

**Caution:**

*This consultation document is intended to facilitate dialogue concerning its contents. Should the decision be made to proceed with the proposal, the comments received during consultation will be considered during the final preparation of the regulation. The content, structure, form and wording of the consultation document are subject to change as a result of the consultation process and as a result of review, editing and correction by the Office of Legislative Counsel.*

**Provision of Information Overview**

As outlined in both the March 2023 and September 2023 consultation documents, the proposed target benefit framework includes specific disclosure requirements for pension plans that provide target benefits. The objective of these disclosure requirements is to help members, former members, and retired members understand their pension plan and raise awareness of important documents for target benefit pension plans, such as the funding and benefits policy, the governance policy, and the communications policy.

Pension plans that provide target benefits will be required to include the relevant disclosure provisions from Regulation 909 under the *Pension Benefits Act*, with the addition of the provisions noted below. Those existing provisions within Regulation 909 are referenced but not duplicated in this consultation document.

As noted in the Technical Review Guide, the provision of information regulatory provisions may either be included within Regulation 909 or placed in a new stand-alone regulation that would include all provision of information requirements for all types of plans. Under the latter approach, provision of information requirements for plans that provide defined benefits, including jointly sponsored pension plans, and plans that provide defined contributions would not change, but would instead be transferred to a stand-alone regulation that would provide the provision of information requirements for all plan types.

**Information to each person who will be eligible or is required to become a member of a pension plan that will provide target benefits**

The following information would be prescribed for the purpose of clause 25 (1) (c) of the Act:

1. An explanation of how benefits provided under the plan are funded, including a statement that contributions to the plan are fixed and that benefits, including benefits accrued under the plan, may be reduced.
2. A summary of the plan's funding and benefits objectives, contained in the plan's funding and benefits policy.

3. A statement that the benefits provided under the plan are not guaranteed by the Guarantee Fund.
4. The going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909.
5. An explanation of the going concern funded ratio and a description of how it relates to the level of funding of members' benefits.
6. An explanation that, upon termination of plan membership, the member may be entitled to elect a transfer of the commuted value of their deferred pension.
7. An explanation that, if required by the terms of the plan, the calculation of the commuted value incorporates a reduction by the going concern funded status of the plan consistent with actuarial standards.
8. An explanation of how, because the plan's funding and benefits objectives depend on risk pooling, a member could have a lower income in retirement than the accrued target benefit if, on termination or wind up, the member chooses to transfer the commuted value of their benefit out of the plan.
9. A statement that the administrator of the plan is required, under section 29 of the Act, to do the following:
  - i. Make available to a member for inspection without charge copies of the following:
    - A. Any statements of investment policies and procedures for the plan that are established under Part II of Regulation 909.
    - B. The plan's funding and benefits policy, its communications policy and its governance policy, and any document that changes those policies.
  - ii. On receipt of a written request and payment of the applicable fee, provide, by mail or electronically, copies of the following:
    - A. The plan's most recent statement of investment policies and procedures established under Part II of Regulation 909.
    - B. The documents mentioned in subsubparagraph i B.
10. A statement that a member is entitled, under section 30 of the Act, to do the following:

- i. Inspect, at the office of the Chief Executive Officer during business hours of that office, the copies mentioned in subparagraph 9 i.
- ii. Make a written request and pay the applicable fee for the Chief Executive Officer to provide, by mail or electronically, the copies mentioned in subparagraph 9 ii.

In the case of a plan that converted benefits to target benefits, the following rules apply:

- 11. Despite paragraph 2, the information mentioned in that paragraph is not prescribed if the administrator of the plan provides the information required under subsection 25 (1) of the Act,
  - i. before the day that is one year after the effective date of the conversion of benefits of the plan to target benefits, and
  - ii. before the funding and benefits policy has been filed.
- 12. In addition to the information required in paragraphs 9 and 10, if the circumstances described in paragraph 11 apply, the following statements are prescribed for the purpose of clause 25 (1) (c) of the Act:
  - i. A statement that the plan's funding and benefits policy, its communications policy and its governance policy must be filed within one year after the effective date of conversion.
  - ii. A statement that the policies mentioned in subparagraph i will not be available until they are filed.

