

Goodmans^{LLP} Update

Impact of COVID-19 on Canadian Pension Plans

The outbreak of COVID-19 (also known as the Coronavirus) has affected businesses at a global level. For employers who offer a Canadian pension plan, the changes to the market and employment conditions will affect the responsibilities of an employer, as plan administrator and plan sponsor, including investments and filing obligations, plan funding and benefit accrual. From a transactional perspective, it is important to understand how the changes may affect a business that is being acquired.

Here are a few considerations to keep in mind while evaluating the impacts of COVID-19.

Regulatory

Canadian federal and provincial pension regulators have announced they are monitoring the situation and will consider changes, as necessary, to align with current conditions. Regulators will continue operations to assist employers in their ongoing administration and compliance efforts, and to protect the rights of plan beneficiaries.

In Ontario, the [Financial Services Regulatory Authority of Ontario \(FSRA\)](#) published a [COVID-19 response](#), which states that filing deadlines may be extended by request, up to 60 days, via the Pension Services Portal. If a filing extension request is for a period beyond 60 days, the request must be sent by email (preferable) or mail to the assigned pension officer.

However, FSRA cannot extend certain deadlines, such as those for the distribution of annual or biennial statements. If a plan administrator will not meet its deadline for distribution of statements, FSRA indicated it will use its discretionary powers to waive any administrative monetary penalties, provided that a plan administrator notifies the pension officer of the challenges of meeting the deadline and proposed plan of action.

FSRA staff will continue to review all other applications, such as asset transfers or wind-up applications, although there may be some delay caused by the current disruptions.

For all regulators who offer digital services or an online filing portal, employers are encouraged to utilize these services to interact and file with the regulators. Although offices are shut down, FSRA advises that officers are working remotely and will respond to inquiries.

Funding

Plan sponsors are required to continue funding for pension plans by making contributions in accordance with the latest valuation and plan terms. Statutory obligations require contributions to continue, regardless of the economic turmoil.

We encourage plan administrators to contact their consultants and actuaries to evaluate the impact of the financial market conditions on the plan's funded status. A plan's Statement of Investment Policies and Procedures may require careful monitoring and review.

Authors



Brian Sweigman
bsweigman@goodmans.ca
416.849.6908



John Alton
jalton@goodmans.ca
416.597.4101



Gale Rubenstein
grubenstein@goodmans.ca
416.597.4148

Employees

Employees who are performing their usual duties remotely will continue to accrue pension benefits. If an employee is on leave as a result of COVID-19, benefits will continue to accrue in accordance with recent changes to the *Employment Standards Act* (Ontario). It is important to check the plan terms to confirm the continuance of any benefit accrual.

Due to the uncertainty, it is also important to maintain communication with plan members to address their concerns. In light of current restrictions on face-to-face meetings, employers should consider sending communications to members, maintaining updates on their websites and providing information via webinar or digital meeting. Any information provided should be clear and accurate.

Employers may also wish to remind employees of the scope of retirement and other benefits provided to employees, such as health and welfare, disability and travel insurance coverage, and how to access those benefits. It is important that an employer evaluates the provisions of the benefit plans in the context of other employment policies, legislation and other COVID-19 related announcements.

Further Information

For any questions or for further information concerning any of the topics discussed in this Update, please contact any member of the [Pensions, Benefits and Compensation Group](#).