



THE HOSPITAL FOR
SICK CHILDREN

March 18, 2022

Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

Dear Sir or Madam,

Re: The Hospital for Sick Children (SickKids) Submission on Proposed Guidance on Pension Benefits Guarantee Fund Assessment Calculations and Deadlines (No. PE0299INT)

SickKids wishes to submit our comments on the proposed Guidance on Pension Benefits Guarantee Fund Assessment Calculations and Deadlines (Guidance).

SickKids is Canada's most research-intensive hospital and the largest centre dedicated to improving children's health in the country. With passionate and dedicated staff, SickKids is much more than a hospital. We work each day to provide the best in child and family-centred care, create ground-breaking clinical and scientific advancements, and train the next generation of experts in child health.

SickKids sponsors a single employer registered pension plan, consisting of a defined benefit component for the large majority of its employees and a defined contribution component for a smaller portion of employees in physician and researcher roles. Upon being notified of the Guidance, our concern relates to the statement that FSRA will no longer accept PBGF assessments calculated using a valuation report with an effective date before the assessment date but after the most recent fiscal year end before the assessment date.

The Guidance positions this as a change in practice but we do not think this interpretation is supported by the language of section 37, the relevant provision in Regulation 909. We believe subsections (2), (7), and (8) of section 37, which we reproduce below, are most relevant to the issue:

(2) For the purposes of this section, assessment dates shall be nine months after the last day of each fiscal year of the pension plan.

(7) For the purposes of an assessment required under this section, the PBGF assessment base and the PBGF liabilities shall be as set out in the last report filed or submitted on or before the assessment date under any of section 3, 4, 13 or 14 for the plan.

(8) Despite subsection (7), where a payment is made in respect of an assessment under this section and a report is filed or submitted under section 3, 4, 13 or 14 after the payment date with a valuation date earlier than the assessment date, the amount of the assessment required under this section shall be recalculated with the PBGF assessment base and PBGF liabilities as set out in the report and shall be paid on that basis.



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Subsection 37(2) states that the PBGF assessment date is nine months after the end of the fiscal year, which establishes the date when the assessment must be paid. It is set at nine months after a plan's fiscal year which aligns with the deadline for submitting the AIR.

Subsection 37(7) provides, in simple terms, that an assessment will be calculated reflecting the PBGF assessment base and PBGF liabilities in the most recent report filed before the assessment date. If the legislative intent was to ensure that the assessment is based on a report with an effective date no later than the end of the plan's last fiscal year, it would have been simple to state that. Subsection 37(8) goes further and clearly contemplates situations in which a PBGF assessment must be recalculated to reflect a report filed after the assessment date with a valuation date before the assessment date. It describes a scenario where a report filed within the nine-month deadline would, by necessity, have a valuation date after the end of the last fiscal year. Here again subsection 37(8) could have easily referred to a report with a valuation date on or before the end of the last fiscal year but it does not. A plain reading of subsections 37(7) and (8) leads to the conclusion that the assessment must reflect the most recent report and that the assessment base and liabilities are not limited to those from a report with a valuation date not later than the end of the last fiscal year. Historically FSRA has in fact requested re-filings of PBGF Assessment Certificates in situations where the most recent report leads to a higher assessment.

We understand that FSRA has historically interpreted section 37 such that a valuation with an effective date between the previous fiscal year-end and the PBGF assessment date would be reflected in the current year's PBGF assessment. The fact that FSRA has in the past requested re-filings of PBGF Assessment Certificates in such situations would suggest a stricter interpretation of section 37, rather than an openness to multiple interpretations.

Given the above, we believe that FSRA's new interpretation of section 37 is incorrect. We, therefore, respectfully recommend the revision of the Guidance to remove the change regarding the valuation date of the report used for the calculation of the PBGF assessment.

SickKids greatly appreciates the opportunity to comment on the proposed Guidance and would be pleased to answer any questions you may have on this submission.

Sincerely,

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