Financial Services Regulatory Authority of Ontario

Ontario

User Guide for Form 2.2: Pension Benefits Guarantee Fund (PBGF) Assessment Certificate

Defined terms

For purposes of Form 2.2 and this User Guide:

- "Actuary" refers to the pension plan's actuary, who must be a Fellow of the Canadian Institute of Actuaries (FCIA).
- "Administrator" means the person or persons that administer the pension plan in accordance with section 8 of the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended.
- "Assessment Certificate" refers to the Pension Benefits Guarantee Fund (PBGF) Assessment Certificate (Form 2.2).
- "Assessment Date" refers to the date nine months after the last day of the plan's fiscal year, and is defined in section 37(2) of Regulation 909.
- "FSRA" refers to the Financial Services Regulatory Authority of Ontario.
- "PBA" refers to the *Ontario Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended.
- "PBGF" refers to the Pension Benefits Guarantee Fund.
- "Regulation 909" refers to Ontario Regulation 909, R.R.O. 1990, as amended.
- "PSP" refers to FSRA's Pension Services Portal.
- "Valuation Report" refers to a report filed under section 13 or 14 of Regulation 909.

Introduction

Section 18 of Regulation 909 requires the Administrator of a pension plan providing defined benefits to file an Assessment Certificate in respect of the annual assessment payable by the employer to the PBGF under section 37 of Regulation 909. The following categories of plans are exempted from this requirement:

- jointly sponsored pension plans.
- individual pension plans and designated plans as defined in the Income Tax Act.
- multi-employer pension plans established under a collective agreement or trust agreement.
- a pension plan that provides defined benefits where the obligation of an employer to contribute to the pension plan is limited to a fixed amount set out in a collective agreement.
- plans listed in section 47(1) and section 47(2.1) of Regulation 909.
- plans established less than five years prior to the Assessment Date, excluding successor plans as described in section 80(2) or section 81 of the PBA.

The Assessment Certificate must be completed and filed on or before the Assessment Date. The information collected in the Assessment Certificate is done so under the authority of the PBA.

Effective January 1, 2019, a new PBGF assessment rate schedule came into force, and applies to Assessment Dates on or after January 1, 2019. Accordingly, for Assessment Dates on or after January 1, 2019, the new Assessment Certificate (Form 2.2) is required to be filed electronically via the PSP. Plans filing with respect to an Assessment Date prior to January 1, 2019, must use Form 2.1.

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Late filings are subject to financial penalties under section 37 of Regulation 909. Failure to pay within the prescribed timeframe will result in the employer having to pay 120 per cent of the amount to the PBGF, plus interest on the 120 per cent, calculated from the date the amount is due, to the date of payment.

Who must complete the assessment certificate

An authorized representative of the Administrator (who is authorized on the PSP) must complete the Assessment Certificate (except for the Actuary's Certification in Part 5). The authorized representative does not need to be an employee of the Administrator (for example, it could be the Actuary or an employee of a third party administrator). Note that the authorized representative is subject to the same fiduciary standards as the Administrator.

The Actuary must complete the certification in Part 5, and must have authorized access through the PSP.

Instructions

The sections in these instructions correspond to the sections on the Assessment Certificate. Please follow these instructions carefully to avoid submitting an inaccurate Assessment Certificate.

Please also review the Instructions for submitting prescribed filing on the Pension Services Portal.

Inquiries

For inquiries about filing the Assessment Certificate, or to make corrections to certain pre-populated fields, please contact the FSRA staff person assigned to the plan:

By phone at 416-250-7250 or 1-800-668-0128.

By email to pensioninquiries@fsrao.ca

By mail to:
Financial Services Regulatory Authority of Ontario
Pensions
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

Part 1 - Identification

Part 1 is auto-populated, except for the final question on refiling which will only be required to be completed if the Administrator is refiling an Assessment Certificate that was previously submitted for the same Assessment Date. Part 1 includes the following information:

Registration Number - This field is automatically populated based on FSRA's records. If the registration number is incorrect, please contact FSRA.

Name of Pension Plan - This field is automatically populated based on FSRA's records. If the name of the pension plan is incorrect on the Assessment Certificate (e.g., a typo), please contact FSRA. If the name of the pension plan has changed, you must file a plan amendment using FSRA pension Form 1.1.

Name of Administrator - This field is automatically populated based on FSRA's records. If the Administrator's name is incorrect on the Assessment Certificate (e.g., a typo), please contact FSRA. If the Administrator has changed, you must file a plan amendment using FSRA pension Form 1.1.