**Notice of proposed adverse amendment (including amendments that reduce accrued benefits)**

The following information must be included in a notice required by subsection 26 (1) of the Act about a proposed amendment that relates to target benefits:

- 1. The going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909 and the going concern funded ratio of the plan, calculated assuming the proposed amendment is in effect.
- 2. An explanation of the going concern funded ratio and a description of how it relates to the level of funding of members' benefits.
- 3. If the recipient of the notice is a member or former member of the plan, the annual amount of the member or former member's pension benefit payable at

the normal retirement date, calculated assuming the proposed amendment is in effect and calculated assuming the proposed amendment is not in effect.

4. If the recipient of the notice is a retired member of the plan, the annual amount of the pension payable to the retired member as of the effective date of the proposed amendment, calculated assuming the proposed amendment is in effect and calculated assuming the proposed amendment is not in effect.
5. If the recipient of the notice is a person, other than a member, former member or retired member, who is entitled to benefits under the plan, the amount of the benefit payable to the person as of the effective date of the proposed amendment, calculated assuming the proposed amendment is in effect and calculated assuming the proposed amendment is not in effect.
6. If the proposed amendment is an action taken by the administrator for the purpose of meeting the test for contribution sufficiency for target benefits,
  - i. the valuation date of the relevant valuation report that identifies the requirement to take such action,
  - ii. a statement that contributions to the plan are not sufficient to meet the plan's funding requirements without amending the plan and that the plan's funding requirements would be met with the proposed amendment, and
  - iii. a statement that the proposed amendment is consistent with the plan's funding and benefits policy.
7. If the recipient of the notice is a person described in subsection 29 (1) of the Act, a statement that the administrator of the plan is required, under section 29 of the Act, to do the following:
  - i. Make available to the recipient for inspection without charge copies of the following:
    - A. Any statements of investment policies and procedures for the plan that are established under Part II of Regulation 909.

- B. The plan's funding and benefits policy, its communications policy and its governance policy and any document that changes those policies.
  - ii. On receipt of a written request and payment of the applicable fee, provide, by mail or electronically, copies of the following:
    - A. The plan's most recent statement of investment policies and procedures established under Part II of Regulation 909.
    - B. The documents mentioned in subsubparagraph i B.
8. If the recipient of the notice is a person described in subsection 29 (1) of the Act, a statement that the recipient is entitled, under section 30 of the Act, to do the following:
- i. Inspect, at the office of the Chief Executive Officer during business hours of that office, the documents mentioned in subparagraph 7 i.
  - ii. Make a written request and pay the applicable fee for the Chief Executive Officer to provide the documents mentioned in subparagraph 7 ii by mail or electronically.

Note paragraphs 3, 4 and 5 would not apply if the recipient's entitlement is not altered by the proposed amendment.

### **Notice after registration of an amendment**

If the amendment relates to a conversion of benefits to target benefits under section 81.0.2 of the Act, the following rules would apply:

1. The notice and explanation of the amendment would also be required to be provided, within 60 days after registration, to every participating employer, to any trade union that represents members of the plan and to any associations mentioned in subsection 81.0.2 (9) of the Act.
2. The notice and explanation of the amendment sent to a member, former member, retired member or other person who is or will be affected by an amendment would also be required to include the information required to be provided to a person who will be eligible or is required to become a member.

3. For a person to whom the notice and explanation must be sent under paragraph 2 whose benefits are subject to pension benefits legislation of a designated jurisdiction, the notice and explanation of the amendment must also explain the impact of conversion on the person's benefit, including the following:
  - i. How benefits have been converted to target benefits for the purposes of Ontario law.
  - ii. How elements of the pension benefits legislation of the designated jurisdiction continue to apply to the pension plan.

If the amendment relates to the filing of the plan's funding and benefits policy in circumstances described in subsection 7 (1) of **[O. Reg. # for or new written policies regulation]** (Written Policies Under Section 10 of the Act) made under the Act, the notice and explanation of the amendment must also include a summary of the plan's funding and benefits objectives.

