

Understanding the Regulatory Framework Governing Private and Public Pensions

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Executive summary

A common argument made to expand the Canada Pension Plan (CPP) is that it is cheap to administer. While many studies have cast doubt on this claim, why would a public pension plan be cheaper to administer than a private one? Many factors affect the cost of running a pension plan, but a crucial yet overlooked factor is the regulatory landscape that private pension plan managers must adhere to and the regulations that their public sector counterparts are exempt from.

This paper examines the regulatory requirements among various types of public and private pension plans to determine whether private pension plans are at a cost disadvantage with respect to public ones, with a specific focus on the CPP. In short, the paper finds that the CPP—due to its characteristics and legal obligations—enjoys a marked cost advantage over other pension plans.

First, consider the legal responsibilities of the various plan administrators. Broadly speaking, private pension plans are subject to a variety of statutory and common law regulations. These require the pension plan administrators to act as fiduciaries. While the administrators of the CPP are also under these requirements, as a practical matter, the CPP is seldom entangled in any lawsuits regarding the administration and management of its assets. On the other hand, private and some public pension plans (mostly provincial) are always under threat of litigation, whether by an individual pensioner or through a class action. Although public pension plans do face litigation rarely, and usually prevail in court, the CPP is almost never sued at all. There are almost no laws allowing for private enforcement of governance laws against the administrators of the CPP, so the CPP enjoys substantial cost savings from not having to anticipate or defend against any liabilities that may arise from bad governance, something private pension plans must account for.

Private pension plans are also subject to far more disclosure and customer-related regulations; the CPP faces no such requirements. For example, anti-money laundering laws—sometimes known as “Know Your Customer” laws—affect individual pension plans, such as RRSPs and TFSAs, and any other private pension plans that engage the use of a bank or brokerage services. While a public pension plan could be engaged by such laws, there does

not seem to be any focus on such plans by enforcers of these laws. A search of the CPP Investment Board's website showed no noticeable compliance with anti-money laundering laws.

Moreover, because the CPP is a federally constituted entity (legally speaking), it is not subject to any provincial regulations. Nor is it subject to the jurisdiction of any regulations by industry organizations. As a practical matter, the CPP and its administrators carry their business without any real consciousness of legal or regulatory sanction. Private pension plans, as well as RRSPs and TFSAs, all have to pay filing and administrative fees. The CPP pays no such fees. Private plans, depending on the province, have to constantly file reports with their provincial pension superintendent. Again, the CPP does not.

Now consider differences concerning pension plan characteristics. Private and public pension plans have multiple characteristics and options for their members. For example, there are different rules governing contribution rates for each plan, and early withdrawal triggers various consequences depending on the specific pension plan. Payouts also vary depending on whether the member retires early or waits till 65. If a member leaves their employment early, they have several choices regarding whether to take the accumulated funds or not, known as the lock-in rules. Generally speaking, even if they cannot access the pension funds accumulated, they can still transfer the funds to another plan. These possibilities create more uncertainty for the pension plan administrator. It requires more planning and safeguards, and thus costs.

In contrast, the CPP has very simple rules. Every income earner between the age of 18 and 65 contributes to the CPP at one rate per income up to an annual maximum. There is a maximum payout at retirement with some limited flexibility on which age the pensioner chooses to receive their CPP. Other than these two basic variables, the CPP rules are quite rigid, thereby simplifying the administrative costs of running the plan. There is no ability to take the accumulated funds and transfer them to another pension plan. In contrast, RRSPs and TFSAs allow for individuals to withdraw their contributions at any time (although there may be consequences for doing so). All contributions are invested by the CPP administrator in whatever funds they choose, and, unlike an RRSP, TFSA, or even some defined contribution pension plans, individual CPP contributors have no flexibility to dictate where their funds are invested. Any actuarial surplus in the CPP fund, i.e., any excesses not needed to fund current payouts, remain with the CPP and must be invested by the CPP Investment Board.

Additionally, the number of CPP contributors is large and diverse, giving the CPP a diversified set of contributors and payees. A private pension plan may have a skewed demographic in terms of its employee age profiles, which can pose its own unique challenges which the CPP does not face.

Finally, contribution rates that employees and their employers pay are set by CPP administrators and enforced by the federal government without much choice or input from employees. Private and public pension payouts are usually set by a bargaining between employers and employees, whether it is done formally in a unionized setting or whether it is done informally in a competitive marketplace. This means there is no accountability to the employees or even employers for the management of the CPP funds.

1. Introduction

With the recent agreement between the federal and provincial governments to expand the Canada Pension Plan (CPP) (McFarland and McGugan, 2016), much discussion has arisen about the adequacy of the existing retirement income system, specifically private sector pension plans as opposed to the CPP and other public-sector pensions (e.g., Carrick, 2016). Indeed, the Fraser Institute has published several studies addressing the adequacy of the CPP and the desirability of expanding coverage (Lammam et al., 2016). While the decision to expand the CPP's coverage has been made, this is not likely to be the last time a discussion of the method and scope of CPP coverage, or that of other public pension plans, will come up.

One of the arguments made in favor of expanding CPP coverage is the claim that it is cheaper to administer, a claim that many studies have cast some doubt on (Cross and Emes, 2014, 2016; Mohindra, 2011). Even assuming the validity of this claim, an obvious question arises: why would a public pension plan be cheaper to administer than a private one? Undoubtedly, there are many factors that could affect the cost of running a pension plan, such as the size of the assets administered by the plan, the nature of the pension plan (e.g., defined benefit versus defined contribution), or the level of benefits associated with the pension plan (e.g., the level of indexation the pension payouts to inflation).¹

Another factor that could affect the relative costs facing private pension plans is the regulatory landscape that private pension plan managers must adhere to, and the regulations that their public sector counterparts are exempt from. This paper presents some of the regulatory requirements facing private plans. It does so at a high level, as a detailed analysis would generate a more voluminous study. The purpose of the paper is to start the analysis of this much-overlooked issue in order to facilitate future empirical analysis of whether and by how much private pension plans are at a disadvantage with respect to public ones.

The paper will proceed as follows. In Section 2, the basics of pension plans are presented. An overview of various pension plans and their

1. One study that has attempted to measure the differences in costs is Jog (2009).

characteristics is presented in order for the reader to appreciate the regulatory differences among the various pension schemes. Section 3 provides a brief background on which laws govern the various plans, while Section 4 summarizes the differences in regulatory regimes that govern various pension plans in order for the reader to appreciate where the differences in costs among the various plans may arise. An Appendix gives a detailed list of the characteristics of various private and public pension plans across Canada.

2. Basics of pension plans

A pension is a form of compensation that an employer may provide to its employees when they retire. Governments may also provide its non-employee citizens compensation when they retire. Pension plans can be classified based on how the pension is funded. Both employers or governments can fund the pensions out of general revenue, so that the pension payments are just another ongoing expense. The pension payments can also be funded by setting up a separate fund into which the employer or government periodically deposits amounts deducted from the employees or citizens. Employers and governments may also periodically contribute to this fund. The fund, sometimes referred to as the pension plan, will then invest the money contributed to it in various financial instruments.

Defined contribution vs. defined benefit pensions

Pension plans can also be classified in terms of the nature of what the plan guarantees the retirees in terms of a payout. Broadly speaking, pension plans can be divided into defined benefit plans or defined contribution plans. In a defined contribution plan, the employee and employer each contribute an amount that equals a pre-set percentage of the employee's income to a pension plan administrator who invests these contributions over time. At retirement, the value of the investments will dictate the amount of income that the retiree will receive for the rest of their life.

A defined benefit pension plan guarantees a retiree a certain amount of income based on a formula relating retirement income to the employee's income and years of service. To pay out this guaranteed income, the value of the pension plan must equal a certain amount at the time of the employee's retirement. The required value of the pension plan at the time of retirement will depend on the amount of contributions and how well the various financial investment vehicles are performing. The pension plan administrator should compute the amount of periodic contributions to the pension plan in order to ensure that each retiree is able to collect the guaranteed pension payments. Employers may also guarantee or promise some sort of cost of living

allowance (COLA) to insulate the pensioners from the impact of inflation. Some employers will match the actual rate of inflation, while others will only match a certain portion of the rise in prices.

Public, public sector, private sector, and individual pension plans

Another way to classify pension plans is into public, public sector, private, or individual plans. A public pension plan is one where the government pays its citizens their retirement income. The Canada Pension Plan is one such public pension. Although CPP is styled as a joint federal-provincial program, legally speaking CPP is a federally regulated mandatory public pension plan.² All eligible Canadians over 18 years old must contribute to CPP, and receive benefits upon retirement.

