

## Update 06-01A Amendment Checklist

Effective August 10, 2006 the *Employment Pension Plans Amendment Act, 2005* and the *Employment Pension Plans (General 2006) Amendment Regulation* (the Amendment Act and Regulation respectively), came into force and amended the *Employment Pension Plans Act* (the Act) and *Employment Pension Plans Regulation* (the Regulation) respectively. As a result, all registered pension plans will be required to make certain amendments.

**These amendments must be filed at the earlier of the next plan amendment submitted to the Superintendent's office, or June 30, 2007.**

There are some additional filing requirements as well as some changes that will need to be made to employee booklets and various member statements. Finally, certain plans will have the option of applying for specific exemptions or alternative provisions.

To assist employers and those drafting amendments, the following checklist has been developed. This highlights the key changes that must, and those that may, be made. The Alberta Finance website <http://www.finance.alberta.ca/business/pensions/> also provides further information on these changes.

<b>2006 <i>Employment Pension Plans Act</i> Required Plan Amendments</b>			
<b>All Plans</b>			
<b>Leg section</b>	<b>Amendment needed</b>	<b>Must</b>	<b>May</b>
Act 1(1)(ccc)	Minimum temporary break in employment not causing break in continuous service changed from 26 to 52 weeks	√	
Act 35(4.1)	The payment of termination benefits for non-residents is not subject to locking-in requirements <sup>1</sup> .	√	
Act 38(2)(c)(ii)	Change any reference of a transfer of pension funds to a Locked-in Retirement Income Fund (LRIF)	√	

<sup>1</sup> A previous version of this Update indicated that a plan may be amended for this provision. Upon further review, however, section 35(4.1) is clear – where a termination payment is to be made to a non-resident, the locking-in provisions normally applicable do not apply. Consequently, the plan text must identify this provision.

Act 39(5.1)	Pension partners may sign a pre-retirement beneficiary waiver if they wish to give up their entitlement to any pre-retirement death benefits.	√	
Act 69.1	Clarify any relevant reference to indicate that it is acceptable to divide pension assets with either a Matrimonial Property Order OR a Matrimonial Property Agreement	√	
Reg. 28.1	Provision to permit employer reimbursement for expenses		√
Reg 45	The small amounts commutation rule is based on the current small amount thresholds on the date the application / test for small amounts is made, even if that application is made on a date which is later than their termination date.  Note: for plans with DC and DB provisions, a sum of the CV of the DB benefit and the DC account balance is required when applying the test.	√	
Reg. Schedule 1.1	For individuals age 50 and older, 50% unlocking for members who commence to receive retirement income in some manner other than as a DB pension from the plan. DB provisions can restrict this option to people who are between 50 and early retirement age as per Act 38(1)(a)(iii)  This applies only to plans that permit direct transfers to LIFs, annuities or DC RIAs	√	
<b>Plans with DB provisions</b>			
Act 40(4.2)	Pension partners may sign a post-retirement beneficiary waiver if they wish to give up their entitlement to any post-retirement death benefits (where the pension is something OTHER THAN a Joint and Survivor Form of Pension)	√	
Reg 35(6)	If applicable, the removal of wording that would permit full benefit payment if an individual transfer deficiency is less than 5% of the YMPE and the total transfer deficiency of all persons eligible to terminate does not exceed 5% of the market value of plan assets.		√
Reg. 49(1)(d)	Monthly remittance requirement for all contributions (including special payments)	√	

