

FTR Now

Proposed New PBGF Disclosure Requirements

Date: April 19, 2021

On April 15, 2021, the Ontario government released [draft amendments](#) to Ontario Regulation 909 under the *Pension Benefits Act* (PBA), which provide new details of the Pension Benefits Guarantee Fund (PBGF) reporting requirements that will soon apply to registered pension plan administrators with Ontario members.

In this *FTR Now*, we highlight the key details of these proposed reporting requirements.

Actuarial Valuation Content Requirements

As we highlighted in our *FTR Now* of [March 26, 2021](#), the government previously announced in the 2021 Budget, [Ontario's Action Plan: Protecting People's Health and Our Economy](#) (Budget), that there is a need for data to better estimate the PBGF's exposure to future claims and the appropriate level of funding needed from employer sponsors. The Budget stated that pension plan administrators would be required to calculate and report their plan's PBGF liabilities and that the Regulations under the PBA would be amended to incorporate this requirement. It was not indicated at the time what information would be required and how it would be disclosed.

The draft amendments to Ontario Regulation 909 of the PBA will specify that the information must be included with valuation reports. The required information will be:

- The amount of the pension plan's "modified PBGF liabilities", which is the amount of solvency liabilities of a pension plan that are related to Ontario beneficiaries in respect of pensions or accrued pension benefits that are less than or equal to \$1,500 per month as well as the solvency liabilities associated with Ontario beneficiaries who are receiving or have accrued a pension of more than \$1,500 per month, but calculated as if they are receiving or accrued a pension of \$1,500 per month
- The number of Ontario plan beneficiaries
- The number of Ontario plan beneficiaries who are receiving pensions or have accrued pension benefits under the pension plan of \$1,500 or less per month
- The 10th, 20th, 30th, 40th, 50th, 60th, 70th, 80th and 90th percentiles of amounts payable under the pension plan to Ontario plan beneficiaries, determined with reference to all of the pensions and pension benefits that have accrued under the pension plan i.e., the amount of the liabilities that is greater than 10% of the pensions and accrued benefits, and so on
- For each percentile above, the amount of solvency liabilities of the pension plan that relates to all pensions and pension benefits that have accrued under the pension plan that are less than the percentile i.e., the amount of the liabilities that relate to the smallest 10% of all pensions and accrued benefits, and so on, and
- The amount of the largest pension or pension benefit that has accrued under the pension plan to an Ontario plan beneficiary.

The government expects that this proposal will result in "minimal" administrative costs, estimates it could add up to 5% to the cost of preparing a valuation report the first time the calculation is made, but would be "significantly" lower for subsequent valuation reports. The draft amendments do not alter the frequency of preparing valuation reports.

It is currently not clear how or whether these new disclosure requirements would apply to pension plans registered outside of Ontario, but who have Ontario members.

A proposed effective date has not been specified. Comments on the draft amendments are due by May 31, 2021.

Should you have any questions or require further information, please contact any member of Hicks Morley's [Pension, Benefits and Executive Compensation Group](#).