A public sector pension plan is one where the government is the employer, and the retirees are the public sector employees. The public sector employer can be the actual provincial or federal government, or a government agency or government-owned company that operates in a provincially or federally regulated industry. Provision, administration, and investment of the pension plan are generally coordinated through one or more regulatory or governmental agencies. In this paper, we will distinguish between the CPP and public sector pensions, and so any reference to public pensions will implicitly exclude the CPP.

A private sector pension plan exists where the employer paying its retirees pension income is a private sector company. The private sector employer can operate in a provincially or federally regulated industry. The provision of such pension plans is not mandatory, but many companies offer pensions as a means of attracting and retaining employees.

Certain private pension plans may take the form of a Capital Accumulation Plan (CAP). CAPs are a subset of private pension plans, where members have the option to choose between various investment options. Generally, registered pension plans with defined contribution components that allow members to make investment decisions are considered a CAP.³ In addition to complying with the applicable federal or provincial pension

2. The Supreme Court has held with respect to other federal-provincial plans that the federal government can always change the terms of such plans unilaterally without any notice to the provinces or consultation with them. See *Reference Re Canada Assistance Plan (B.C.)*, [1991] 2 S.C.R. 525. As such, notwithstanding CPP is politically styled as a joint endeavor, at the end of the day, it is a federal program.

3. Group RRSPs, group RESPs, and deferred profit sharing plans may also be considered CAPs.

legislation, registered pension plans that are considered to be CAPs must comply also with the *Guidelines for Capital Accumulation Plans* published by the Canadian Association of Pension Supervisory Authorities (2004).

Individual pension plans are pension plans administered by individuals without regard to what the individual's employer or government is providing. The most common individual pension plan is the Registered Retirement Savings Plan (RRSP), but the recent Tax Free Savings Account (TFSA) can be considered a form of an individual pension plan. Setting up an individual pension plan is optional and running such a plan is usually assisted by the various financial institutions. Individual pension plans, as well as private sector plans, can also be referred to as private pension plans.

Pension plan characteristics

There are other sources of differential treatment between the various pension plans' regulations. These come from different legal rules regarding the design of the pension plans on various matters. To understand these differences, we introduce some terminology surrounding pension plans. The Appendix lists ten characteristics for private and public pensions in Alberta, British Columbia, Ontario, and at the federal level, as well as individualized pension plans (TFSA and RRSP) and CAPs.⁴ Each of the private and public pension plans have their own specific restrictions and regulations that contribute to the overall administrative costs of running these pension plans. A comparative analysis of each characteristic is provided below.⁵

1. Eligibility

Eligibility refers to the ability of employees to join a pension plan. While most full-time employees are eligible to join a pension plan, employees may have to obtain a minimum salary (generally as a percentage of yearly maximum pensionable earnings (YMPE)) and/or a minimum number of years of employment to be eligible. Whether or not membership in the plan is mandatory varies by plan.

In comparing the various eligibility rules between pension plans, there are a few discernable differences. Primarily, the length of time that an

4. This study has excluded Quebec, given that Quebec uses the Québec Pension Plan (QPP) rather than the CPP. Future studies should consider comparing the QPP and Quebec pension plans to determine whether any similarities or differences exist similar to those noted in this paper.

5. For a more in-depth analysis specific to private pension plans across Canada, see the detailed comparison provided by Manulife: <<http://events.snwebcastcenter.com/manulife/GBRS/Prod/PensionLegislation/en/summary-of-pension-legislation.html>>.

individual must be employed prior to participating in the pension plan varies across plan type and jurisdiction. While most public sector pension plans allow employees to immediately join the pension plan, most private sector pension plans require that the employee achieve two years of continuous employment.

Whether there is a practical difference in the variance in eligibility rules depends on the specific vesting requirements of each plan. For instance, in the Alberta, Ontario, and Federal jurisdictions, public sector employees are eligible to join their pension plans immediately, but do not vest for two years. Accordingly, if these employees leave their employment prior to achieving two years of continuous employment, they will receive their contributions back. This essentially puts the public sector employees in the same position as their counterparts in the private sector that were not allowed to join their respective pension plans until they achieved two years of continuous employment.

Another difference in eligibility is whether the individual must be working or earning income. To be eligible to participate in an employer-sponsored pension plan, an RRSP, or CPP, an individual must be employed and earning income. In contrast, there is no prerequisite for an individual to be employed in order to contribute to a TFSA. Thus, the TFSA may be a more accessible retirement option for individuals that are unemployed, out of the workforce, or otherwise unable to earn the income required to contribute to the other types of pension plans.

CPP eligibility, in contrast, begins at age 18. Individuals continue to contribute to the CPP regardless of which job they are in. As such, the CPP enjoys wide access to funds from all income-earning Canadians.

2. Transferability/early withdrawal

Transferability and early withdrawal provisions relate to the ability of members to transfer or withdraw the funds that they have contributed to the pension plan prior to retirement. These provisions are generally tied into the provisions related to vesting and locking-in. Typical transferability provisions will allow for a transfer to another pension plan (subject to the presence of a transfer agreement) or to a locked-in account.

Generally, most public and private sector pension plans mandate that once pension funds are locked-in, they cannot be withdrawn (subject to very limited exceptions). However, plan members can generally transfer their retirement funds to another locked-in retirement account. In many jurisdictions, transfer agreements are in place to allow retirement funds to be transferred from one plan to another.

Two notable exceptions to the general inability to withdraw retirement funds from a plan are the TFSA and RRSP. Both the TFSA and RRSP allow for individuals to withdraw their contributions at any time (although there may be consequences for doing so). While this feature provides individuals with

more flexibility and access to their funds prior to retirement, it also does not guarantee an individual retirement income. Individuals that withdraw their contributions from an RRSP or TFSA without replacing it will significantly deplete their retirement income, as opposed to the guaranteed retirement income provided by a locked-in plan.

CPP does not allow for any early withdrawal or transfers, thereby simplifying the administrative costs of running the plan.

3. Contribution rates

Contribution rates determine how much a plan member can contribute to the pension plan. In public sector pension plans and the CPP, there is a defined rate of contribution for both employees and employers. These contribution rates may change depending on YMPE and the plan's funding requirements. Moreover, the legislation commonly provides that a member cannot contribute more than 50 percent of the value of a defined benefit.

Differences between the contribution rates assigned to each type of pension plan are most noticeable in the public sector. **Table 1** summarizes the various contribution rates in each public sector pension plan and the corresponding retirement benefits.

Table 1: Public sector pension plan contribution and benefit rates, selected jurisdictions

Jurisdiction	2018 Employee Contribution Rate (Up to YMPE)	2018 Employee Contribution Rate (Over YMPE)	Retirement Benefit (Under YMPE)	Retirement Benefit (Over YMPE)
Alberta	10.47%	14.95%	1.4%	2.0%
British Columbia	7.93% [1] (prior to April 1, 2018) 8.35% (as of April 1, 2018)	9.43% [2] (prior to April 1, 2018) 8.35% (as of April 1, 2018)	1.35% (service earned prior to April 1, 2018) 1.85% (service earned on or after April 1, 2018) Note: Effective October 1, 2019, service earned between April 1, 2006 and March 31, 2018 will receive a retirement benefit of 1.65%	2.0% (service earned before April 1, 2018) 1.85% (service earned on or after April 1, 2018)
Ontario	6.4%	9.5%	1.3% [3]	2.0%
Federal	9.83% (member prior to Jan. 1, 2013) 8.77% (member after Jan. 1, 2013)	12.13% (member prior to Jan. 1, 2013) 10.46% (member after Jan. 1, 2013)	1.375%	2.0%

Notes: 1. 6.68% up to YMPE plus 1.25% of total salary; 2. 8.18% over YMPE plus 1.25% of total salary; 3. If the pensioner is under 65, they will receive 2.0 percent in benefits up to YMPE. This represents the bridge benefit provided to members on early retirement.

There are noticeable discrepancies in the amount that employees in the public sector are required to contribute. Alberta, for example, has the highest contribution rates out of any of the provinces studied, at 10.47 percent up to YMPE and 14.95 percent above YMPE. Yet these higher contribution rates do not result in corresponding increases in benefits. Though Albertans receive 1.4 percent in benefits up to YMPE, this amount is not significantly more than the 1.3 percent earned in Ontario, or 1.375 percent earned federally.

Notably, contribution rates may change over time, depending on the plan funding requirements. Alberta's public sector contribution rates have actually decreased in 2018, with Albertans employed in the public sector having to contribute 10.47 percent up to YMPE and 16.72 percent over YMPE in 2013–2017.⁶ In British Columbia, public sector contribution rates will move to a flat rate of 8.35 percent as of April 1, 2018 (BCPSPP, 2018).

