

## FTR Now

# Proposals to Ease Regulatory Burdens for Administrators of Defined Contribution Pension Plans

**Date:** October 18, 2021

On October 7, 2021, the Ontario government released [draft amendments](#) to Ontario Regulation 909 under the *Pensions Benefits Act*, which will eliminate certain prescribed requirements for administrators of Defined Contribution (DC) pension plans.

In this *FTR Now*, we highlight the key details of these proposed changes that will be of significant interest to administrators of DC pension plans.

## Overview of Proposed Changes to Requirements for DC Pension Plans

The government proposal indicates that the regulatory changes are aimed at removing certain requirements for administrators of DC pension plans which do not appear to contribute to the regulatory oversight of such plans. These proposed amendments are part of the government's ongoing efforts to reduce red tape.

The proposed regulatory amendments would affect two significant changes:

1. The requirement for administrators of member-directed DC pension plans to establish and maintain a Statement of Investment Policies and Procedures (SIPP) will be eliminated. This change would be aligned with a similar change to federal pension legislation effective since April 1, 2015, which removed the requirement for federally regulated member-directed DC pension plans to have a SIPP; and
2. Administrators of DC pension plans with assets in excess of \$10,000,000 will no longer be required to file an audited annual financial statement. Previously the Ontario government increased the threshold for requiring audited financial statements to be filed from \$3,000,000 to \$10,000,000 in 2020. If the requirement is eliminated altogether as proposed, the Chief Executive Officer (CEO) of the Financial Services Regulatory Authority would instead be provided the authority to require an administrator of a DC pension plan to prepare and file an audited annual financial statement if the CEO is of the opinion that there are reasonable and probable grounds to believe that there is a substantial risk to the security of plan benefits or that there has been a significant change in the circumstances of the plan. DC pension plan administrators would continue to file unaudited annual financial statements.

The government expects that these proposals will reduce costs for administrators of DC pension plans. The Ministry of Finance estimates that the two proposed changes could decrease costs in the sector by roughly \$8,000,000 per year.

A proposed effective date has not been specified at this time. The proposal is open for comments until November 23, 2021.

We will continue to monitor developments related to the government's proposed amendments. Should you have any questions, wish to submit comments to the government in respect of the proposal or require further information, please contact any member of our [Pension, Benefits and Executive Compensation Group](#).

*With thanks to Justin Choy, 2021–2022 Hicks Morley articling student, for his assistance with this article.*

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