Name of Employer - This field is automatically populated based on FSRA's records. If the employer's name is incorrect on the Assessment Certificate, please contact FSRA. If the employer has changed, you must file a plan amendment using FSRA pension Form 1.1.

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Fiscal Year-End / Wind Up Date and Assessment Date – These fields are automatically populated based on FSRA's records. The Assessment Date is nine months after the last day of the plan's fiscal year. Where a plan is winding up, a final Assessment Certificate must be filed. The Assessment Date in this situation is nine months after the plan wind up date. If these dates are incorrect, please contact FSRA.

Refiling - When refiling a previously filed Assessment Certificate with respect to a particular Assessment Date, indicate the reason for the refiling using the two choices provided:

- Correction to the Assessment Certificate.
- Recalculation of Assessment Certificate required due to filing of new Valuation Report or a new report filed under section 3 of Regulation 909.

Any increase in the PBGF assessment resulting from a refiling must be paid within 60 days after the date on which the report is filed. If the refiling results in a decrease to the assessment, a refund must be requested via the PSP in order to be processed.

To refile an Assessment Certificate filed on the PSP, please refer to the Instructions for Making a Re-filing Request.

Part 2 - Information from the last filed Valuation Report and Reports filed under section 3 of Regulation 909

All amounts to be included in this part are determined based on the last Valuation Report filed with FSRA (or, for plans not registered with FSRA, filed with the appropriate pension supervisory authority), and any subsequent reports under section 3 of Regulation 909, if applicable, that have been filed.

Valuation Date of Last Valuation Report filed with FSRA - This is the valuation date of the last Valuation Report filed with FSRA (or for plans not registered with FSRA, filed with the appropriate pension supervisory authority). This section is automatically populated based on FSRA's records. However, if the date needs to be changed, please contact FSRA.

Period Covered by the Valuation Report - This is the period covered by the most recently filed Valuation Report. This section is automatically populated based on FSRAs records. However, if the dates need to be changed, please contact FSRA.

For PBGF assessment purposes, a Valuation Report filed with FSRA (or, for plans not registered with FSRA, filed with the appropriate pension supervisory authority) is considered to be current if the period covered by the report includes the Assessment Date. If the assessment calculated in the Assessment Certificate is based on a report that is not current, then it must be recalculated by completing another Assessment Certificate after the current report is filed. If the date for the next filed Valuation Report is uncertain, then the Administrator may file the Assessment Certificate based on the last filed Valuation Report, to avoid the penalty for filing late.

Actuarial Data from the Valuation Report

Fields 301 to 303 are used to calculate the PBGF assessment base, and must be taken directly from the current Valuation Report in respect of the defined benefit portion of the plan.

301 Solvency assets - Enter the value of investments held by the pension fund plus any cash balances and accrued or receivable income items of the pension fund. Solvency assets should include the value of buy-in annuities held by the plan, and buy-out annuities purchased by the plan that have not been discharged. Solvency assets should exclude the value of any qualifying annuity contract and the amount of any letter of credit held in trust for the plan.

302 PBGF liabilities - Enter the solvency liabilities in respect of the defined benefit portion of the plan that relate to employment in Ontario. PBGF liabilities should include the value of buy-in annuities held by the plan, and buy-out annuities purchased by the plan that have not been discharged, that pertain to Ontario plan beneficiaries, as defined in section 1(2) of Regulation 909.

303 Solvency liabilities - Enter the amount determined in accordance with Regulation 909 in respect of the defined benefit portion of the plan. Solvency liabilities should include the value of buy-in annuities held by the plan, and buy-out annuities purchased by the plan that have not been discharged.

Fields 304 to 306 are automatically calculated.

307 Additional liability for plant closure and/or permanent lay-off benefits - Enter the amount described in part B of the formula in section 37(4) of Regulation 909.

307.1 Additional solvency liability related to plan amendment - Enter the amount of any additional solvency liability related to Ontario plan beneficiaries created by a plan amendment that was not reflected in the last filed Valuation Report. This would include amounts reported in a report under section 3 of Regulation 909. Enter zero (“0”) if there are no such amendments.

Field 307.2 is automatically calculated.

307.3 Lump Sum Contributions – Enter the Ontario portion of the amount of lump sum contributions in connection with the plan amendment. Enter zero (“0”) if there are no such amendments.

