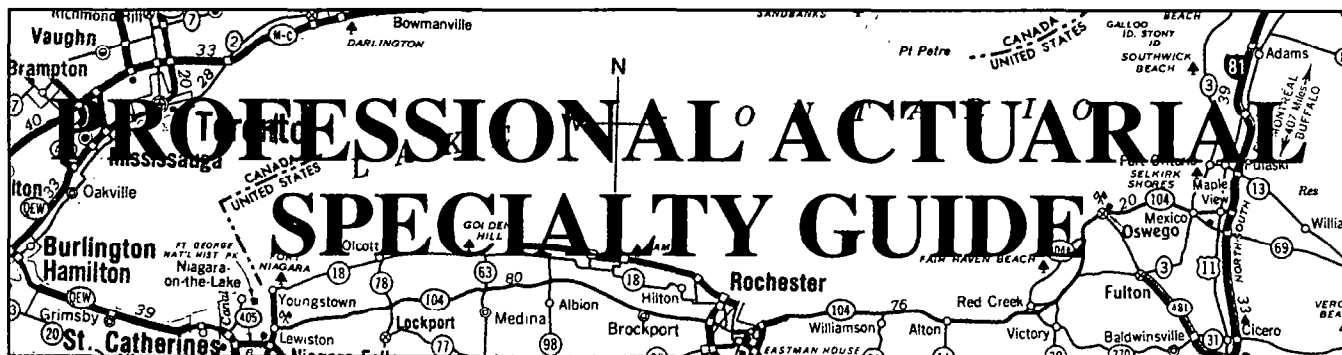


## SOCIETY OF ACTUARIES



## COMMITTEE ON CONTINUING EDUCATION

## Canadian Pensions

### Overview

This guide is a compilation of references providing an overview of the pension environment in Canada. It is designed to assist a non-pension practitioner or an actuary from outside of Canada who wants to learn about the Canadian Pension System. A separate guide has been published on Social Security Programs in Canada. As a result, none of those references have been included in this one. Furthermore, this guide does not cover the area of investments of pension funds. This material is expected to be covered under the Professional Actuarial Specialty Guide on Investments Benefits.

In Canada, the tax treatment of plan sponsors and members relating to pensions is regulated by the federal government through the Income Tax Act. The federal government agencies charged with administering and enforcing these rules are Revenue Canada and the Office of the Superintendent of Financial Institutions.

The provincial governments establish minimum benefit and funding standards. Minimum benefit and funding standards are also set by the federal government for plans that cover employees in federally regulated industries. The standards legislation is not uniform. The federal government and eight provinces have pension benefits acts in place, while the remaining two provinces have adopted acts that will become effective in the next few years.

Plans covering employees in more than one jurisdiction are generally registered with the jurisdiction with the plurality of members. According to reciprocal agreements which are currently being reviewed, the registering jurisdiction administers the requirements of other jurisdictions for plan members employed in those jurisdictions.

This guide addresses the requirements of legislation, both from the tax and minimum standards point of view, as well as valuation requirements, funding and accounting. It also addresses plan design and administration, and topical issues such as surplus ownership, inflation protection and plan conversions. Finally, a number of other topics are covered: pensions for government employees, multi-employer pension plans, and mergers and acquisitions.

### Role of the Actuary

In Canada, pension actuaries assist plan sponsors in the design of their pension plans and in establishing a funding policy. They also conduct pension plan valuations for regulatory compliance purposes. Canadian supervisory authorities require that funding valuations be certified by a Fellow of the Canadian Institute of Actuaries (CIA). The Canadian actuary has more latitude than the U.S. counterpart in selecting assumptions and methods. Rather than being dictated by legislation, the actuary must certify the appropriateness of the assumptions selected and the soundness of methods employed. As a result, the CIA has been fairly active in developing practice standards.

Actuarial valuations are also conducted for accounting purposes. Actuaries are involved in valuations performed in the case of plan wind ups, with respect to pension plan issues on sales of businesses, mergers, acquisitions and on plan conversions.

Canadian pension actuaries are relatively few in number, and not prodigious publishers. The various provincial and federal legislations have been extensively rewritten in recent years and, in the absence of articles, actuaries must frequently refer to source material.

The Professional Actuarial Specialty Guides Committee on Continuing Education of the Society of Actuaries provides these Specialty Guides to persons wishing to use them for continuing education purposes. They are intended to provide the user with a summary of representative sources of current general knowledge. Neither the Society of Actuaries nor the Committee intend or represent these Specialty Guides to be complete or their use necessarily required or sufficient for the purpose of meeting continuing education requirements or any professional competency standards of any organization.

## TAXATION OF PENSIONS

The tax treatment of pension plans, their members and sponsors is codified in the Income Tax Act. The sections of the Act and its accompanying Regulations dealing with registered pension plans were extensively revised and rewritten in 1990 and 1991

There are a number of loose leaf publications reproducing the pertinent Sections of the Act and Regulations and providing commentaries. A list of these is provided at the end of this guide.

