



SECTION: Funding of Plans

INDEX NO.: F800-802

TITLE: Suspension of Employer Contributions in
Defined Contribution Plans
PBA, s. 26, 55, 69(1)(a)
Regulation, s.4

APPROVED BY: Superintendent of Financial Services

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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.*

Can an employer sponsoring a defined contribution pension plan temporarily suspend all employer contributions?

Section 55 of the PBA and section 4 of the Regulation require that employer and employee contributions be paid to the pension fund when due.

The PBA and Regulation do not provide for the suspension of employer contributions. The cessation or suspension of employer contributions to the pension plan are among the grounds for the Superintendent to exercise his discretion to order the wind up of the pension plan under section 69(1)(a) of the PBA.

A pension plan cannot be amended to eliminate the requirement for employer contributions because a plan in which all pension benefits are provided by contributions made by members is not a pension plan within the meaning of the PBA.

The administrator may file an amendment to the plan to reduce future contributions; however, such an amendment would be considered an adverse amendment under section 26 of the PBA. As such, the administrator would be required to give notice of the proposed amendment to affected members.