

FTR Now

New Framework Proposed for the Regulation of Multi-Jurisdictional Pension Plans

Date: November 5, 2008

On October 21, 2008, the Canadian Association of Pension Supervisory Authorities (“CAPSA”) released the *Proposed Agreement Respecting Multi-Jurisdictional Pension Plans* (the “Proposed Agreement”), which aims to provide a clearer, more detailed framework for the administration and regulation of pension plans that have members in more than one Canadian jurisdiction (“multi-jurisdictional pension plans”, or “MJPPs”). If adopted, the Proposed Agreement will replace the current *Memorandum of Reciprocal Agreement*, which was originally signed in 1968 (the “Current Memorandum”), as well as other bilateral federal-provincial agreements with respect to the regulation of pension plans.

Pension plan sponsors of MJPPs are subject to pension standards legislation in all Canadian jurisdictions in which they have employees. Under the Current Memorandum, the sponsor of an MJPP need only register the plan in the jurisdiction where the greatest number of members are employed. The jurisdiction of registration is referred to as the “major authority” and the other jurisdictions having members are “minor authorities”. Generally, by convention, the major authority administers and applies its own legislation to issues relating to funding and investment. With respect to benefit entitlement issues the major authority applies the legislation of the jurisdiction in which a particular member is employed.

CAPSA has been working for some time towards a revised agreement addressing numerous jurisdictional issues that have arisen for MJPPs in recent years. The Proposed Agreement is a significantly more detailed document than the Current Memorandum.

If adopted by the various governments, the Proposed Agreement has the potential to clarify some previously muddy waters with respect to the administration and regulation of MJPPs. However, at this point, the Proposed Agreement does not represent the official position of any provincial or federal government. Legislative amendments may be required in some jurisdictions if the Proposed Agreement is to be ratified and implemented.

CAPSA has invited feedback from all stakeholders on the Proposed Agreement prior to its submission to governments. The deadline for such feedback is January 30, 2009.

We are reviewing the Proposed Agreement and will be providing further information to you once that review is complete. In the meantime, the complete CAPSA consultation package relating to the

Proposed Agreement can be found [here](#). In late November and early December 2008, CAPSA will be hosting in-person consultation sessions regarding the Proposed Agreement in various cities across Canada. Further information regarding these consultation sessions can be found [here](#).

Hicks Morley's Pension and Benefits Group is participating in the Canadian Bar Association submission on the Proposed Agreement. If you have questions, please contact one of the members of our [Pension and Benefits Group](#).

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