1. The Compensation and Benefits Group of Peat Marwick Stevenson & Kellogg, "Pensions And Retirement Income Planning, 90-91 New Tax Rules and Strategies", 1990. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This guide was prepared to help plan sponsors determine pension adjustments which must be reported to Revenue Canada and to prepare for other tax reporting requirements. It also provides an overview of the new tax system as it affects pension plans and retirement savings.

Level: Intermediate

Pages: 196

2. Registered Retirement Savings Plan (RRSP)  
Section 146, Income Tax Act, Canada.  
Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This section describes the requirements for RRSPs (individual retirement savings plans).

Level: Advanced

3. Registered Retirement Income Fund (RRIF)  
Section 146.3, Income Tax Act, Canada.  
Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This section describes the requirements for RRIFs. A RRIF is a tax-preferential savings fund from which a minimum amount of funds must be withdrawn and taxed each year as income in the hands of the recipient.

Level: Advanced

4. Deferred Profit Sharing Plan (DPSP)  
Section 147, Income Tax Act, Canada.  
Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This section describes the requirements for DPSPs (profit sharing plans funded by employer contributions).

Level: Advanced

5. Retirement Compensation Arrangement (RCA)  
Special Report on Retirement Compensation Arrangements. Canadian Tax Reports, Special Report No. 785, Extra Edition, December 1987. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This report reproduces sections of The Income Tax Act dealing with RCAs as well as technical notes. These sections of the Income Tax Act define what are the requirements for RCAs, which are vehicles created under the Income Tax Act to allow funding of non-registered pension plans (typically to provide pensions in excess of the dollar limits established for Registered Pension Plans by the Income Tax Act). Very few RCAs have been established due to the unfavourable tax treatment accorded to them.

Level: Advanced

6. Registered Pension Plan (RPP)

- a) Information Circular 72-13R8, December 16, 1988. Material available from Revenue Canada, Taxation (The Toronto District Office is located at 36 Adelaide Street East, Toronto, Ontario, M5C 1J6).

The Circular is published by Revenue Canada and deals mainly with the rules for registration as they applied prior to the codification in the Income Tax Act and Regulations and as they now apply in respect of pension plans for pre-1990 service (pre-1992 service for plans registered prior to 1988).

Level: Advanced

- b) Amendment to the Income Tax Act and Related Acts (formerly Bill C-52) and Regulations made thereunder.

In June 1990, the Income Tax Act was amended to reflect the new requirements with respect to tax assistance of retirement savings. The most relevant sections of the Act are 60(j) (transfer of superannuation benefits), Section 146 (Registered Retirement Savings Plans), Section 146.3 (Registered Retirement Income Funds), Section 147 (Deferred Profit Sharing Plans) and Sections 147.1 to 147.3 (Registered Pension Plans). The Regulations under the Act, promulgated in January 1992, that pertain to Retirement Savings are mostly contained in Parts LXXXIII through LXXXV.

Level: Advanced

- c) Special Report on the Revised Draft Regulations with Technical Notes on Tax Assisted Retirement Savings, Canadian Tax Reports, Special Report No. 1012, Extra Edition, July 31, 1991. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

Before the Regulations were finally promulgated in January 1992, several drafts had been circulated together with explanatory notes. The above was the last such draft available with a commentary of each regulation.

Level: Advanced

7. Pension Reform Update, published periodically by Revenue Canada, Taxation. This material must be obtained directly from the Registered Plans Division in Ottawa. Registered Plans Division, Revenue Canada, Taxation, 400 Cumberland Street, Ottawa, Ontario, K1A 0L8, Tel:(613)954-0419.

The updates are prepared by the Registered Plans Division and deal with administrative guidelines and rules for retirement savings plans under tax reform. They will often clarify how specific provisions of the new rules are to be administered.

Level: Basic

8. Pension and RRSP Tax Guide (T4040). Material available from Revenue Canada, Taxation. (The Toronto District Office is located at 36 Adelaide Street East, Toronto, Ontario, M5C 1J6).

This guide provides a summary of the major changes to the income tax law regulating tax-assisted retirement savings. It explains the impact of the new rules on registered pension plans (PPS), deferred profit-sharing plans (DPSPs), registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs). It is meant to help a taxpayer figure out how much can be deducted as a contribution to an RRSP. This guide is reviewed each year and is published in both French and English.

Level: Basic

Pages: 49

9. Employer's Pension Adjustment Calculation Guide (T4084). Material available from Revenue Canada, Taxation (The Toronto District Office is located at 36 Adelaide Street East, Toronto, Ontario, M5C 1J6).

This guide explains the requirements of the Income Tax Act and related Regulations for calculating the Pension Adjustment Amount. This amount must be reported every year on the employee's T4/T4a information returns. This guide is revised annually and is published in both French and English.

