

Human Resources Legislative Update

Federal Government Implements Pension Funding Relief Regulations (Air Canada)

Date: January 6, 2014

On January 1, 2014, the federal government published regulations extending the temporary funding relief provided to Air Canada under the *Air Canada Pension Plan Funding Regulations, 2009*, which were originally set to expire on January 30, 2014. The [Air Canada Pension Plan Funding Regulations, 2014](#) temporarily relieve Air Canada from the requirement to make special payments to fund its defined benefit employee pension plans, as ordinarily required under the *Pension Benefits Standards Act, 1985* (“PBSA”), for an additional period of seven years.

In addition to normal cost payments, the Regulations require Air Canada to make payments of at least \$150 million annually into its defined benefits plans, with an aggregate minimum amount of \$1.4 billion required over that period of funding relief. If Air Canada elects to opt out of the Regulations, the defined benefit pension plans would become subject to the normal funding rules applicable to federally regulated pension plans under the PBSA and the *Pension Benefits Standards Regulations, 1985* (“PBSR”).