Human Resources Legislative Update

Bill C-9 Pension Reforms Come Into Force

Date: April 21, 2011

Effective April 1, 2011 and July 1, 2011, certain sections of the federal *Jobs and Economic Growth Act* (Bill C-9) and the *Pension Benefits Standards Act, 1985* ("PBSA") come into force.

As previously reported, amendments to the PBSA which were brought into force effective April 1, 2011 include provisions:

- permitting plan sponsors to secure letters of credit in lieu of making solvency payments to the pension plan;
- affecting the requirements on plan termination, which include requiring plan sponsors to fully fund pension benefits on plan termination; and
- implementing the distressed pension plan workout scheme (which provides a framework for parties of a distressed pension plan to negotiate an alternative funding schedule for the plan in order to provide an opportunity for the restructuring of the employer, the plan or both).

The PBSA amendments are supported by the April 1, 2011 implementation of the Regulations Amending Certain Regulations Made Under the *Pension Benefits Standards Act, 1985* which provide the necessary details for these provisions. In addition, amendments to the PBSA effective April 1, 2011 include a number of the enhanced disclosure requirements.

Amendments to the PBSA which will now come into force effective July 1, 2011 include the entitlement to immediate vesting of pension benefits and minimum standards changes to the PBSA provisions regarding locking-in, minimum pension benefit credit (the 50% rule) and pre-retirement death.

As previously reported, Bill C-9 was introduced on March 29, 2010 and is omnibus legislation that amends various Acts to implement certain key measures outlined in the federal government's 2010 Budget.

For more information about these amendments, please see our *FTR Now* of April 4, 2011, "A Roadmap to Federal Pension Reform".