<b>Plans with DC provisions</b>			
Act 38(7.1)	Forced Transfer of DC account balances for individuals who become members on and after August 10, 2006.  (This provision cannot apply to pension plans that provide a combination of DB and DC benefits)		√
Act 40(4.2)	Applicable only to plans offering a DC RIA, pension partners may sign a post-retirement beneficiary waiver if they wish to give up their entitlement to any post-retirement death benefits.	√	
Reg. 27.1	Clarification of who is responsible for the investment decision in respect of all contributions made to the plan	√	
Reg. 46.1	DC RIA provisions		√
<b>Multi-Unit Pension Plans (MUPPs)</b>			
Act 1(2.1)	Extended break in service		√
Reg. 48(12)	Contributions allocated between participating employers. Includes normal costs and special payments.		√
Reg. 48(12)	Allocation of expenses (pooled or separate)		√
Reg. 55(4.1)(b)	Identify that a partial plan termination occurs if participating employer withdraws.	√	
Reg. 55(4.1)(b)	An individual employer must continue to make solvency special payments if that company withdraws as a participating employer.	√	
<b>Specified Multi-Employer Pension Plans (SMEPPs)</b>			
Act 1(1)(xx)	Termination of membership in a SMEPP occurs at the date corresponding to the beginning of 2-year period (not end).  * This amendment is only required for SMEPPs using the legislated termination of membership as their plan requirement.	√	

**2006 *Employment Pension Plans Act*  
Exemption Applications**

**Publicly Funded Plans**

A plan that is designated as publicly funded may apply for some or all of the exemptions noted. For each exemption granted, the plan must be amended to identify that exemption.

<b>Leg section</b>	<b>Exemption</b>	<b>Must</b>	<b>May</b>
Reg. 48(3.1) and Schedule 0.2	Exemption to permit joint employee / employer funding (including special payments).	√	
Reg. Schedule 0.2	Exemption from making ongoing solvency special payments.  (However, the plan must still provide for solvency deficiency amortization by the employer(s) on termination).	√	
Reg. Schedule 0.2	If the publicly funded plan is supplemental to another Alberta public sector plan, an exemption to use the pension partner definition as it is defined in that public sector plan.	√	
Reg. Schedule 0.2	If the publicly funded plan is supplemental to another Alberta public sector plan, an exemption with respect to Portability, linked to that public sector plan.	√	
Reg. Schedule 0.2	If the publicly funded plan is supplemental to another Alberta public sector plan, an exemption with respect to Delayed wind-up	√	
<b>SMEPPs</b>			
A SMEPP may apply for the suspension of solvency special payments for a period not exceeding 3 years. Where that exemption is granted:			
Reg. Schedule 0.2	Solvency payment suspension - application must include prescribed items – see Regulation	√	

**2006 Employment Pension Plans Act  
New Filing Requirements**

<b>Leg section</b>	<b>New requirement</b>	<b>Must</b>	<b>May</b>
Act 14(3)(d) Reg. 11(2) and (3)	Audited Financial Statements – must be filed 180 days after plan fiscal year end. Applies: <ul style="list-style-type: none"> <li>• For SMEPPs – Plan AFS required</li> <li>• For plans with DB provisions – Fund AFS required when the plan’s assets exceed \$3 million</li> <li>• For plans with DC provisions – Fund AFS required when the employer directed assets exceed \$1 million.</li> </ul>	√	
Act 19(1)(a)	Custodian agreements	√	
Act 20(1.10) Reg. 26(a)	Participation agreements for newly designated MUPPs	√	

**2006 Employment Pension Plans Act  
Disclosure Changes**

<b>Leg section</b>	<b>Item</b>	<b>Key Changes</b>	<b>Required</b>
Reg. 13	Employee Booklet	Fund holder, investment and interest.	√
Reg.13.1	Notice of Amendments	Timing of notice for adverse amendment.	√
Reg. 14 - 19	Statements	Addition of base information to make all statements uniform.	√
Reg. 15 – 19	Statements	Addition of 50% unlocking information.	√
Reg. 24.1	DC RIA statements	Only applicable if plan has DC RIA provision.	√

Act 15 Reg. 25	Access to documents by employees, employers	<p>Access to audited financial statements, participation agreements, collective agreements, reciprocal agreements.</p> <p>Provision of copies (for a reasonable fee) if the member is provided (and declines) the opportunity to review the documents in the administrators office.</p> <p>Provision of documents to participating employers for a reasonable fee (SMEPPs and MUPPs).</p>	√
Act 50(3.2) Reg 49(4)	Schedule of Expected Contributions	Plan sponsors must complete Form 7 – Schedule of Expected Contributions – and provide that schedule to the ultimate recipient (fund holder or custodian).	√

For further information, please contact:

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