Level: Basic

Pages: 18

10. Plan Administrators Past Service Pension Adjustment Guide (T4104). Material available from Revenue Canada, Taxation (The Toronto District Office is located at 36 Adelaide Street East, Toronto, Ontario, M5C 1J6).

This guide explains the requirements of the Income Tax Act and related Regulations for calculating the Past Service Pension Adjustment Amount. This amount must be reported whenever pension benefits become provided for past service (for service after 1989) under a defined benefit pension plan. This guide is revised annually and is published in both French and English.

Level: Basic

Pages: 26

11. Registering your Pension Plan (T4099). Material available from Revenue Canada, Taxation (The Toronto District Office is located at 36 Adelaide Street East, Toronto, Ontario, M5C 1J6).

This guide explains the requirements of the Income Tax Act and related Regulations for the registration of pension plans or to apply for the approval of amendments to on-going plans. It identifies the basic responsibilities of plan administrators, provides a list of the forms currently used as well as information about completing them. This guide is revised periodically and is published in both French and English.

Level: Basic

Pages: 20

## MINIMUM PENSION STANDARDS

In Canada, most provinces have enacted pension benefits acts that govern minimum standards required for pension plans. The majority of Canadian pension plan members are participating in plans registered in Ontario, Quebec or with the Federal government. The references listed below are mostly in respect of these three Acts as they are the ones most commonly encountered.

The various pension benefits acts pursue essentially the same objectives and operate in a similar fashion. However, they each have a number of distinctive features.

There are a number of loose leaf publications reproducing the various Acts and providing commentaries. A list of these is provided at the end of this guide.

1. Pension Benefits Standards Act, 1985 and Regulations.

This Act and Regulations thereunder govern pension plans that are federally regulated. These are plans covering employees participating in covered employment or employees employed in the Yukon and the Northwest Territories. Covered employment includes banking, telecommunications and transportation.

Level: Advanced

2. Pension Benefits Act, (Ontario) and Regulations 708/87.

This Act and Regulations thereunder govern pension plans covering members employed in Ontario.

Level: Advanced

3. Supplemental Pension Plans Act (Quebec) and Regulations

This Act and Regulations thereunder govern pension plans covering members employed in Quebec. An annotated version containing a commentary prepared by the Régie des Rentes du Québec exists in French and is available from: Régie des Rentes du Québec, Direction des communications, Case postale 5200, Québec, Québec, G1K 7S9.

Level: Advanced

4. "Pension Laws in Canada: Provisions Directly Affecting Employees", published by the Society of Actuaries as a Study Note for Course P-364 (364-34-90).

This table provides a comparative summary of the various pension legislations having jurisdiction over minimum standards.

Level: Basic

Pages: 40

5. "New Registered Pension Vehicles", extract from Volume XXII no. 3 of the Proceedings of the Canadian Institute of Actuaries, p 245. Summary of a session of the June 1991 Canadian Institute of Actuaries Meeting in Vancouver.

This paper provides a discussion of the new locked-in retirement accounts (LIRAs) and life income funds (LIFs) introduced by the Quebec legislation. These new registered retirement savings vehicles are acceptable under the legislation for the transfer of locked-in funds.

Level: Intermediate

Pages: 12

## ACCOUNTING FOR PENSION PLANS

Accounting for pension plans in Canada is governed by Section 3460 of the Handbook of the Canadian Institute of Chartered Accountants (CICA). While their objectives are similar, the guidelines contained in Section 3460 differ from those found in Statements 87 and 88 of the Financial Accounting Standards Board in some respects.

1. National Accounting Research Group of Price Waterhouse (Canada), "Accounting For Pension Costs And Obligations: A Summary Of The New CICA Accounting Standards", April 1986.

Material available from the Canadian Institute of Chartered Accountants, 150 Bloor Street West, Toronto, Ontario, M5S 2Y2.

This booklet discusses the Canadian accounting standards and compares them with the U.S. standards.

Level: Basic

Pages: 27

2. Archibald, T. Ross, "Accounting for Pension Costs and Liabilities (A reconciliation of Accounting and Funding Practices)", June 1980. Material available from the Canadian Institute of Chartered Accountants, 150 Bloor Street West, Toronto, Ontario, M5S 2Y2.

This study was published a number of years before the accounting guidelines were issued in Canada. It was the basis from which the current accounting guidelines were developed.

Level: Intermediate

Pages: 226

3. Clare, J. L. and Bailin, A., "Accounting For Pension Costs And Obligations: The New Rules", 1986, published by CCH Canada Limited, 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This book reviews the new accounting rules (as initially published) and what must be done to comply with them. An integral version of Section 3460 is included.

Level: Intermediate

Pages: 100

4. Section 4100 of the CICA Handbook. Material available from the Canadian Institute of Chartered Accountants, 150 Bloor Street West, Toronto, Ontario, M5S 2Y2.

