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Enhanced Disclosures in Pension Plan Annual Statements

Date: March 22, 2012

Under the Ontario *Pension Benefits Act* ("PBA") pension plan administrators are required to provide annual statements to active plan members within six months of the plan year-end. With many plans having a December 30 or 31 year-end, a large number of administrators are now in the process of preparing statements for 2011. The PBA Regulations were revised last year to require additional prescribed disclosures in annual statements. Specifically, the PBA Regulations now require that annual statements include the following information:

- the transfer ratio of the pension plan as set out in the two most recent actuarial valuations, and
- an explanation of the transfer ratio and how it relates to the level of funding of members' benefits.

Administrators will need to update the form of annual statement used in prior years to ensure that the prescribed additional disclosure is included in 2011 statements.

When updating the member annual statement for compliance with the new PBA Regulations, it may be an opportune time for an administrator to undertake a more general review of the existing form of statement if the annual statement has not been reviewed in recent years. Annual statements contain important plan and member information and can give rise to potential claims if information is inaccurate or incomplete.

If you have any questions regarding this new Regulation or the content of member annual pension statements, please contact Natasha D. Monkman at 416.864.7302 or any member of our Pension & Benefits Practice Group.

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