There is also an opportunity cost associated with higher contribution rates. The more an individual is required to contribute to their pension plan, the less they are able to contribute to other pension vehicles, such as an RRSP. An individual can contribute up to 18 percent of their income to their RRSP, assuming that the dollar value remains under the contribution limit. However, since contributions to an employer-sponsored pension plan reduce the room available in the RRSP, higher contribution rates in an employer-sponsored plan reduce an individual's ability to contribute to their RRSP. The contribution rates required by public pension plans can also be compared to the maximum yearly contributions to a TFSA. While contributions to an employer sponsored pension plan will not reduce an individual's contribution room in a TFSA, any contributions made by the employee will reduce the employee's financial ability to contribute to the TFSA. Whether these opportunity costs disadvantage the employee depends on the returns achieved by the pension plan, as opposed to those achieved by the TFSA or RRSP.

It is also important to note that CPP contribution rates are scheduled to increase between 2019 and 2023, from 4.95 percent to 5.95 percent up to YMPE. Moreover, in 2024, a 4.0 percent contribution rate will apply to an additional range of earnings. The additional earnings range is estimated to start at approximately \$69,700 in 2025 and go to the additional earnings limit, estimated to be approximately \$79,400 in 2025.⁷ As employers and employees are required to increase their CPP contributions, it is possible that contribution rates in the public and private sectors may decrease, along with pension benefits.⁸

6. <https://www.pspp.ca/assets/pspp/files/documents/publications/member-newsletters/report_to_members_march_2018.pdf> at 3.

7. <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-enhancement.html>>

8. However, a 2016 study conducted by Morneau Shepell suggests that the majority of employers do not plan to make any changes to their pension plans as a result of the CPP enhancements (Vettese & MacDonald, 2016).

4. Retirement benefit

When a plan member retires, they receive retirement benefits in the form of a pension. The amount of retirement benefits received by pension plan members may be set out in the regulations. Both public sector pension plans and the CPP provide a formula for determining the benefits provided to plan members on retirement.

Generally, private sector pension regulations do not prescribe a maximum retirement benefit. However, the Income Tax Act sets out a maximum annual defined benefit. For 2018, this is \$2,944.44 per year of pensionable service. To provide benefits in excess of this limit, employers may also choose to provide a supplemental executive or employee retirement plan (SERP). A SERP may provide benefits in excess of the maximums allowed under the ITA and may be in the form of either a defined benefit or defined contribution plan (Mercer, 2015).

Currently, CPP provides a maximum monthly payment of \$1,134.17.⁹ The CPP retirement pension is meant to replace one fourth of average earnings up to a maximum earnings limit. However, with the changes to CPP occurring in 2019, this CPP benefits are expected to increase to one third of average earnings.¹⁰ As discussed in relation to contribution rates, an increased CPP benefit may affect the pension benefits paid out by public and private sector employers in the future.

5. Early/late retirement provisions

Generally, pension plans will stipulate a normal date of retirement upon which an employee can begin receiving retirement benefits. Early and late retirement provisions describe the pension benefits that accrue to plan members who retire before or after the normal retirement date. Pension legislation outlines the normal date of retirement, the earliest possible date of retirement, and the latest possible date of retirement. The normal date of retirement may refer to the number of years that the employee has worked, the employee's age, or a combination of the two. Generally, members that choose early retirement receive a reduced pension.

The presence of “bridge benefits” is tied into provisions surrounding early retirement. Bridge benefits are additional pension benefits that are paid to employees that retire prior to the age of 65 and are not yet eligible to receive CPP (or would do so at a reduced rate). The payment of bridge benefits accounts for the CPP income that the employee would have received had they retired at the normal retirement age.

9. <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>>

10. <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-enhancement.html>>

Bridge benefits are especially prevalent in the public sector, with payments to retirees under 65 being provided in the following amounts:

- ◆ **British Columbia:** 0.65 percent of YMPE * Years of Pensionable Service earned prior to April 1, 2018.¹¹
- ◆ **Ontario:** 0.7 percent of YMPE * Years of Pensionable Service.
- ◆ **Federal:** 0.625 percent of YMPE * Years of Pensionable Service.

Public sector pensions in Alberta do not have bridge benefits, but instead offers pension coordination. Members that retire prior to 65 may increase their pension payments in exchange for a permanent reduction in pension benefits after 65.¹²

Notably, British Columbia public sector pension plans will not be eligible to receive a bridge benefit accrued after April 1, 2018. This corresponds to changes in the retirement benefits announced on March 16, 2018 (BCPSPP, 2018).

6. Investing plan assets

Member contributions to a pension plan are invested to provide for adequate retirement benefits. Pension legislation may set out specific standards for the investment of plan assets. Generally, private sector pension plans must invest plan assets in accordance with federal legislation. In the public sector, specially created government investment boards are used to invest public pension plan assets and CPP funds.

The Income Tax Act specifies that retirement vehicles such as TFSAs and RRSPs must be invested in qualified investments. If a pension plan takes the form of a CAP, plan members can choose between various investment options. The CAP guidelines set out specific investment rules and best practices for plan sponsors.

7. Vesting

Vesting refers to the ability of a plan member to receive a pension benefit. Once a member's contributions to a pension plan have vested, the member is guaranteed to receive pension benefits related to those contributions. Prior to vesting, a plan member that leaves a pension plan is normally entitled to receive their contributions back, subject to locking-in provisions.

11. Effective October 1, 2019, the bridge benefit will be reduced to 0.35 percent of YMPE * Years of Pensionable Service (for service accrued between April 1, 2006 and March 31, 2018).

12. <<https://www.pspp.ca/page/coordination>>

A member that has vested is not automatically entitled to receive their pension benefits. Members that leave employment with their employer without transferring the value of their contributions must wait until the specified retirement age to receive their vested benefits.

Though vesting provisions vary by jurisdiction, generally members will vest either immediately or after two years of membership in the plan. As previously discussed, vesting provisions are tied to plan eligibility requirements. Generally, a member that is eligible to join the pension plan immediately is required to wait two years before their pension contributions are vested (an exception to this is the British Columbia Public Pension Plan, which allows members to both join and vest immediately).

CPP vests if an individual has made at least one valid contribution to the plan.

8. Locking-In provisions

Once a member's contributions to a pension plan have been "locked-in," the contributions must be used to provide the member with pension benefits. The benefits cannot be withdrawn as a cash payment. Locked-in funds are generally restricted in their transferability and can only be moved to a locked-in account or another pension vehicle. While private and public pension plan legislation will generally contain locking in provisions, private pension vehicles such as the RRSP and TFSA do not (subject to some exceptions). If locked-in funds from a registered pension plan are transferred to an RRSP, the RRSP will also be locked-in.

Locking-in provisions vary substantially by jurisdiction. While some pension plans immediately lock in funds, others will not lock in funds until the member has reached two years of continuous membership.

9. Actuarial excess/plan surplus

Pension plans may accumulate more funds than is required to fund the members' pension benefits. When plan assets exceed liabilities and the plan is a going concern, the asset surplus is referred to as "actuarial excess." Conversely, plan surplus occurs when a pension plan has been wound up and there is an actual surplus of funds available. Pension legislation provides for how these funds are to be treated and what they can be used for (Alberta, 2016).

While RRSPs and TFSAs do not have an actuarial or plan surplus, funds deposited over a prescribed limit will be subject to penalties. Under the RRSP, contributions in excess of \$2,000 over the contribution limits are subject to a penalty of 1 percent per month. Similarly, under the TFSA, any contributions over the contribution limit are subject to a 1 percent penalty per month.

10. Filing and administrative fees

Private pension plans are subject to administrative and filing fees. These can be payable on registration and/or annually. Such fees are generally based on plan membership. While plans registered in Alberta, British Columbia, and Ontario will pay a maximum fee of \$75,000, federal pension plans pay a maximum fee of \$160,000.

TFSA's and RRSP's are also subject to administrative fees, which vary with the financial institution through which the plan is offered.

In Ontario, private pension plans that take the form of a defined benefit plan may be covered by the Pension Benefits Guarantee Fund. This fund ensures that there are funds available to beneficiaries in case of plan insolvency (Ontario, undated).

In contrast to all of these plans, CPP has no such filing fees.

3. What laws govern pension plans?

There are various laws that govern private and public pension plans. Indeed, all laws apply in theory, such as the Criminal Code of Canada and the principles of the common law. For example, the criminal prohibition against stealing applies to all citizens of Canada including pension fund managers. But to list every law that could apply to pension plans would not only be onerous, but irrelevant to the main exercise, namely trying to differentiate the regulatory burdens private pension plans face that public plans do not. Hence, the challenge is to focus on a narrower subset of laws that most directly impact pension plans and their administrators.