Fields 307.4 and 307.5 are automatically calculated.

Part 3 - Adjustment to PBGF assessment base

Excess Special Payments - Section 37(12) of Regulation 909 permits the employer to reduce the PBGF assessment base by any special payments made by the employer that are in excess of the minimum special payments required in accordance with the last Valuation Report filed and that are made between the valuation date of the report and the Assessment Date (prior to any application of prior year credit balance). These include special payments made between the fiscal year-end and the Assessment Date.

Note: Excess special payments do not include:

- any lump sum payments in relation to any of the following: a commuted value payment, an annuity purchase, or plan amendment;
- the pre-payment of a required minimum special payment that would otherwise be paid after the Assessment Date.

Indicate “Yes” if the employer has made special payments between the valuation date of the last Valuation Report filed and the Assessment Date, in excess of the minimum special payments required in accordance with that report. Otherwise, select “No”. Note that the special payments made by the employer for the indicated period(s) must be accrued and paid as of the Assessment Date.

If “Yes” is selected, complete the appropriate rows and boxes, where applicable. Each row pertains to a specific year covered by the Valuation Report in question. A fourth year is added where the Administrator has not yet filed a new Valuation Report. The totals in boxes **A**, **B**, and **C** will be automatically calculated.

If “No” is selected, the amount in field 307.5 will automatically be entered in field 309.

Fields 308 and 309 are automatically populated. Field 308 is the total excess special payments made during the period between the valuation date of the last Valuation Report and the Assessment Date. Field 309 is the “applicable PBGF assessment base”, which is the PBGF assessment base (field 307.5) as adjusted by excess special payments (field 308).

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Part 4 - Calculation of PBGF assessment

Part 4 of the Assessment Certificate is auto-populated/calculated, with the exception of field 316, which must be completed by an authorized representative of the Administrator.

The formula under section 37(4) of Regulation 909 includes two major components. Part A of the assessment formula includes a risk-based assessment which is applied to the applicable PBGF assessment base, and a premium based on the total PBGF liabilities (at a rate of 0.015%). The amount calculated under Part A is subject to a cap of $600 per Ontario plan beneficiary. Part B of the assessment formula includes a 3% assessment on the additional liability for plant closure and/or permanent lay-off benefits.

316 Number of Ontario Plan Beneficiaries at fiscal year-end / wind up date - Enter the total number of Ontario plan beneficiaries as defined in section 1(2) of Regulation 909, as of the plan's most recent fiscal year-end. In the case of an Assessment Certificate filed upon plan wind up, enter the total number of Ontario plan beneficiaries as of the wind up date. This number must include the Ontario plan beneficiaries covered under any buy-in annuities held by the plan and buy-out annuities purchased by the plan that have not been discharged. This field cannot be zero ("0").

When refiling the Assessment Certificate, the number of Ontario plan beneficiaries should reflect the number at the plan's most recent fiscal year-end and not those as at the valuation date of the new Valuation Report.

Refiling
If filing a recalculation of an Assessment Certificate previously submitted for the Assessment Date, the PSP will automatically populate field 325 with the amount of the previous assessment.

Invoicing
An invoice will be generated as part of the online PSP submission. If an assessment is payable, you must print the invoice and mail it along with a cheque for the assessment amount.

In the case of a refiling, the revised amount owing or refund will be automatically calculated in field 326. If the amount is positive, please remit this amount. If the amount is negative, this is the amount to be refunded.

Part 5 - Certification of the actuary

The certification in Part 5 must be completed by the plan's Actuary. The Actuary must have delegated access through the PSP. The Actuary must certify the following:

- they have knowledge of the pension plan,
- is a Fellow of the Canadian Institute of Actuaries, and
- to the best of their knowledge and belief the information reported in Part 2 of the Assessment Certificate is true and correct.

If prior to submitting the Assessment Certificate, information is altered in Part 2, the PSP will remove the certification of the Actuary, and require the Actuary to return to the PSP and re-certify Part 5.

Part 6 - Certification of the administrator

Certification is completed when the authorized representative of the Administrator completes the submission process through the PSP. The authorized representative does not have to be an employee of the Administrator. For example, it could be the Actuary or an employee of a third party administrator.

Note that the authorized representative is subject to the same fiduciary standards as the Administrator.

Although parts of this form may have been completed by, or with the advice and assistance from, actuaries, third party administrators, or other service providers, the Administrator is ultimately accountable for the Assessment Certificate.

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