This section establishes standards for the measurement, presentation and disclosure of pension funds financial statements.

Level: Intermediate

5. *Abstract of Issues Discussed, Emerging Issues Committee (EIC)*. Material available from the Canadian Institute of Chartered Accountants, 150 Bloor Street West, Toronto, Ontario, M5S 2Y2.

The EIC periodically discusses issues and deliberates to provide guidance to the members of the CICA. A number of issues relating to pension have been discussed in the past, such as pension surplus recognition (Issue no. 1) and special termination benefits (Issue no. 23).

Level: Intermediate

## VALUATION OF DEFINED BENEFIT PENSION PLANS

In Canada, there are fewer legislative requirements with respect to pension plan valuations than in the U.S. This area remains largely under the jurisdiction of professional standards. As a result, the Canadian Institute of Actuaries has developed, over the years, recommendations that are binding on its members.

1. Anderson, Arthur W., "Pension Mathematics for Actuaries", Second Edition, published in Wellesley, Massachusetts by Arthur W. Anderson, 1990. This textbook is available from the Actuarial Bookstore, 475 North Martingale Road, Schaumburg, IL 60173-2226, Tel (603) 742-1806.

This is a comprehensive textbook providing information on actuarial cost methods.

Level: Intermediate

Pages: 175

2. *Recommendations For The Valuation Of Pension Plans, Adopted by the Canadian Institute of Actuaries*, June 1981.

The Council of the Canadian Institute of Actuaries adopted recommendations for the valuation of pension plans in June 1981. Explanatory notes were released by the Pension Standards Committee in August 1985. These Recommendations are intended to apply to members of the Canadian Institute of Actuaries in the performance of valuations of all pension plans covering persons in Canada and of valuations of plans covering persons in other countries where no comparable recommendations exist.

Level: Intermediate

Pages: 9

3. *Recommendations For The Valuation Of Pension Plans, Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries*, October 1991.

The Council of the Canadian Institute of Actuaries adopted recommendations for the valuation of pension plans in June 1981. These recommendations apply to all members of the Canadian Institute of Actuaries valuing plans covering employees in Canada or employees in other countries, where no similar recommendations apply. These recommendations are currently under review and revised recommendations have been released in draft form as the above noted discussion paper.

Level: Intermediate

Pages: 9

The Canadian Institute of Actuaries will supplement the Recommendations for the Valuation of Pension Plans by issuing Valuation Technique Papers which, when formally adopted, will be binding on actuaries in Canada. The Valuation Technique Papers listed below are drafts and may be changed substantially before final adoption.

4. Valuation Technique Paper No. P1—Actuarial Cost Methods in Valuations of Pension Plans for Funding Purposes. Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries, December 1990.

This paper is a supplement to Section 3 of the Recommendations for the Valuation of Pension Plans. It is meant to assist actuaries in selecting an actuarial cost method for funding purposes.

Level: Intermediate

Pages: 4

5. Valuation Technique Paper No. P2—Minimum Reserves in Valuations of Pension Plans. Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries, March 1991.

This paper is a supplement to Section 3 of the Recommendations for the Valuation of Pension Plans. It is meant to assist actuaries in on going valuations where, for an individual member, the funding liability calculated is less than the lump sum benefit that would be payable if the individual's membership had been terminated.

Level: Intermediate

Pages: 2

6. Valuation Technique Paper No. P3—Dealing with Future Plan Changes in Valuations of Pension Plans. Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries, April 1991.

This paper is a supplement to Sections 3 and 7 of the Recommendations for the Valuation of Pension Plans. It is meant to assist actuaries in properly valuing and reporting known changes in plan provisions that occur after the effective date of the valuation review.

Level: Intermediate

Pages: 2

7. Valuation Technique Paper No. P4—On Principles Of Funding Defined Benefit Plans. Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries, October 1991.

This paper is a supplement to the Recommendations for the Valuation of Pension Plans. Its objective is to articulate the fundamental principles that can be classified as accepted actuarial practice when developing a funding policy for a pension plan.

Level: Intermediate

Pages: 4

8. Valuation Technique Paper No. P5—Selection Of Economic Assumptions In The Valuation Of Pension Plans For Funding Purposes. Discussion Paper prepared by the Committee on Pension Plan Financial Reporting of the Canadian Institute of Actuaries, October 1991.

This paper is meant to provide guidance to the actuary in selecting the components of each major economic assumption used in the on-going valuation of defined benefit plans.

Level: Intermediate

Pages: 6

9. Reference Manual For The Pension Benefits Standards Act, 1985: Solvency Valuations p. 46-65. Material available from Supply & Services Canada, Place du Portage, Phase III, 11 Laurier Street, Hull, Quebec (Mailing address: Supply & Services Canada, Ottawa, Ontario, K1A 0S5).