One way to focus this research is to search the various laws and regulations for any mention of the various pension plans. A search for the term “CPP” yields almost 190 mentions in federal legislation and regulations. A search of provincial laws yielded another 100 mentions that reference the CPP.¹³ Given that CPP is a federal endeavor, these 100 provincial laws do not necessarily burden the CPP, but refer to CPP in various provincial aspects. For example, Ontario’s Pension Benefits Act (Section 1) defines its yearly maximum pensionable earnings (YMPE) as the term used in the CPP’s Act. This means that many aspects of private pension plan governance take their cues from their public counterparts, thereby subjecting the private pension plans to the public plans’ leadership. CPP is also used as an amount to offset private pension payouts, which means that increasing CPP payouts can affect the private pension plan payouts and hence the costs of administering them.

Each jurisdiction in Canada has its own set of legislation and regulations governing pension plans. Generally, pension plans must comply with the legislation and corresponding regulations of the jurisdiction in which the members are employed. If the pension plan has members employed in more than one jurisdiction, the plan must comply with the applicable pension legislation in each province. This can significantly increase the cost of pension plan administration, as a single pension plan may be required to comply with legislation from up to nine different jurisdictions (McMillan Binch LLP, 2004).

13. Similar keyword searches for TFSA, RRSP, and other pension plans yield numerous results.

Additionally, provincial legislation may take its cues from its federal counterparts. For example, private pension plans in Ontario, British Columbia, and Alberta must invest their plan assets in accordance with Schedule III of the federal Pension Benefits Standards Act (RSC, 1985, c 32).

In 2012, Alberta and British Columbia brought their private sector pension legislation into concordance in order to align pension regulation in each province.¹⁴ The Canadian Association of Pension Supervisory Authorities (CAPSA) is also charged with coordinating and harmonizing pension regulation across Canada.¹⁵

Companies in federally regulated industries (banking, aviation, etc.) are governed by federal pension legislation. Federal public pension legislation applies to federal public sector employees (Alberta, 2018). Federal regulation of pension plans applies regardless of the jurisdiction in which the employee works. Both provincial and federal pension plans are subject to the Income Tax Act, the primary instrument that regulates pension vehicles such as RRSPs and TFSAs. Pension plans that fall outside the private/public regulatory schemes (e.g. CPP, CAP) are generally subject to their own regulatory frameworks.

Since 1968, pension plans must only be registered in the province in which the majority of members are employed (Ranger, 2011). On July 1, 2016, a new reciprocal 2016 Agreement Respecting Multi-Jurisdictional Pension Plans was introduced between British Columbia, Nova Scotia, Ontario, Quebec, and Saskatchewan.¹⁶ The Agreement modifies a prior 2011 agreement and states that certain legislative requirements of the jurisdiction in which the plan is registered (e.g., funding and investment requirements) will apply to all plan members, regardless of the jurisdiction in which they are employed. The remaining requirements continue to vary by jurisdiction (Ontario, 2016a). The 2016 agreement is meant to be an interim measure, as CAPSA is expected to release proposed changes to the Agreement in 2018 (Ontario, 2016b). A consultation paper on these changes was released on July 13, 2017.¹⁷

It should also be noted that there are many common law principles that govern pension plans in general and private plans specifically. For example, the pension plan administrators owe fiduciary duties to those who

14. <http://www.fic.gov.bc.ca/?p=pension_plans/regulation>

15. Effective July 1, 2016, a new reciprocal 2016 Agreement Respecting Multi-Jurisdictional Pension Plans was introduced between British Columbia, Nova Scotia, Ontario, Quebec, and Saskatchewan. <<https://www.capsa-acor.org/en>>

16. <<https://www.capsa-acor.org/MultilateralAgreementCommittee-Multi-jurisdictionalPensionPlans>>; see also <<https://www.capsa-acor.org/Documents/View/106>>

17. <<https://www.capsa-acor.org/Documents/View/179>>; see also <<https://www.capsa-acor.org/MultilateralAgreementCommittee-Multi-jurisdictionalPensionPlans>>

are contributing and expecting a payout from the pension plan, also known as beneficiaries. This means that private pension plan administrators must “exercise the care, diligence and skill in the administration and investment of the pension fund that a person of ordinary prudence would exercise in dealing with the property of another person.”¹⁸ Furthermore, such administrators “shall use in the administration of the pension plan and in the administration and investment of the pension fund all relevant knowledge and skill that the administrator possesses or, by reason of the administrator’s profession, business or calling, ought to possess.”¹⁹

Public pension plans are generally subject to similar common law constraints.²⁰ For example, the administrators of the CPP are required to “act honestly and in good faith with a view to the best interests of the [CPP] Board; and ... exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.”²¹

The practical difference is that private pension plan administrators can face real legal liabilities from failing to keep their pension plan properly funded. While public pension plan administrators face such liabilities in theory, it seems practically impossible to sue public pension plan administrators. This is because some public pension plans contain liability limitations. For example, the Ontario Municipal Employees Retirement System Act, 2006²² states that with respect to its administrators, “[n]o action or other proceeding shall be instituted against [them] for any act done in good faith in the execution or intended execution of the person’s duty under this Act or the regulations or for any alleged neglect or default in the execution in good faith of the person’s duty.”

Moreover, it is hard to sue public pension plan administrators because, in those cases where governments have been sued for the mismanagement of their various public pension plans, the courts tend to side with the governments. For example, when the federal government failed to invest veterans’ pension funds in either interest bearing accounts or any other investments, the Supreme Court of Canada did not find the federal government liable for the value of the lost pension funds that would have accumulated had they been properly invested.²³ This lack of accountability means that public pen-

18. Pension Benefits Act, RSO 1990 c P.8, s 22(1).

19. Pension Benefits Act, RSO 1990 c P.8, s 22(2).

20. Forster and Socken (2006) and Dolden and Ridgway (2009) provide a good overview of the subject.

21. Canada Pension Plan Investment Board Act, SC 1997, c 40, s 14.

22. SO 2006, c 6, s 4(9).

23. *Authorson v Canada (Attorney General)*, 2003 SCC 39, [2003] 2 SCR 40. Sometimes courts have allowed lawsuits against public pension administrators when the issue is that the administrator gave improper advice to the beneficiary. See, e.g., *Spinks v Canada*,

sion plans can become more bloated than their private counterparts (Coyne, 2016), thereby raising the administrative costs of private pension plans above other similarly situated pension plans (see Cross and Emes, 2014, 2016).

Private pension plans may also be subject to different regulations in a de facto manner. For example, in 2000 the federal government passed the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.²⁴ The PCMLTFA does not explicitly mention pension plans, but applies to banks, loan companies, life insurance companies, and any “persons and entities authorized under provincial legislation to engage in the business of dealing in securities or any other financial instruments or to provide portfolio management or investment advising services, other than persons who act exclusively on behalf of such an authorized person or entity.”²⁵ Such anti-money launderings laws, or sometimes known as “Know Your Customer” laws, affect individual pension plans, such as RRSPs and TFSAs, and any other private pension plans that engage the use of a bank or brokerage services. While a public pension plan could be engaged by such laws, there does not seem to be any focus on such plans by enforcers of these laws. For example, a search of the CPP Investment Board’s websites showed no noticeable compliance with PCMLTFA.

Another source of regulations for pension plans is the Canadian Association of Supervisory Authorities (CAPSA). CAPSA is a multijurisdictional association of provincial pension regulators whose role is to issue guidance documents for all provincial regulators. These documents operate as soft, non-binding laws that serve to guide the various provincial regulators. Importantly, CAPSA provides guidelines for Capital Accumulation Plans, in the form of Guideline No. 3, *Guidelines for Capital Accumulation Plans* (CAPSA, 2004). While these guidelines are technically non-binding, it is expected that registered pension plans with CAP components will comply with the *CAP Guidelines* (*CAP Guidelines* at 1). The application of the *CAP Guidelines* to registered pension plans may actually result in increased legislative burdens, as pension plan administrators must comply with both the applicable regulatory requirements and the requirements set out by CAPSA.

The Investment Industry Regulatory Organization of Canada (IIROC) is a self-regulatory organization (SRO) that regulates firms that are registered as investment dealers and debt and equity trading in Canada. Instruments released by IIROC are binding on such firms. IIROC was created in 2008 by combining the Investment Dealers Association of Canada and Market Regulation Services Inc. While its mandate is broader than pension plans, as it covers all investment dealers, self-directed or private pension plans

[1996] 2 FCR 563, 1996 CanLII 4041 (FCA).

24. SC 2000, c 17 [PCMLTFA].

25. PCMLTFA, s 5(g).

can fall under it various requirements. IIROC regulates investment dealers through the issuance of rules. The authority for IIROC to issue rules comes from Recognition Orders issued by the provincial securities commissions that make up the Canadian Securities Administrators.²⁶

There are other sources of differential treatment between the various pension plans' regulations. These come from various legal rules regarding the design of the pension plans on various matters. In this next sub-section, we survey the laws and regulations affecting public and private sector pension plans in Alberta, British Columbia, and Ontario. We also look at private and public pensions governed by the federal government, as well as the CPP, TFSA, and RRSPs.

