process to do so, provided certain requirements are met. The policy does not apply to individual pension plans or designated pension plans.

A pension plan may be wound up by either the employer (or administrator, in the case of a multi-employer pension plan) or the Superintendent of Financial Services (Superintendent), as follows:

- the employer or administrator can wind up the pension plan at any time – see section 68(1) of the PBA,
- the Superintendent may order a plan wind up based on any of the grounds set out in section 69(1) of the PBA. The most commonly applied grounds are:

s.69(1)(a) “there is a cessation or suspension of employer contributions to the pension fund” and

s. 69(1)(d) “all or substantially all of the members of the pension plan cease to be employed by the employer.”

Note: The PBA was amended July 1, 2012 to eliminate any partial wind ups where the effective date of the partial wind up is on or after July 1, 2012. A plan may still be wound up in part if the effective date of the partial wind up is prior to July 1, 2012. The effective date of the partial wind up may be determined after July 1, 2012. For information on the

wind up of a pension plan, please refer to policy W100-102 (Filing Requirements and Procedure on Full or Partial Wind up of a Pension Plan).

Natural Termination of a Pension Plan

An expedited wind up process may be used where all of the following requirements have been met:

- the pension plan is neither an individual pension plan nor a designated plan as defined in the Income Tax Act;
- there are no members, former members, retired members or other persons entitled to benefits remaining in the pension plan;
- all benefits have been settled including surplus assets, if any, distributed from the pension plan; and
- there are no assets or liabilities remaining in the pension plan.

The expedited process allows the administrator to submit to the Superintendent, a simplified wind up report that includes the following information:

- name and registration number of the pension plan;
- effective date of the wind up; and
- ground(s)/reason(s) for the wind up.

The report must confirm that:

- all benefits provided under the pension plan have been paid to members, former members, retired members and other persons entitled to benefits under the pension plan;
- all assets of the pension fund have been distributed or disbursed; and
- there are no outstanding liabilities related to the pension plan.

The simplified wind up report must be prepared by an actuary, except where all the plan benefits are defined contribution benefits. Where all the plan benefits are defined contribution benefits, the simplified wind up report may be prepared by an accountant or by a person authorized by an insurance company or trust corporation responsible for administering the pension plan or pension fund.

The report must be accompanied by a letter from the administrator, certifying that all outstanding annual information returns required to be filed up to the effective date of the wind up have been filed. The letter must also certify that any other outstanding forms, reports or certificates required to be filed under the PBA and Regulation up to the effective date of the wind up have been filed with the Superintendent.

Assets remaining in the pension plan

There may be cases where all the benefits have been paid to members, former members, retired members and other persons entitled to benefits under the pension plan, and all the outstanding liabilities have been discharged, but assets remain in the pension plan. The simplified wind up report may only be filed by the administrator after the administrator or employer has addressed the treatment of these assets, and these assets have been distributed in accordance with the requirements of the PBA and Regulation. Once all assets have been paid out of the pension fund, a simplified wind up report that includes the information set out above may be filed, for the Superintendent's approval, to complete the wind up of the pension plan.