

EPPA Update **09-01**

Issued February, 2009

Employment Pension Plans Amendment Regulation, 2009 – Summary of Changes

Responding to the needs of defined benefit pension plan sponsors, the Government of Alberta has amended Schedule 0.2 – Partial Exemptions of the *Employment Pension Plans Regulation* (the Regulation) to provide temporary funding relief for DB plans. The amendments are being made as a result of the decline in the funded and solvency position of Alberta registered defined benefit pension plans following the world wide investment losses of 2008.

This Update highlights **only** the main changes made to the Regulation via the *Employment Pension Plans Regulation Amendment, 2009*. More information on the policy requirements is found in [Policy Bulletin #41 – Funding Relief Provisions – 2009](#).

Users of this summary are strongly urged to refer directly to the appropriate sections of the Regulation, as this summary is for information purposes only.

Copies of the Regulation are available from the Alberta Queen’s Printer either via the internet (<http://www.qp.gov.ab.ca>) or in hard copy.

Change to Schedule 0.2	Description / Reason for Change
Housekeeping	Within the Schedule, numerous references are made to valuation reports required to be filed with the Superintendent. The phrase “and cost certificate” is added to each of these references to clarify that both a valuation report and cost certificate are required.
3 year extension of original SMEPP solvency moratorium beyond 2008. New – s. 3(1.1)	Applicable <u>only</u> for those Specified Multi Employer Pension Plans (SMEPPs) who applied under section 3, and whose initial solvency exemption period ended during 2008, this new subsection provides an automatic further three year exemption from making solvency deficiency payments (i.e., no application is required). The extension of the solvency moratorium lasts until the end of 2011.

The solvency moratorium continues to be subject to the conditions previously applicable to the SMEPP, as well as other conditions that may be set by the Superintendent of Pensions.

3 year SMEPP solvency moratorium

New – s. 3(1.2)

Applicable to SMEPPs currently under the solvency moratorium whose initial solvency exemption period ends after December 31, 2008 **OR** for SMEPPs who had not previously applied for an exemption, this new section permits those plans to reapply / apply (as the case may be) at any time prior to **2012** for a three year exemption from making solvency deficiency special payments.

Only one application may be made by an administrator of a SMEPP, the application must be made in writing, and consent is subject to any other conditions that are set by the Superintendent of Pensions.

3 year Non-SMEPP solvency moratorium

New – s. 3.1

Administrators of defined benefit single employer pension plans, or multi-unit pension plans (“Non-SMEPPs”) are permitted to apply at any time prior to **2010** for a three year exemption from making solvency deficiency special payments.

Only one application may be made by an administrator of a Non-SMEPP.

Administrators of Non-SMEPPs are required to apply in writing for the moratorium, and the application is subject to the same conditions outlined above.

Where a person becomes entitled to receive a benefit under the Plan, the administrator must either make “top up” payment (equal to the transfer deficiency) before paying out the benefit, **OR** can include that top up payment in the next remittance of contributions.

**10 year solvency deficiency
amortization period for
certain solvency deficiencies
– All Plans**

New – s. 3.2

Prior to January 1, 2010 an administrator of a defined benefit pension plan may apply to the Superintendent of Pensions, on a one time basis, to extend the amortization period of any newly established solvency deficiency over 10 years (rather than the usual 5 year period).

The solvency deficiency must be one that is recognized (created) **between the date of the last filed** actuarial valuation and the date of the valuation report which supports the application for the extension of the amortization period. This latter valuation must coincide with a review date that is between September 1, 2008 and December 31, 2009.

The application must be made in writing, and is subject to any conditions imposed by the Superintendent of Pensions.

Where a person becomes entitled to receive a benefit under the Plan, the administrator must either make a “top up” payment (equal to the transfer deficiency) before paying the benefit, OR can include the top up with the next contribution remittance.

Note: Under this option, plan administrators are permitted to make changes to the benefit structure of their pension plan.

**Add, amend, or remove
conditions in respect of a
consent**

New – s. 3.3

This section clarifies that the Superintendent of Pensions may, at any time, add, amend, or remove any conditions under Schedule 0.2, sections 3, 3.1, 3.2, or 3(1.1) after the consent has been granted.

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