

## Pensions Law

November 6, 2012

### Ontario Extends Solvency Funding Relief Measures

Effective November 1, 2012, Ontario has extended its solvency funding relief measures applicable to private sector pension plans. Temporary solvency relief measures were put into place in Ontario in 2009. Some of these measures have now been extended and certain new measures have been introduced.

The regulations provide for the following measures with respect to the first actuarial valuation report filed by the administrator with a valuation date between September 30, 2011 and September 30, 2014:

- Extension of the prior measure allowing the deferral for up to one year of the commencement of special payments for any new solvency or going concern deficiency. (Option 1)
- Extension of the prior measure allowing an election to be made to consolidate existing solvency special payments into a new 5 year schedule for the liquidation of the deficiency. (Option 2)
- Extension of the prior measure which permits an election to extend the solvency special payment schedule from 5 years to up to 10 years, subject to certain member consent requirements. (Option 3)
- An election may be made to consolidate existing special payments in respect of solvency deficiencies

including special payments that were previously consolidated under the prior measures (excluding certain special payments, including those that were previously extended to up to 10 years under the prior measures) into a new 5 year payment period for the liquidation of the deficiency. (Option 4)

- An election may be made to extend the solvency payment period for new solvency deficiencies to up to 10 years (instead of 5 years). This election may be made even if an election to extend the solvency payment period was made under the prior measures. The new election will apply to new deficiencies in the valuation report. In order to implement this election, member consent is required (no more than 1/3 of eligible members, former members or retired members may object). (Option 5)

Options 1, 2 and 3 are extensions of existing measures. Options 4 and 5 are new measures.

The regulations also provide for a filing extension for actuarial valuation reports with a valuation date on or after September 30, 2011 and prior to May 31, 2012. These reports may be filed up to February 28, 2013.

There are restrictions in the regulations related to funding of benefit improvements if certain options are elected. In addition, where an election is made there are enhanced disclosure requirements under the regulations.

There are plans that are excluded from these regulations, including specified Ontario multi-employer pension plans and certain plans that are the subject of specific regulations.

Please contact any member of our pensions, benefits and compensation group if you would like more information regarding these new measures.