

Human Resources Legislative Update

Ontario Amends “Letter of Credit” and BPS Solvency Funding Relief Regulations

Date: May 22, 2014

On May 17, 2014, the Ontario government published regulatory amendments to [Regulation 909 \(General\)](#) under the [Pension Benefits Act](#) that:

- clarify that for purposes of determining the total amount of all letters of credit (“LOC”) held in trust for the pension fund for inclusion in the solvency asset adjustment, the value of any special payments to which the LOC relate and which are due after the valuation date of the report shall be excluded;
- permit the following legacy municipal plans to use LOC: (1) City of Ottawa Superannuation Plan; (2) The Corporation of the City of York Employee Pension Plan; (3) Metropolitan Toronto Pension Plan; (4) Metropolitan Toronto Police Benefit Fund; (5) The Toronto Civic Employees’ Pension and Benefit Fund; and (6) Toronto Fire Department Superannuation and Benefit Fund; and
- clarify that the trust agreement in respect of the LOC must be “between the issuer, the administrator of the pension plan and the trustee.”

[O. Reg. 119/14](#) was first filed on May 1, 2014 and comes into force on July 1, 2014.

In addition, the government filed [O. Reg. 118/14](#) (Solvency Funding Relief For Certain Public Sector Pension Plans), which amends O. Reg. 178/11 to, among other things, reflect the broader public sector plans that have been granted Stage II solvency funding relief. These amendments also come into force on July 1, 2014.

Background information about the Stage II relief is available [here](#).