Human Resources Legislative Update

Federal Pooled Registered Pension Plan ("PRPP") Legislation Referred to Committee

Date: February 6, 2012

On February 1, 2012, Bill C-25, *An Act relating to pooled registered pension plans and making related amendments to other Acts* passed at Second Reading in the House of Commons, and was referred to the Standing Committee on Finance.

As previously reported, Bill C-25 is new legislation implementing the framework for federally regulated PRPPs, and was first introduced on November 17, 2011. The government subsequently released draft, supporting *Income Tax Act* amendments related to the PRPP for public commentary on December 14, 2011, which will apply to both federally and provincially regulated PRPPs. Provincial enabling legislation has not yet been introduced; the Ontario Legislative Assembly is set to resume sitting on February 21, 2012.

As announced in Budget 2011, the release of the PRPP legislation follows a joint federal-provincial initiative to move forward with a new type of broad-based privately administered pension arrangement to bridge existing gaps in the Canadian retirement system. Notably, the PRPP is intended to provide small business owners and their employees with access to large-scale, low-cost, professionally administered pension plans.

The proposed tax rules for PRPPs would apply to both federally and provincially regulated PRPPs, and would operate alongside Bill C-25.

Stakeholders and interested parties may submit comments on the package of proposed PRPP amendments before February 14, 2012.

More information about the proposed PRPP legislation is available in our *FTR Now* of November 23, 2011, "Pooled Registered Pension Framework Introduced."