### **Annual Member Statements**

In addition to the existing requirements under clauses 40 (1) (a)-(n), (r), (s), and (v)-(x) of Regulation 909, in the case of a pension plan that provides target benefits, the annual statement provided to members would be required to contain:

- (a) the member's years of employment for the purpose of the calculation of pension benefits, determined as of the end of the period covered by the statement;
- (b) the annual amount of the pension benefit payable at the normal retirement date accrued at the end of the period covered by the statement;
- (c) where salary is a factor in determining a pension benefit, the salary level utilized for the purpose of determining the benefit;
- (d) information as to whether the pension referred to in clause (b) is reduced by an amount of pension payable under the *Canada Pension Plan*, *Quebec Pension Plan* or *Old Age Security Act* (Canada);
- (e) a statement that the member's benefits, including accrued benefits, may be reduced,

- (i) while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy, and
  - (ii) on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan;
- (f) a statement explaining that any unreduced pension in connection with early retirement to which the member may be entitled may be reduced in the circumstances set out in clause (e);
- (g) a statement that the pension benefits established under the plan are not guaranteed by the Guarantee Fund;
- (h) the going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909;
- (i) the estimated going concern funded ratio calculated as of the end of the period covered by the statement;
- (j) an explanation of the going concern funded ratio and how it relates to the level of funding of members' benefits;
- (k) if special payments are being made in respect of any going concern unfunded liability, a statement to that effect;
- (l) a statement that no employer is entitled to payment of surplus under the plan;
- (m) a statement that the administrator of the plan is required, under section 29 of the Act,
  - (i) to make available to the member for inspection without charge copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - (ii) on receipt of a written request and payment of the applicable fee, to provide by mail or electronically the copies mentioned in subclause (i); and

- (n) a statement that the member is entitled, under section 30 of the Act,
  - (i) to inspect, at the office of the Chief Executive Officer during business hours of that office, copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - (ii) to make a written request and pay the applicable fee for the Chief Executive Officer to provide, by mail or electronically, the copies mentioned in subclause (i).

### **Biennial Former Member Statements**

In addition to the requirements set out in clauses 40.1 (1) (a)-(k), (o), (p), and (s)-(u) of Regulation 909, in the case of a pension plan that provides target benefits, the statement referred to in s. 27 (2) of the Act would be required to contain, as recorded in the records of the administrator, at least,

- (a) a statement that the former member's deferred pension and any other benefits may be reduced,
  - (i) while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy, and
  - (ii) on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan;
- (b) a statement explaining that any unreduced pension in connection with early retirement to which the former member may be entitled may be reduced in the circumstances set out in clause (a);
- (c) a statement that the pension benefits established under the plan are not guaranteed by the Guarantee Fund;
- (d) the going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909;
- (e) the estimated going concern funded ratio calculated as of the end of the period covered by the statement;



- (f) an explanation of the going concern funded ratio and how it relates to the level of funding of former members' benefits;
- (g) if special payments are being made in respect of any going concern unfunded liability, a statement to that effect;
- (h) a statement that no employer is entitled to payment of surplus under the plan;
- (i) a statement that the administrator of the plan is required, under section 29 of the Act,
  - (i) to make available to the former member for inspection without charge copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - (ii) on receipt of a written request and payment of the applicable fee, to provide, by mail or electronically, the copies mentioned in subclause (i); and
- (j) a statement that the former member is entitled, under section 30 of the Act,
  - (i) to inspect, at the office of the Chief Executive Officer during business hours of that office, copies of the plan's funding and benefits policy, its governance policy and its communication policy and copies of any document that changes any of the policies, and
  - (ii) to make a written request and pay the applicable fee for the Chief Executive Officer to provide, by mail or electronically, the copies mentioned in subclause (i).

