FTR Now

Third Round of Ontario Temporary Solvency Funding Relief for DB Pension Plans is Now in Force July 1, 2016

Date: June 10, 2016

Following the release last month of draft Regulations, the Ontario government has now adopted amendments to Regulation 909 under the *Pension Benefits Act* which introduce a third round of temporary solvency funding relief measures for private sector employers who maintain an Ontario registered defined benefit (DB) plan.

Subject to certain prescribed exceptions, this round of solvency funding relief applies to the first actuarial valuation report with a valuation date on or after December 31, 2015 and before May 1, 2018.

The current solvency relief measures provide employers with the same options that were available in 2009 and 2012:

- existing solvency payments can be consolidated into a new five-year payment schedule (Option 6), and/or
- with the consent of plan beneficiaries, the solvency payment schedule can be extended to a maximum of ten years for any new solvency deficiency. This is a five-year extension to the regular five-year amortization schedule.

The current round of relief is available to employers regardless of whether they took advantage of the prior rounds of solvency funding relief in 2009 and 2012.

Employers who maintain an Ontario registered DB plan who are required to file an actuarial valuation report as at December 31, 2015 will need to work with their actuaries in the immediate future to determine whether either or both of these measures will be used in these valuation reports that will need to be filed with the Ontario Superintendent of Financial Services by September 30, 2016.

Details about the government's review of the permanent solvency funding requirements are set out in our May 19, 2016 *FTR Now*, and details about the Ontario solvency relief measures are also set out in prior *FTR Nows*.

If you are have any questions about the new temporary solvency relief options or other pension funding issues, please contact any member of the Hicks Morley Pension Benefit & Executive Compensation Group.

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