26. As of June 1, 2008, all provincial securities commissions (including the British Columbia Securities Commission, Alberta Securities Commission, and Ontario Securities Commission) recognize IIROC as an SRO. This recognition allows the IIROC to oversee the regulated conduct of its members. In Ontario the authority to recognize IIROC as a SRO comes from section 21.1(1) of the Securities Act, RSO 1990, c S.5 and section 16(1) of the Commodity Futures Act, RSO 1990, c C.20. The Recognition Order is (2008) 31 OSCB 5615. In Alberta, the authority to recognize IIROC as a SRO comes from section 64(1) of the Securities Act, RSA 2000, c S-4. The Recognition Order is 2008 ABASC 301. In British Columbia, the authority to recognize IIROC as a SRO comes from section 24 of the Securities Act, RSBC 1996, c 418. The Recognition Order is 2008 BCSECCOM 275. The Canadian Securities Administrators oversees IIROC through the SRO Oversight Standing Committee.

4. Regulatory differences between CPP and other pension plans

Based on the discussions in Sections 2 and 3, we can now outline some regulatory distinctions between the CPP and other pension plans in two broad categories.

The first category concerns the legal responsibilities of the various plan administrators. Broadly speaking, private pension plans are subject to a variety of statutory and common law regulations. These require the pension plan administrators to act as fiduciaries, which includes administering their plans in a fiduciary manner. While the administrators of the CPP are also under these requirements, as a practical matter, the Canada Pension Plan is seldom entangled in any lawsuits regarding the administration and management of its assets. On the other hand, both private and some (mostly provincial) public pension plans are always under threat of litigation, whether it is by an individual pensioner or through a class action. But while public pension plans do face litigation every now and then, and usually prevail in court, the CPP is almost never sued at all.

Private plans are subject to far more disclosure and customer-related regulations. In this regard, the CPP, due to having essentially one class of customers, faces no such requirements. Furthermore, because the CPP is a (legally speaking) federally constituted entity, it is not subject to any provincial regulations. Nor is it subject to the jurisdiction of any regulations by industry organizations. The CPP isn't even subject to any other provincial regulations, such as provincial human rights codes. As a practical matter, the CPP and its administrators carry their business without any real consciousness of legal or regulatory sanction. Private plans all have to pay filing and administrative fees, but the CPP pays no such fees. Private plans, depending on the province, have to constantly file reports with their provincial pension superintendent, while the CPP does not.

The second category concerns the pension plan characteristics. When it comes to private and public pension plans, each plan has a myriad of characteristics and options for its members. As outlined in Section 2, private and public pension plans have numerous characteristics. For example, there are

rules governing contribution rates for the various pension plans as outlined in the Appendix. Early withdrawal triggers various consequences depending on the specific pension plan. Payouts also vary depending on if the member retires early or if they wait till 65. Payouts are a function of the pensioners' income throughout their income earning years. If a member of a plan leaves their employment early, they have several choices regarding whether they can take the accumulated funds or not, known as the lock-in rules. Generally speaking, if an employee leaves their employment early, even if they cannot access the pension funds accumulated, they can still transfer the funds to another plan. All of these possibilities create more uncertainty for the pension plan administrator. They require more planning and safeguards.

In contrast, the CPP has very simple rules. Every income earner between the age of 18 and 65 contributes to the CPP at one rate per income up to an annual maximum. There is a maximum payout at retirement with some limited flexibility on which age the pensioner chooses to receive their CPP. Other than these two basic variables, the rest of CPP rules are quite rigid. There is no ability to take the accumulated funds and transfer them to another pension plan. All contributions are invested by the CPP administrator in whatever funds they choose, and, unlike an RRSP, TFSA, or even some defined contribution pension plans, individual CPP contributors have no flexibility to dictate where their funds are invested. Any actuarial surplus in the CPP funds, i.e., any excesses not need to fund current payouts, remains with the CPP and must be invested by the Canadian Pension Plan Investment Board.

As an aside, it should also be obvious that, as the number of CPP contributors is large and diverse, the CPP has a diversified set of contributors and payees. A private pension plan may have a skewed demographic in terms of its employee age profiles, which can pose its own unique challenges the CPP does not face.

Also, it should be noted that contribution rates that employees (and their employers) face are set by the CPP administrators and enforced by the federal government without much choice or input from employees. Private and public pension payouts are usually set by a bargaining between employers and employees, whether it is done formally in a unionized setting or informally in a competitive marketplace. This means there is no accountability to the employees or even employers for the management of the CPP funds.

5. Concluding thoughts and future research

It should be obvious that the CPP enjoys a preferred status among pension plans. This gives it a huge cost advantage in the world of pensions. The paper attempted to gather in one place some of the key regulatory instruments that affect the administrative costs of various pension plans. There are obviously hundreds of these instruments and they cannot be presented in one short paper. Rather, this paper should give researchers a starting point to think about what variables to include in any model of costs when either modelling such costs in a theoretic manner or estimating switch costs empirically. In order to get at which costs are significant across provinces, panel data (similar to what Jog (2009) used) should be assembled covering various time periods and across various provinces as well as the federal government.

Some of the regulatory characteristics in the Appendix will have changed over the various years, and these cross-section and temporal variations should allow the estimation of the impact of these regulations on the overall administrative costs. Additionally, the researcher should also be able to estimate cross-sectional impacts of changing a regulation in one jurisdiction on the costs in another. The challenge, of course, is assembling such a dataset. Nonetheless, with at least some of the key regulatory variables identified, sampling various pension plans and their administrative costs should be a straightforward, albeit time-consuming, task. In the long-run, these empirical results will help in advancing the debate on the role of private and public pensions in Canada.

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Appendix

Characteristics of various private and public pension plans

Alberta public pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Legislation: Public Sector Pension Plans Act [1]</p> <p>Regulation: Public Sector Pension Plan [2]</p>	<p>The following employees automatically join the pension plan: [3]</p> <ol style="list-style-type: none"> 1. Permanent employees working on a full time continuous basis; [4] 2. Non-permanent employees working on a full time basis for more than one year; [5] <p>The following employees may join the pension plan if their employee has a policy allowing them to do so: [6]</p> <ol style="list-style-type: none"> 1. Non-permanent employees working on a full time basis for less than a year; [7] 2. Part-time employees that work on a continuous basis for 14/week or 728/year. [8] 	<p>Transferring Service In: [9]</p> <ol style="list-style-type: none"> 1. Pension from other plans can be transferred in if a transfer agreement is in place. 2. If previous pension cannot be transferred in, it can be purchased. <p>Early Withdrawal:</p> <ol style="list-style-type: none"> 1. After Vesting [10] Contributions may be transferred into a locked-in account or to another pension plan under a transfer agreement. 2. Before Vesting [11] Contributions can be given in money, transferred from the plan, or transferred under a transfer agreement. 	<p>2018 Employer and Employee Contribution Rates: [12] 10.47% up to YMPE, 14.95% on any amount over YMPE.</p> <p>50% Rule: On retirement, participants will receive the “employee contribution excess.” [13] Employee contribution excess is defined as any amount over half the commuted value of the service provided for in the pension plan. [14]</p>	<p>Defined benefit plan [15] 1.4% of an employee's highest average salary earned up to the annual average YMPE, multiplied by the employee's years of pensionable service;</p> <p>PLUS</p> <p>2.0% of the employee's highest average salary above the annual average YMPE, multiplied by the employee's years of pensionable service.</p>	<p>Pensionable Age: [16] Employees are entitled to the entirety of the pensionable benefit if they are: 55 years with sum of age and pensionable service equaling at least 85 years OR 65 years of age.</p> <p>Note: Alberta does not have bridge benefits, but instead provides for “pension coordination.” This allows the member to increase their benefits prior to age 65 in exchange for a permanent reduction in pension after 65. The benefit is decided in reference to CPP and Old Age Security. [17]</p> <p>Early Retirement: Early retirement is available to members who are at least 55 years and vested but whose age and pensionable service is less than 85 years. [18]</p> <p>Pension is reduced by 3/12 of 1% for every month before the earliest date of pension eligibility. [19]</p>

Alberta public pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus	Filing/administration fees
	Alberta Investment Management Corporation (AimCo) is responsible for the investment of the funds. [20]	A plan participant is vested if they have 2 years combined pensionable service OR reach 65 years old. [21]	Pension funds are locked-in once they have vested (2 years combined pensionable service OR have attained the age of 65 years). [22]	No provisions for plan surplus or actuarial excess in the PPSA or PPSA Regulations.	The Alberta Pension Services Corporation is responsible for the administration of the plan. [23]

1] RSA 2000, c P-41 [PSPP].