This section of the reference manual illustrates what adjustments must be made to existing schedules of special payments to account for solvency deficiencies.

Level: Intermediate

Pages: 20

10. Christiani, Paul, "Solvency Valuations", published by the Society of Actuaries as a Study Note for Course P-460C (460-48-90).

This paper reviews the differences between solvency and funding valuations. It explains what must be taken into account in performing a solvency valuation and discusses areas where changes are being considered by the supervisory authorities. It should be noted that this paper reviews the Ontario solvency requirements.

Level: Basic

Pages: 24

## DESIGN OF PENSION PLANS IN CANADA

The plan design issues most often encountered and analyzed include inflation protection and conversion of defined benefit pension plans to defined contribution plans. Additional references are also provided on executive benefits.

1. Adams, R. J., and Bharmal, S. Y. M., "Inflation Protection Under Private Pension Plans in Canada", published by the Society of Actuaries as a Study Note for Course P-361 (361-25-83).

This paper provides an overview of the methods used to provide inflation protection adjustments after reviewing the extent of the need for such adjustments, as well as some related design considerations.

Level: Basic

Pages: 20

2. "Building On Reform: Choices for Tomorrow's Pensions", a draft for Consultation prepared by the Ontario Ministry of Financial Institutions, March 1989. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This consultation paper represents a continuation of the pension reform process, putting forward policy proposals on several issues including: inflation protection, solvency valuations, family law issues and other amendments under the Ontario Pension Benefits Act, 1987. Most of the proposed amendments were never enacted and the government that put forward the Consultation draft has since been defeated.

Level: Intermediate

Pages: 139

3. "Report Of The Task Force On Inflation Protection For Employment Pension Plans", (Friedland Report), Queen's Printer for Ontario, January 1988. Material available from Publications Ontario, 880 Bay Street, Toronto, Ontario, M7A 1N8.

The task force was appointed by the Ontario government to make recommendations with respect to the most appropriate formula and phase-in procedures for inflation protection. A number of research studies were also published concurrently.

Level: Intermediate

Pages: 292

4. "Administrative Practice — Defined Benefit to Defined Contribution Plan Conversion", prepared by the Pension Commission of Ontario, August 1991. Material available from the Pension Commission of Ontario, 101 Bloor Street West, 9th floor, Toronto, Ontario, M7A 2K2, Tel: (416)314-0660.

This paper outlines the Pension Commission of Ontario's minimum requirements for plan conversions when past service benefit entitlements are replaced by money purchase account balances.

Level: Basic

Pages: 4

5. "The Individual Pension Plan: the Essentials", Pension Tax Report, Volume 1, Number 8, December 15, 1990, Published by Hybrid Press Ltd., P.O. Box 589, Orleans, Ontario K1C 1S9, Fax: (613) 824-1732.

The Pension Tax Reports are published bi-monthly. They cover a broad range of tax-related topics. This specific number deals with Individual Pension Plans (IPPs) which are pension plans set up for individual members, generally executives, which, in specific circumstances, may maximize tax effectiveness.

Level: Intermediate

Pages: 6

6. Th roux, Marcel and Rowse, Brad, "The Individual Pension Plan: A Complete Guide", published by the Society of Actuaries as a Study Note for Course P-565 (565-31-92).

This paper also provides insights on Individual Pension Plans and is more comprehensive than the preceding reference.

Level: Intermediate

Pages: 65

7. de Regnacourt, Francis, "Human Rights Act Legislation in Canada", published by the Society of Actuaries as a Study Note for Course P-364 (364-22-87).

This paper provides an outline of the impact Human Rights legislation in Canada on pension plans.

Level: Basic

Pages: 7

8. Cohen, L. F., "Techniques for Integrating Private Pension Plans with Government Plans in Canada", published by the Society of Actuaries as a Study Note for Course P-361 (361-40-89).

This paper provides a discussion and a comparison of various methods of integrating private pension plans with government plans in Canada.

Level: Basic

Pages: 21

## SURPLUS OWNERSHIP

In recent years, one of the most controversial subjects in Canadian pensions has been surplus ownership. Many position papers have been written on this topic. Quebec issued, then withdrew, a working paper advocating sharing of surplus irrespective of existing contractual plan provisions. At the time of writing of this guide, Quebec had introduced a Bill (Bill 30) requiring negotiation between employers and participants on surplus allocations. Throughout the country, various judgments have been rendered in a number of court cases, not all of them drawing the same conclusions. The following list is not exhaustive but provides a variety of references on this topic:

1. "Paper on Pension Plan Surplus", Position paper prepared by the Task Force on Pension Plan Surplus of the Canadian Institute of Actuaries, October 1991.

This paper is a consensus document prepared by the Canadian Institute of Actuaries.

Level: Basic

Pages: 14

2. Canadian Union of Public Employees—C.L.C., Ontario Hydro Employees Union Local 1000 v. Ontario Hydro, Supreme Court of Ontario, Court of Appeal, December 9, 1988.

