

## Human Resources Legislative Update

### Extended Solvency Relief for Broader Public Sector Plans

**Date:** November 1, 2016

On October 31, 2016, the Ontario government filed new regulations under the *Pension Benefits Act* (PBA) to implement additional solvency funding relief for certain broader public sector (BPS) plans.

**Subsequent solvency funding relief re stage two.** Effective October 31, 2016, [O. Reg. 350/16, amending O. Reg. 178/11 \(Solvency Funding Relief For Certain Public Sector Pension Plans\)](#) provides pension plans in stage two relief, with a subsequent valuation date on or before December 31, 2018, additional relief during the balance of the 10-year stage two period. This additional relief follows a public consultation on proposed additional relief in September 2016.

O. Reg. 187/11 is amended to set out a formula for determining the minimum solvency special payments required to fund a “modified solvency deficiency” of eligible plans over seven years, plus additional interest payments in respect of the pension plan’s solvency liabilities. If an administrator of a BPS plan elects to apply the subsequent stage two year, the plan is not required to file another valuation report for three years.

O. Reg. 350/16 continues the restrictions on benefit improvements and use of actuarial gains applicable to pension plans receiving relief under stage two of O. Reg. 178/11. O. Reg. 350/16 also sets out rules regarding the application of any future solvency excess, which must be applied to previously-scheduled special payments in accordance with the prescribed rules.

**Second stage one solvency funding relief for WSIB Plan.** Effective October 31, 2016, O. Reg. 178/11 provides extended stage one solvency funding relief for the Workplace Safety and Insurance Board Employees’ Pension Plan (WSIB Plan). The WSIB Plan is provided a second stage one period during which full solvency special payments are not required. Following the second stage one period, the WSIB Plan is not eligible to obtain stage two solvency funding relief under O. Reg. 178/11.