2] Alta Reg 368/1993 [PSPP Reg].

3] Alberta, Public Service Pension Plan, Member Handbook: <https://www.pspp.ca/members/publications/PSPP_Member_Handbook.pdf> at 8 [Member Handbook].

4] PPSA Reg, ss 2(1)(p)(i), 10(1).

5] PPSA Reg, ss 2(1)(p)(i)(A)(I), 10(1).

6] Alberta, Public Service Pension Plan, Member Handbook, at 8.

7] PPSA Reg, ss 2(1)(p)(i)(A)(II), 10(1).

8] PPSA Reg, ss 2(1)(p)(i)(B), 10(1).

9] PPSA Reg, s 20(1.1)(c); Member Handbook at 10.

10] PPSA Reg, s 69, 72.

11] PPSA Reg, ss 70(1), 73(1).

12] PPSA Reg, s 13(1), 15(1); <http://www.pspp.ca/members/contribution-rates.jsp>.

13] PPSA Reg, s 36(6).

14] PPSA Reg, s 30.1, 36(1).

15] PPSA Reg, s 47(3).

16] PPSA Reg, s 36(1)(c).

17] PPSA Reg, s 80(1)-(10); Member Handbook at 19; <https://www.pspp.ca/members/publications/info_sheets/PSPP_802_Coordination.pdf>.

18] PPSA Reg, s 39(1).

19] PPSA Reg, s 39(1)

20] <<http://www.finance.alberta.ca/publications/pensions/public-sector-pensions.html#about>; <https://www.pspp.ca/about/governance-structure-aimco.jsp>>

21] PPSA Reg s 2(1)(ss.2).

22] PPSA Reg, ss 33(1), 69-73(1).

23] <<http://www.finance.alberta.ca/publications/pensions/public-sector-pensions.html#about>; <https://www.pspp.ca/about/governance-structure-aps.jsp>>

Alberta private pension plans					
Legislation	Eligibility	Transferability/early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Employment Pension Plans Act [1]</p> <p>Employee Pension Plans Regulation [2]</p>	<p>All employees are eligible to join the plan if they have two years of employment with the employer and have earned at least 35% of YMPE in each of two consecutive calendar years. [3]</p> <p>Plans must provide for auto-enrollment with a 30 day opt-out provision. [4]</p>	<p>Employees that terminate active membership in the pension plan may withdraw the commuted value of their benefits if they are placed in: [5]</p> <ol style="list-style-type: none"> 1. Another plan, where the text of the plan allows the transfer; 2. A locked-in retirement account; 3. If the plan text provides, to an insurance company to purchase a deferred annuity that will not start before the member turns 50 and is in form of a pension as allowed by the Act. [6] <p>If the plan text provides, a member over 50 can transfer to an annuity in the form of a pension allowed by the act or retirement income arrangement in accordance with the prescribed conditions. [7]</p>	<p>Defined benefit plans: The minimum contribution provided by plan contributors must be at least 1/12th of the defined benefit on a monthly basis. [8]</p> <p>Plan contributors include employers OR the employers and active members if the plan is a joint-sponsored plan. [9]</p> <p>If a plan with a defined benefit provision requires member contributions, other than in a joint-sponsored plan, member contributions cannot exceed 50% of the commuted value of the member's benefit in the plan. [10]</p> <p>Excess contributions are paid back to the member, transferred to another retirement vehicle, or used to increase pension benefits if the plan text allows. [11]</p> <p>Defined contribution plans: If the plan contains a defined contribution provision, the plan must be funded in accordance with the contributions required by the plan documents. [12]</p> <p>The contribution formula must be the same for every member of a class. [13]</p>	<p>Not prescribed by the regulations.</p> <p>Under the ITA, the maximum annual defined benefit for 2017 is \$2,914.44 * years of pensionable service. [14]</p>	<p>Pension eligibility date: Provided by the plan and must be a specific age or a date determined with reference to a specific age. [15]</p> <p>Early retirement: Members must be allowed to receive their pension within 10 years of the eligibility date. The pension can be reduced as long as it equals the present value of pension at the normal eligibility date. [16]</p> <p>Postponed retirement: The plan must allow the member to continue to accrue benefits in the same manner they would have prior to reaching the pension eligibility date. [17]</p> <p>The plan may allow a member who continues to work past the pension eligibility date to cease accruing benefits and begin receiving a pension or cease accruing benefits and defer their pension. The plan may also allow a member to receive a pension and continue to accrue benefits, if allowed under the ITA. [18]</p>

Alberta private pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/ plan surplus	Filing/administration fees
	Investments must be made in accordance with Schedule III of the federal Pension Benefits Standards Act. [19]	Pension benefits vest immediately if the employee is employed in Alberta at the termination of employment. [20]	Pension benefits are locked-in if the commuted value of the benefit is at least 20% of YMPE. [21]	<p>Actuarial excess: Actuarial excess can only be withdrawn with consent of the Superintendent. The excess withdrawn cannot exceed 20% of the solvency excess. [22]</p> <p>Plan surplus: Plan surplus can only be withdrawn on termination if all of benefits that the members are entitled to are paid. [23]</p>	<p>Fees must be paid on registration of the pension plan [24] and annually as an administration fee. [25]</p> <p>Registration fee is calculated as: (Number of plan members on date of registration)*(Fee Rate). [26]</p> <p>Annual administration fee is calculated as: (Number of plan members at end of previous fiscal year)*(Fee Rate). [27]</p> <p>The Fee Rate is adjusted yearly based on Superintendent's estimated administration expenses. [28]</p> <p>Fee Rate for October 1, 2017 – September 30, 2018: \$2.50/ plan member. [29]</p> <p>Minimum & Maximum Fees: Minimum Fee = \$250 Maximum Fee = \$75,000 [30]</p>

1] SA 2012, c E-8.1 [EPPA].

2] Alta Reg 154/2014 [EPPA Reg].

3] EPPA, s 29(1)(a)(i)-(ii).

4] EPPA Reg, s 26(1)(a)-(c).

5] EPPA, s 96.

6] EPPA, s 99(1)(a).

7] EPPA, s 99(1)(b).

8] EPPA Reg, s 60(1).

9] EPPA Reg, s 59(c)

10] EPPA, s 57(2).

11] EPPA, s 57(4).

12] EPPA, s 53.

13] EPPA Reg, s 14(2)

14] <<http://www.cra-arc.gc.ca/tx/rgstrd/papsapar-fefespfer/lmts-eng.html>>

15] EPPA, s 66(1).

16] EPPA, s 67(1)-(2).

17] EPPA, s 68(1).

18] EPPA, s 68(2).

19] EPPA Reg, s 72(2).

20] EPPA, s 32(1).

21] EPPA Reg, s 76(1); EPPA, s 70, 71(1); <<http://www.finance.alberta.ca/publications/pensions/private-sector-pensions.html>>

22] EPPA Reg, s 65(2).

23] EPPA Reg, s 66.

24] EPPA Reg, s 151.

25] EPPA Reg, s 152.

26] EPPA Reg, s 151.

27] EPPA Reg, s 152(2).

28] EPPA Reg, s 153(1)-(5).

29] <<http://www.finance.alberta.ca/publications/pensions/pdf/update-1702.pdf>>

30] EPPA Reg, s 154.