This decision ruled in favour of union members and stated that the employer could not use surplus to cover the current service cost.

Level: Intermediate

Pages: 26

3. Askin v. Ontario Hospital Association, Ontario, Supreme Court of Ontario, Court of Appeal, February 20, 1991.

This is a recent court decision where the Court has ruled in favour of the employer, stating that the employer was entitled to use plan surplus to reduce the on-going funding contributions.

Level: Intermediate

- Otis Canada, Inc. v. Superintendent Of Pensions For Ontario et al, Ontario Court of Justice (General Division) Corbett J., February 25, 1991.

In this recent judgment, the employer was found to be entitled to the surplus funds upon termination of the pension plan.

Level: Intermediate Pages: 29

- McSweeney, I. J., and Chinery, W. F., "Inflation Indexing and Surplus Under Ontario Pension Reform", Pension Reform, The Next Step, 1989, published by Insight Press, 1599 Hurontario Street, Suite 202, Mississauga, Ontario, L5G 4S1.

This paper was presented at an Insight Educational Services seminar held in June 1989. It is intended to provide a general overview of the proposals on inflation indexing and the treatment of surplus in Ontario-regulated pension plans. It also provides a brief summary of court decisions relating to the treatment of surplus.

Level: Intermediate Pages: 47

## MISCELLANEOUS TOPICS

- Recommendations For The Minimum Transfer Values For Pensions, adopted by the Canadian Institute of Actuaries, November 1988.

These recommendations apply to determine the minimum transfer value when the method of settlement is the payment of a cash value in lieu of a deferred or an immediate annuity resulting from a death or an individual termination of membership unless more stringent requirements or other recommendations apply.

Level: Intermediate Pages: 9

- Recommendations Concerning the Computation Of The Capitalized Value Of Pension Entitlements on Marriage Breakdown, an Exposure Draft published by the Canadian Institute of Actuaries, June 1988.

These recommendations were meant to apply in the determination of the value of pension benefits pursuant to marriage breakdown. However, as this was an exposure draft, in the opinion of some members of the Institute, it was not binding. Since 1988, there have been a number of discussions, leading to the release of another discussion paper. At the time of writing of this guide, a revised exposure draft on Recommendations is expected to be released in the last quarter of 1992.

Level: Intermediate Pages: 6

- Hatch, S.B. and Paterson, J. G., "Amendments, Mergers, Divisions and Wind-ups of Pension Plans in Canada", published in the Proceedings of the Canadian Institute of Actuaries, Volume XIX no.1, 1987-1988.

This paper discusses the legal and actuarial issues raised by the amendment, merger, division or wind-up of a pension plan in Canada, as well as within the context of corporate acquisition or reorganization.

Level: Intermediate Pages: 37

- The Pension Commission of Ontario's Bulletins and Compliance Assistance Guidelines, published periodically by the Pension Commission Of Ontario. Material available from the Pension Commission of Ontario, 101 Bloor Street West, 9th floor, Toronto, Ontario, M7A 2K2, Tel: (416)314-0660.

The Bulletins provide general information on current developments at the Pension Commission of Ontario, insight on administrative procedures, transcripts of major decisions of the Commission, and other information.

For example, Issue I, Volume I provided the actuarial assumptions guidelines for pension officers: actuarial reports prepared within the limitations set out in these guidelines will generally be routinely processed by pension officers.

Level: Basic

- The Pension Commission of Ontario's Compliance Assistance Guidelines, published periodically by the Pension Commission Of Ontario. Material available from the Pension Commission of Ontario, 101 Bloor Street West, 9th floor, Toronto, Ontario, M7A 2K2, Tel: (416)314-0660.

These guidelines are meant to be technical working papers to assist pension plan administrators with specific issues. Guidelines have been published on the preparation of an application for registration of a pension plan, the preparation of annual information returns, on statements of investment policies and goals and on plan windups.

Level: Basic

- Newsletter on Supplemental Pension Plans, published periodically by the Régie des Rentes du Québec, available from the Direction des régimes de retraite, Régie des Rentes du Québec, Case postale 5200, Québec, Québec, G1K 7S9.

This newsletter provides the Régie's interpretation on provisions of the Act. It also summarizes administrative guidelines.

Level: Basic



7. Longhurst, Patrick and Earle, Rose Marie, "Looking After The Future: An Up-To-Date Guide to Pension Planning in Canada", Toronto, Doubleday Canada Limited, 1987.

This textbook reviews the three-tiered pension delivery system in Canada: government programs, private pension plans and employee savings, with emphasis on the second topic.

Level: Basic Pages: 169

8. "A Pension Primer, A Report By The National Council Of Welfare", published by the Minister of Supply and Services Canada, September 1989. Material available from Supply & Services Canada, Place du Portage, Phase III, 11 Laurier Street, Hull, Quebec (Mailing address: Supply & Services Canada, Ottawa, Ontario, K1A 0S5).

