Human Resources Legislative Update

Final Pension Regulations Released for Private Pension Plan Members

Date: June 25, 2010

On June 25, 2010, the federal government released final regulations amending the Pension Benefits Standards Regulations, 1985.

The regulations follow the publication of previously reported draft regulations on May 8, 2010, and are intended to enhance protections for private pension plan members by reducing funding volatility and modernizing the rules for investments by pension funds.

The amendments include:

- a new standard that uses average solvency ratios to determine minimum funding requirements;
- limiting contribution holidays unless the solvency ratio exceeds full funding plus a new solvency margin (5% of solvency liabilities); and
- a modernized investment framework that removes the limits on the amounts pension plans can invest in resource and real property investments.

The government has indicated that further regulatory changes will be implemented later in the coming months as part of its ongoing initiative to modernize the federal pension framework.