British Columbia public pension plans					
Legislation	Eligibility	Transferability/early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Public Sector Pension Plans Act. [1]</p> <p>The corresponding regulations (Public Service Pension Plan Regulation, B.C. Reg. 114/2000) were replaced with the Public Service Pension Plan Rules. [2]</p> <p>Note: The PSPPA specifically provides that the pension plans governed by the PSPPA are subject to the applicable requirements of the Pension Benefits Standards Act, SBC 2012, c 30. [3]</p>	<p>Plan Eligibility: [4] Plan membership mandatory for a “Regular employee” OR an employee who has earned up to 50% YMPE OR an employee that has been employed for two years with no absence over 52 weeks. “Regular employee” means an employee who is employed for work that is of a continuous full time or a continuous part time nature.” [5]</p> <p>Plan membership is mandatory. [6]</p>	<p>Contributory and pensionable service from other plans can be transferred between plans if a transfer agreement is in place. [7]</p> <p>If a member does not transfer to another plan, they may transfer the commuted value to another registered pension plan, a locked-in retirement account, a life income fund, or an insurance company/financial institution. Any such transfer must comply with the rules for locked-in fund transfers under the PBSA. [8]</p>	<p>Percentage of pensionable salary up to the salary cap</p> <p>Pre-April 1, 2018 Employee Contribution Rates: 6.68% up to Year’s Maximum Pensionable Earnings (YMPE) PLUS 8.18% on any amount over YMPE to the salary cap PLUS 1.25% of total salary. [9]</p> <p>Pre-April 1, 2018 Employer Contribution Rates: 6.68% up to Year’s Maximum Pensionable Earnings (YMPE) PLUS 8.18% on any amount over YMPE to the salary cap PLUS 2.75% of total salary. [10]</p> <p>Post-April 1, 2018 Employee Contribution Rates: 8.35% of total salary. [11]</p> <p>Post April 1, 2018 Employer Contribution Rates: 9.85% of total salary. [12]</p>	<p>Retirement Benefit: [13] 2% of highest salary * Years of Pensionable Service Prior to January 1, 1966 PLUS 1.35% of the lesser of (i) the member’s highest average salary, and (ii) 1/12 of the previous year’s YMPE multiplied by the number of years of pensionable service accrued on and after January 1, 1966 not exceeding 35 years, PLUS 2% of the excess of the member’s highest average salary over the amount determined under paragraph (b) (ii), multiplied by the number of years of pensionable service accrued on and after January 1, 1966 not exceeding 35 years.</p> <p>Changes to Retirement Benefits: [14] Service earned on or after April 1, 2018 will earn a retirement benefit of 1.85% of highest average salary</p> <p>Effective Oct. 1, 2019, pensionable service earned between April 1, 2006 and March 31, 2018 will receive a retirement benefit of: 1.65% of highest average salary up to YMPE + 2.0% excess of YMPE</p>	<p>Normal Retirement Age: 65 years of age [15]</p> <p>Pensionable Age: Normal retirement age minus 5 years (60 years of age) [16]</p> <p>Earliest Retirement Age: Earliest retirement age is the normal retirement age less 10 years (55 years of age). [17]</p> <p>Unreduced Pension: Pension can be taken unreduced if: (1) the member is at of early retirement age (55 years) and the sum of age and contributory service is 85 years (2) Pensionable age (60 years) with at least two years of contributory service (3) Normal retirement age [18]</p> <p>Note: After April 1, 2018, members no longer be eligible to retire at 55 years old if the sum of age and contributory service is 85 years. Instead, members will receive an unreduced pension after 35 years of contributory service. [19]</p> <p>Early Retirement (Reduced Pension): Pension is reduced if a member retires at the earliest retirement age and does not qualify for unreduced pension. [20]</p> <p>If the member is entitled to a reduced pension and is vested, pension is reduced by 3% per year of age less than either (1) pensionable age or (2) sum of age plus service that is less than 85. The reduction increases to 5% if the member is not vested. [21]</p> <p>Note: After April 1, 2018: [22] 1. Members that retire before age 60 and have more than 2 but less than 35 years of contributory service will see a 6.2% reduction for every year that they are less than age 60. [23] 2. Members that retire before age 65 and have less than 2 years contributory service will see a 6.2% reduction for every year that they are less than age 65.</p> <p>Bridge Benefit: [24] An employee that retires before 65 is also entitled to 0.65% of the lesser of (i) the member’s highest average salary, and (ii) 1/12 of the previous year’s YMPE * number of years of pensionable service on and after January 1, 1966 not exceeding 35 years. [25] This benefit ends when the member reaches 65 or dies, whichever is first.</p> <p>Note: Service accrued after April 1, 2018 will not be eligible for a bridge benefit. As of October 1, 2019, service accrued between April 1, 2006 and March 31, 2018 will receive a reduced bridge benefit from 0.65% to 0.35%. [26]</p>

British Columbia public pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/ plan surplus	Filing/administration fees
	The British Columbia Investment Management Corporation controls the investment of the plan funds. [27]	PPension is immediately vested. [28] Note: The Pension Benefits Standards Act was amended in 2015 to allow for immediate vesting. According to the 2016 Annual Report, this immediate vesting applies to the public sector pensions as well. [29]	The terms of the PBSA apply to public sector pension plans. [30] Under the PBSA, benefits are locked-in if the commuted value of the benefit is at least equal to 20% of YMPE. [31]	There is no provision for surplus in the Rules or PSPPA.	N/A The BC Pension Corporation controls the administration of the plan. [32]

1] SBC 1999, c 44 [PSPPA].

2] <<https://pspp.pensionsbc.ca/documents/824580/824676/pspp-plan-rules.pdf/2f3e7262-1f2a-4e64-88bb-cb07765f7f2d>> [PSPP Rules]; PSPP Rules, s 1(1).

3] PSPPA, s 3.

4] PSPP Rules, s 3(1).

5] PSPP Rules, s 96(1)

6] <<https://pspp.pensionsbc.ca/enrolling-in-the-pension-plan>>

7] PSPP Rules, s 29(1).

8] PSPP Rules, s 46(5).

9] PSPP Rules, s 5(1)(a)-(c); <http://www.pensionsbc.ca/portal/page/portal/pen_corp_home/pspp_home_page/pspp_publications/pspp_publications_booklets/pspp_gpm_intro/pspp_gpm_starting_out/>

10] PSPP Rules, s 6(1)(a)-(c); <http://www.pensionsbc.ca/portal/page/portal/pen_corp_home/pspp_home_page/pspp_publications/pspp_publications_booklets/pspp_gpm_intro/pspp_gpm_starting_out/>

11] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

12] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

13] PSPP Rules, s 54(1).

14] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

15] PSPP Rules, s 96(1).

16] PSPP Rules, s 96(1).

17] PSPP Rules, s 96(1).

18] PSPP Rules, s 50(1).

19] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

20] PSPP Rules, s 51.

21] PSPP Rules, s 55(1)-(2).

22] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

23] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

24] PSPP Rules, s 54(2)(a)-(b).

25] PSPP Rules, s 54(2).

26] <<https://pspp.pensionsbc.ca/web/public-service/board-communicue-march-16-2018>>

27] PSPPA, ss 2(b), 16-18;

28] <<https://www2.gov.bc.ca/gov/content/careers-myhr/all-employees/pay-benefits/benefits-eligibility/pension>>; PSPP Rules, s 42(1), 96(1) "vested"

29] British Columbia Public Service Pension Plan, Annual Report 2016, online: <<https://pspp.pensionsbc.ca/documents/824580/824655/pspp-2016-annual-report.pdf/ca6207a1-130c-449d-b428-111fe24a0fbc>> at 11.

30] PBSA, s 2. See also http://www.pensionsbc.ca/portal/page/portal/pencorpcontent/pspppage/publications/pensionfacts/pspp_pf_term.pdf at 3.

31] PBSA Reg, s 72(1); PBSA, s 68(1), 69(1); PSPP Rules, s 48(1).

32] PSPPA, ss 5-7.

British Columbia private pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Pension Benefits Standards Act [1]</p> <p>Pension Benefits Standards Regulation [2]</p>	<p>All employees must be permitted to join the pension plan if they: (1) belong to a class for which the pension plan is maintained, and (2) have two years of continuous employment; and (3) have earned 35% of YMPE in each of two consecutive calendar years. [3]</p>	<p>Employees that terminate active membership in the pension plan may withdraw their funds if they are placed in:</p> <ol style="list-style-type: none"> 1. Another plan, where the text of the plan allows the transfer; 2. A locked-in retirement account; 3. If the plan text provides, to an insurance company to purchase a deferred annuity that will not start before the member turns 50 and is in form of a pension as allowed by the Act. [4] <p>If the plan text provides, a member over 50 can transfer to an annuity in the form of a pension allowed by the act or retirement income arrangement in accordance with the prescribed conditions. [5]</p>	<p>Defined benefit plans: The plan text must set out the funding requirements of the pension plan. [6]</p> <p>The minimum contribution provided by plan contributors must be at least 1/12th of the defined benefit's normal actuarial cost on a monthly basis. [7]</p> <p>Note: If the defined benefit plan requires member contributions, member contributions cannot exceed 50% of the defined benefit. [8] Excess contributions are paid back to the member, transferred to another retirement vehicle, or used to increase pension benefits if the plan text allows. [9]</p> <p>Defined contribution plans: Defined contribution plans must be funded in accordance with the contributions required by the plan documents. [10] All members of the same class are required to make contributions pursuant to the same formula. [11]</p>	<p>Not prescribed by the legislation.</p> <p>Under the ITA, the maximum annual defined benefit for 2018 is: \$2,944.44 * years of pensionable service. [12]</p>	<p>Pension eligibility date: The pension eligibility date must be provided as either (1) a specific age or (2) a date determined with reference to a specific age at which a member can take an unreduced pension. [13]</p> <p>Early retirement: Members must be allowed to receive their pension within 10 years of the eligibility date. The pension can be reduced as long as it equals the present value of pension at the normal eligibility date. [14]</p> <p>Postponed retirement: A member who continues to work past the pension eligibility date must be able to continue to accrue pension benefits. [15] The plan may also allow the member to choose to cease accruing benefits and either begin receiving pension benefits or defer their pension. [16] The plan may also allow a member to receive a pension and continue to accrue benefits, if allowed under the ITA. [17]</p>

1] SBC 2012 c 30 [PBSA (BC)].