This report provides information about each of the three levels of the retirement income system in Canada, i.e., government programs, employer pensions and personal savings, and highlights major shortcomings that still have not been addressed.

Level: Basic Pages: 67

9. Pension Reform, A Report By The National Council Of Welfare", published by the Minister of Supply and Services Canada, February 1990. Material available from Supply & Services Canada, Place du Portage, Phase III, 11 Laurier Street, Hull, Quebec (Mailing address: Supply & Services Canada, Ottawa, Ontario, K1A 0S5).

This report follows the report entitled a Pension Primer, published in September 1989. It goes a step further and proposes specific recommendations to correct deficiencies in the retirement income system in Canada.

Level: Basic Pages: 93

10. Survey Of Pension Plans In Canada", Financial Executives Institute of Canada, Eighth Edition, 1990, 141 Adelaide Street West, Suite 1701, Toronto, Ontario M5H 3L5, Tel: (416)366-3007.

This survey provides information on key features of pension plans in Canada: basic plan statistics, plan provisions, valuation bases for funding and accounting purposes, utilization of pension surpluses, etc.

Level: Basic Pages: 111

11. Coward, L. E., "Mercer Handbook of Canadian Pension and Benefit Plans", tenth edition, 1991, published by CCH Canadian Limited. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel. (416)441-2992.

This textbook is a comprehensive outline of pension and benefit plans in Canada. It covers private pension plans, government pensions, taxation and minimum standards in Canada. It also addresses registered retirement savings plans as well as profit sharing plans.

Level: Basic Pages: 283

12. Coward, L. E., "The Provision of Retirement Income By Private And Public Pension Arrangements In Canada", a report for the OECD, 1991. This material is available by mail order from the OECD, 2, rue Andre Pascal, 75775 Paris, France Cedex 16, Tel: (33-1)45-24-82-00.

This report reviews the three main source of retirement income in Canada. It highlights the areas where inefficiencies exist and some contentious issues.

Level: Intermediate Pages: 76

13. Ezra, D. Don, "The Struggle For Pension Fund Wealth", 1983, Pagurian Press, 13 Hazelton Lane, Toronto, Ontario.

This textbook provides the findings of a study undertaken by the author and his firm to estimate the accrued pension obligations of Canadian corporations. It looks at the impact of these obligations on corporate balance sheets and attempts to estimate the cost impact of some pension reform proposals.

Level: Intermediate Pages: 155

14. Ezra, D. Don, "Understanding Pension Fund Finance and Investment", 1979, Pagurian Press, 13 Hazelton Lane, Toronto, Ontario.

This book provides financial background on pension plans and reviews the characteristics of both their assets and their liabilities. It discusses the importance of pension plans on individuals, corporations and the overall economy. It also studies possible mechanisms for control and performance measurement.

Level: Basic Pages: 239

## MULTI-EMPLOYER PLANS

In Canada, multi-employer plans are often subject to legislative requirements that differ from those applicable to single employer pension plans. There are certainly some specific administrative and design considerations that must be taken into account in dealing with such plans.

1. Callahan, G. T., and Chinery, W. F., "Multi-Employer Pension Plans in Canada", published by the Society of Actuaries as a Study Note for Course P-361 (361-23-88).

This paper provides an outline of the plan provisions, regulatory environment and actuarial considerations with respect to multi-employer plans in Canada.

Level: Basic

Pages: 17

## PROFIT SHARING PLANS

Profit Sharing plans are not as common as registered pension plans in Canada. However, they are still relatively widespread. Profit Sharing plans are often offered in conjunction with a basic pension plan. Like Registered Pension Plans and Registered Retirement Savings Plans, deferred profit sharing plans have also recently been affected by tax reform.

1. 3rd Survey Of Canadian Profit Sharing Plans, conducted by Hewitt Associates in cooperation with the Profit Sharing Council of Canada, December 1990. Material available from Hewitt Associates, 4110 Yonge Street, Toronto, Ontario, M2P 2B7.

This report summarizes the results of a survey of 165 Canadian profit sharing companies with a total of 172 plans. Participants responded to detailed plan design and experience questions, including those on plan eligibility, company contributions, vesting, investments, administration, and plan communication.

Level: Basic

Pages: 34

2. Nightingale, Professor Donald V., "The Profit Sharing Handbook", 1983, School of Business, Queen's University, Kingston, Ontario. Published by the Profit Sharing Council of Canada, Shoreacres House, 91-1262 Don Mills Road, Don Mills, Ontario M3B 2W7 (416) 449-3488.

This handbook provides a description of profit sharing plans in Canada, their design, how to set them up and administer them. It discusses communications with employees, the impact they have on management and the regulatory environment.

