

New Ontario Member Statement Requirements



New Regulations Under the Ontario Pension Benefits Act Soon to be in Force

On November 27, 2014, the Ontario Government filed amendments to the regulations under the *Ontario Pension Benefits Act* (PBA) which will soon be in force. The amendments include content requirements for new biennial pension statements for *former members* and *retired members* in Ontario, as well as new requirements relating to the statement of investment policies and procedures (SIP&P) for all Ontario-registered pension plans.

What does this mean for Plan Administrators?

Former and Retired Member Statements

Plan administrators will now be required to provide former and retired members with written pension statements every two years.

For existing pension plans, the first statements will be due no later than July 1, 2017. After that, statements must be provided every two years within six months after the plan's year end.

For pension plans registered after January 1, 2015, the first statements are due within 18 months after the plan's year end. After that, statements will be required every two years within six months after the plan's year end.

In addition, all member statements (including the annual pension statements for active members, as well as the new biennial statements for former and retired members) must also include specific information about a pension plan's SIP&P, including information as to whether environmental, social and governance (ESG) factors are incorporated into the SIP&P and how the SIP&P is available for inspection by members.

Statement of Investment Policies and Procedures

The SIP&P will now be required to include information as to whether ESG factors are incorporated into the SIP&P and, if so, how those factors are incorporated. In addition, the SIP&P must now be filed with the Superintendent. These requirements come into effect on January 1, 2016. For existing plans, a SIP&P must be filed within 60 days after January 1, 2016. For plans registered on or after January 1, 2016, a

SIP&P must be filed within 60 days after the plan is registered. In addition, any amendment to a SIP&P must be filed within 60 days after the amendment is made.

Who is a Former Member?

A former member is an individual who:

1. Has terminated employment or membership in the plan; and
2. Is entitled to a deferred pension or is entitled to receive any other payment from the pension fund.

Who is a Retired Member?

A retired member is an individual who:

1. Has terminated employment or membership in the plan; and
2. Satisfies at least one of the following:
 - is receiving a pension from the plan;
 - has reached the normal retirement date under the plan but has not yet elected to receive a pension;
 - has elected to receive an early retirement pension;
 - has elected to begin payment of a pension whether or not the first pension payment is deferred until a later date.

Do the New Requirements for Former and Retired Member Statements Apply Only to Ontario-Registered Pension Plans?

No. The requirement to provide biennial statements to former and retired members applies to all members whose last province of employment was Ontario, regardless of where the plan is registered. An exception is the case of a Quebec-registered plan with former and retired Ontario members. In that case, the Agreement Respecting Multi-jurisdictional Pension Plans applies the Quebec *Supplemental Pension Plans Act* to Ontario members. As such, the new biennial member statement requirements in Ontario will not apply to former and retired Ontario members of a Quebec-registered pension plan.

Is the Former Member Statement Different from the Retired Member Statement?

While the contents of the former member and retired member statements are similar, there are a number of differences between the two. Content specific to the former member statement includes the following:

1. the former member's normal retirement date under the plan and the annual pension payable at that date;
2. the earliest date that the former member would be entitled to an unreduced pension, if applicable; and
3. in the case of a defined contribution plan, the account balance to the end of the period covered by the statement.

Content specific to the retired member statement includes the following:

1. the date of payment of the first pension instalment;
2. the form of pension payable to the retired member at retirement, if applicable; and
3. the annual amount of pension payable to the retired member.

What do Plan Administrators need to do now?

- Review your existing SIP&P to consider the issue of whether ESG factors are incorporated into the SIP&P and make any necessary amendments to the SIP&P
- Ensure that your plan's SIP&P is ready to be filed by the end of February, 2016
- Start collecting the data necessary to prepare former and retired member statements and start the search for deferred vested member addresses if your current addresses are out-of-date
- Commence to prepare former and retired member statement templates and revise annual member statement templates to incorporate the new content requirements

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Article by [Jessica Mathewson](#) and [Susan G. Seller](#)