### **Biennial Retired Member Statements**

In the case of a pension plan that provides target benefits, in addition to the information set out in clauses 40.2 (1) (a)-(k), (n), (o), and (r)-(t) of Regulation 909, the statement referred to in that section would be required to contain, as recorded in the records of the administrator, at least,

- (a) a statement that the retired member's pension and any other benefits may be reduced,
  - (i) while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy, and
  - (ii) on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan;
- (b) a statement that the pension benefits established under the plan are not guaranteed by the Guarantee Fund;
- (c) the going concern funded ratio of the pension plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909,
- (d) the estimated going concern funded ratio calculated as of the end of the period covered by the statement;
- (e) an explanation of the going concern funded ratio and how it relates to the level of funding of retired members' benefits;
- (f) if special payments are being made in respect of any going concern unfunded liability, a statement to that effect;
- (g) a statement that no employer is entitled to payment of surplus under the plan;
- (h) a statement that the administrator of the plan is required, under section 29 of the Act,
  - (i) to make available to the retired member for inspection without charge copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - (ii) on receipt of a written request and payment of the applicable fee, to provide, by mail or electronically, the copies mentioned in subclause (i); and

- (i) a statement that the retired member is entitled, under section 30 of the Act,
  - (i) to inspect, at the office of the Chief Executive Officer during business hours of that office, copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - (ii) to make a written request and pay the applicable fee for the Chief Executive Officer to provide by mail or electronically the copies mentioned in subclause (i).

### **Statements on Termination of Membership**

In the case of a pension plan that provides target benefits, in addition to the information set out in clauses 41 (1) (a)-(c), (c.2)-(n), and (p)-(s) of Regulation 909, the written statement regarding target benefits provided upon termination of membership would be required to contain, as recorded on the records of the administrator, at least,

- (a) any options with respect to transfers available under section 42 of the Act;
- (b) a statement that the deferred pension and any other benefits may be reduced,
  - (i) while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy, and
  - (ii) on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan;
- (c) the going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909;
- (d) an explanation of the going concern funded ratio and a description of how it relates to the level of funding of members' benefits; and
- (e) an explanation of how, because the plan's funding and benefits objectives depend on risk pooling, a member could have a lower income in retirement than the accrued target benefit if the member chooses to transfer the commuted value of their benefit out of the plan.

Note that requirements for statements provided for a payment under subsection 50 (1) of the Act (unlocking for small amounts) would not be changed.

## **Statements on Death of a Member, Former Member or Retired Member**

In addition to the information set out in subsection 43 (1.1) of Regulation 909, the statement on the death of a member, former member or retired member regarding target benefits would be required to contain at least the following additional information:

1. If the deceased member's, former member's or retired member's pension benefits were reduced after receipt of the last annual or biennial statement as applicable, the amount of the reduction and a description of when the reduction was implemented.
2. If the benefit provided on death includes an entitlement to, or an option to receive, a pension or deferred pension,
  - i. the going concern funded ratio of the plan as of the valuation date of the report filed most recently under section 3, 13 or 14 of Regulation 909,
  - ii. the estimated going concern funded ratio calculated as of the end of the period covered by the statement,
  - iii. an explanation of the going concern funded ratio and how it relates to the level of funding of the pension or deferred pension, and
  - iv. a statement that the pension or deferred pension may be reduced,
    - A. while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy, and
    - B. on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan.
3. If the spouse, beneficiary or legal representative is a person described in subsection 29 (1) of the Act, a statement that the administrator of the plan is required, under section 29 of the Act,
  - i. to make available to the spouse, beneficiary or legal representative, for inspection without charge copies of the plan's funding and benefits

policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and

- ii. on receipt of a written request and payment of the applicable fee, to provide by mail or electronically the copies mentioned in subparagraph i.
4. If the spouse, beneficiary or legal representative is a person described in subsection 29 (1) of the Act, a statement that the spouse, beneficiary or legal representative is entitled, under section 30 of the Act,
- i. to inspect, at the office of the Chief Executive Officer during business hours of that office, copies of the plan's funding and benefits policy, its governance policy and its communications policy and copies of any document that changes any of the policies, and
  - ii. to make a written request and pay the applicable fee for the Chief Executive Officer to provide by mail or electronically the copies mentioned in subparagraph i.

### **Statements on Retirement**

In addition to the requirements in subsection 44 (3) of Regulation 909, the written statement in respect of target benefits ~~provided~~ on retirement would be required to contain at least, a statement that the pension to which the member is or will be entitled and any other benefits may be reduced,

- (a) while the plan is ongoing, in accordance with the terms of the plan, including the plan's funding and benefits policy; and
- (b) on the wind up of the plan, if the assets of the plan are not sufficient to meet the liabilities of the plan.