Level: Basic

Pages: 129

## PENSION PLANS FOR GOVERNMENT EMPLOYEES

The Canadian private pension delivery system has been subject to many changes in the recent years. The public sector has also been under scrutiny and a number of proposals have been made. The 1990s will probably see a number of changes in this area. A list of the most important papers and studies conducted in the last few years follows:

1. "In Whose Interest?", Report of the Task Force on the Investment of Public Sector Pension Funds (Rowan Report), November 1987, Queen's Printer for Ontario. Material available from Publications Ontario, 880 Bay Street, Toronto, Ontario, M7A 1N8.

This report examined current methods and approaches to the investment of public sector pension funds in Ontario and reviewed the experience and practices of other jurisdictions. It also looked at the way Canada Pension Plan (CPP) funds are utilized and invested.

Level: Intermediate

Pages: 397

2. Coward, L. E., "Report To The Treasurer Of Ontario On The Financing Of Benefits Under The Superannuation Adjustment Benefits Act And Associated Superannuation Plans", 1987. Material available from Publications Ontario, 880 Bay Street, Toronto, Ontario, M7A 1N8.

This report reviews the pension arrangement, in particular the inflation adjustment, for Ontario teachers, public service employees and Ryerson Technological Institute's employees.

Level: Intermediate

Pages: 105

3. "Governmental Employee Pension Plans", extract from Volume XIX no. 2 of the Proceedings of the Canadian Institute of Actuaries, pp 143-167. Summary of a session of the March 1988 Canadian Institute of Actuaries Meeting in Ottawa.

This paper provides a discussion of various public sector plans in Canada and of developing trends.

Level: Intermediate

Pages: 19

4. Slater, Dr. D. W., "A Fresh Start, Report To The Treasurer Of Ontario, The Chairman Of The Board Of Cabinet And The Minister Of Education On Teachers' And Public Servants' Pensions", published by the Government of Ontario, 1988.  
Material available from Publications Ontario, 880 Bay Street, Toronto, Ontario, M7A 1N8.

This report examines the pension plans of the teachers and of the public servants in Ontario and reviews the recommendations for major changes made in both the Rowan and the Coward reports (items 2 and 3 above).

Level: Intermediate

Pages: 98

A number of loose leaf publications and periodicals exist in Canada. Some of them deal with specific areas of Canadian Pensions while others are more generally oriented. To name a few:

CCH Canadian Ltd. They publish a number of loose leaf reports including transcripts of the various legislations, commentaries, recent developments and administrators' guides. Among the guides published is the Employment Benefits and Pension Guide which provides information on most aspects of retirement programs. CCH also publishes the Canadian Law Reporter and the Canadian Labour Law Reporter. Material available from CCH Canadian Ltd., 6 Garamond Court, Don Mills, Ontario, M3C 1Z5, Tel: (416)441-2992.

The Mercer Pension Manual is a loose leaf service published by Carswell, 2075 Kennedy Road, Scarborough, Ontario, M1T 3V4.

The Ambachtsheer Letter, Research and Commentary on Pension Finance and Investments is published by Keith P. Ambachtsheer & Associates Ltd., 128 Glencairn Avenue, Toronto, M4R 1M9, Tel: (416)484-0556.

Pension Tax Reports. This newsletter is published twice a month by Hybrid Press Ltd., P.O. Box 589, Orleans, Ontario, K1C 1S9, Tel: (613)824-8988.

Taxation of Executive Compensation and Retirement, a journal devoted to the design of tax effective compensation for executives. It is published 10 times a year by Federated Press, It can be obtained from Federated Press, Circulation Department, P.O. Box 885, Stock Exchange Tower, Montréal, Quebec, H4Z 1K2, Tel: (514)849-6600.

The Canadian Tax Journals, which are research papers and comments on taxation and public finance, are published 6 times a year by the Canadian Tax Foundation, 130 Adelaide Street West, Toronto, Ontario, M5H 3P5, Tel: (416)863-9784.

The Canadian Tax Foundation also publishes annually conference reports which are the proceedings of their meetings.

Canadian Employee Benefit Plans, proceedings of the annual conference of the International Foundation of Employee Benefit Plans. This material is available from the Publications Department, International Foundation of Employee Benefit Plan, 18700 West Bluemound Road, P. O. Box 69, Brookfield, Wisconsin, 53008-0069, Tel: (414)786-6700.

Benefits Canada is a magazine on pension investment and employee benefits. It is published monthly by Maclean Hunter Limited, 777 Bay Street, Toronto, Ontario, M5W 1A7, (416)596-5000.

Benefits and Pensions Monitor is a magazine on employee benefit management and pension fund investments. It is published six times a year by Powershift Communications Inc., 235 Yorkland Blvd., 3rd floor, North York, Ontario, M2J 4Y8, Tel: (416)494-1066.

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This Actuarial Specialty Guide on Canadian Pensions is also available in a French translation upon request to the Society of Actuaries.