2] BC Reg 71/2015 [PBSA Reg (BC)].

3] PBSA (BC), s 29; British Columbia Financial Institutions Commission, Information for Plan Members (28 December 2017), online: < <http://www.fic.gov.bc.ca/pdf/Pensions/InformationForPlanMembers.pdf>> at 3 [Member Information].

4] PBSA (BC), s 85, 88(1)(a).

5] PBSA (BC), s 85, 88(1)(b).

6] PBSA (BC), s 52(1).

7] PBSA Reg (BC), s 57(2)(a).

8] PBSA (BC), s 57(2).

9] PBSA (BC), s 57(4).

10] PBSA (BC), s 53.

11] PBSA Reg (BC), s 13(2).

12] <<http://www.cra-arc.gc.ca/tx/rgstrd/papspapar-fefespfef/lmts-eng.html>>

13] PBSA (BC), s 64(1).

14] PBSA (BC), s 65(1)-(2).

15] PBSA (BC), s 66(1).

16] PBSA (BC), s 66(2)(a)-(b).

17] PBSA (BC), s 66(2)(c).

British Columbia private pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/ plan surplus	Filing/administration fees
	Investments must be made in accordance with Schedule III of the Pension Benefits Standards Act. [18]	A member's pension must immediately vest with the member if their employment terminates while they are employed in BC. This vesting occurs regardless of whether the entirety of the employment relating to the pension was earned in BC. [19]	Benefits are locked-in if the commuted value of the benefit is at least equal to 20% of YMPE. [20]	<p>Actuarial excess: Actuarial excess can only be withdrawn with consent of the Superintendent. The excess withdrawn cannot exceed 20% of the solvency excess. [21]</p> <p>Plan surplus: Plan surplus can only be withdrawn on termination if all benefits have been paid out. [22]</p>	<p>Fee must be paid on registration of the pension plan [23] and annually as an administration fee. [24]</p> <p>Based on total plan membership – active and former members. [25]</p> <p>Registration fees: [26] \$6.15/active member at time of filing \$4.50/deferred or retired member at time of filing</p> <p>Annual fees: [27] \$6.15/active member at end of fiscal year \$4.50/deferred or retired member at end of fiscal year</p> <p>Minimum & maximum fees: [28] Minimum Fee = \$200 Maximum Fee = \$75,000</p>

18] PBSA Reg (BC), s 68(2).

19] PBSA (BC), s 32.

20] PBSA Reg (BC), s 72(1); PBSA, s 68(1), 69(1).

21] PBSA Reg (BC), s 61.

22] PBSA Reg (BC), s 62(2).

23] PBSA Reg (BC), s 138(1).

24] PBSA Reg (BC), s 138(1).

25] PBSA Reg (BC), s 138(1).

26] PBSA Reg (BC), s 138(1)(a)(i)-(ii).

27] PBSA Reg (BC), s 138(1)(b)(i)-(ii).

28] PBSA Reg (BC), s 138(2).

Ontario public pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Public Service Pension Act [1]</p> <p>Note: There are no regulations under the Public Service Pension Act. Instead, the Plan Text [2] is Schedule 1 of the PSPA. Any amendments to the plan cannot conflict with the Pensions Benefits Act unless expressly authorized. [3]</p>	<p>The following are required to be members of the Plan if they are under 65:</p> <ol style="list-style-type: none"> 1. a public servant under s. 32 of the Public Service Act of Ontario, other than for a fixed term; 2. employed with an agency, board, commission, foundation, organization or public body established by an Act of Legislature and designated by order of the Lieutenant Governor in Council as required to be a member of the plan; 3. employed in the Office of the Auditor General; 4. required to be a member of the plan by an Act of Legislature; 5. employed in position designated by order of the Lieutenant Governor in Council as required to be a member of the plan; 6. required to be a member of the pension plan on or before August 19, 2007, with the exception of Deputy Ministers. [4] <p>Membership is optional for select public servants. [5]</p>	<p>A former member under age 55 may have the commuted value of the pension transferred :</p> <ol style="list-style-type: none"> 1. To another pension plan (if it is accepted by the plan); 2. To a retirement savings arrangement under the Pensions Benefits Act; 3. To the purchase of a deferred life annuity. [6] <p>Former members over age 55 are entitled to a deferred or reduced pension if they are not eligible for a regular pension. [7]</p>	<p>2018 employee contribution rates:</p> <p>6.4% of annual salary up to the YMPE</p> <p>9.5% of annual salary in excess of YMPE [8]</p> <p>Employers are required to match employee contributions. [9]</p> <p>50% rule: [10]</p> <p>If contributions by the member exceed 50% of the commuted value, the excess contributions must be refunded to the member once the member ceases membership in the plan.</p>	<p>Defined benefit plan: [11]</p> <p>under 65:</p> <p>2.0% * annual average salary * pension credit</p> <p>Over 65:</p> <p>2.0% * annual average salary * pension credit LESS 0.7%* (Lesser of Average Annual Salary and Average YMPE)* Pension Credit [12]</p> <p>This equates to retirement benefits for members 65 or older of:</p> <p>1.3% of annual average salary up to YMPE</p> <p>2.0% of annual average salary over YMPE [13]</p> <p>Note: The 0.7% reduction represents the bridge benefit provided to members that retire before 65 years old. [14]</p> <p>Average annual salary: Average annual salary of the best 60 consecutive months of pension contribution. [15]</p> <p>Pension Credit: Number of years the member contributed to the pension plan. [16]</p>	<p>Eligibility of unreduced pension: [17]</p> <p>Every member of the plan is entitled to an unreduced pension where:</p> <ol style="list-style-type: none"> 1. They are 65 years of age; 2. They are 60 years of age (or over) and have at least 20 years of pension credit; 3. The members age plus years of pension credit is greater than 90. <p>After the age of 65, a member's pension will be reduced by 0.7%* (Lesser of Average Annual Salary and Average YMPE)* Pension Credit. [18] This constitutes the bridge benefit and accounts for the ability to collect CPP at age 65. [19]</p> <p>Early retirement: Members can retire as early as 55. Members that are not eligible for an unreduced pension will have their pension reduced by 5/12 of 1% for every month that the member is less than 65 years of age when their pension starts (equal to 5% for every year that the member is less than 65 years of age). [20]</p>

Ontario public pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus	Filing/administration fees
	Investing is undertaken by the Ontario Pension Board. [21]	Vesting provisions are the same as under the Pension Benefits Act. Vesting occurs immediately. [22]	Locking-in provisions are the same as under the Pension Benefits Act, subject to limited exceptions. [23] Pension benefits are immediately locked in upon contribution by the employee. [24]	Surplus can reduce employer contributions to extent that the plan is not underfunded. [25] Surplus may be withdrawn by the employer in accordance with the Pension Benefits Standards Act. [26]	Administration is undertaken by Ontario Pension Board. [27]

1] RSO 1990, c P48 [PSPA].

2] Public Service Pension Act Schedule 1, online: < <http://www.opb.ca/portal/ShowBinary?nodePath=/OPBPublicRepository/OPB/SiteDocuments/en/PSPP> > [PSPA Plan].

3] PSPA, s 6(2).

4] PSPA Plan, s 2(1); http://www.opb.ca/portal/opb.portal?_pageLabel=Members&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Members/EnteringthePlan/en/Entering%20the%20Plan

5] PSPA Plan, s 2(2).

6] PSPA Plan, s 16(6)(a)-(c).

7] PSPA Plan, s 16(1)-(2).

8] PSPA Plan, s 6(1)(a)-(b).

9] PSPA Plan, s 7(1).

10] PSPA Plan, s 13(15).

11] PSPA Plan, s 17(1); http://www.opb.ca/portal/opb.portal?_pageLabel=Members&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Members/KnowYourPlan/en/How%20Your%20Pension%20is%20Calculated

12] PSPA Plan, s 17(3).

13] Ontario Pension Board, CPP Integration and your PSPP Pension (2018): <<http://www.opb.ca/portal/ShowBinary?nodePath=/OPBPublicRepository/OPB/Publications/Shared/Booklets/en/CPP%20Integration>> at 4 [Integration Handbook].

14] <http://www.opb.ca/portal/opb.portal?_pageLabel=Members&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Members/KnowYourPlan/en/How%20Your%20Pension%20is%20Calculated>

15] PSPA Plan, s 1. <http://www.opb.ca/portal/opb.portal?_pageLabel=Members&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Members/KnowYourPlan/en/How%20Your%20Pension%20is%20Calculated>

16] PSPA Plan, s 1.

17] PSPA Plan, s 15(1)-(3).

18] PSPA Plan, s 17(3).

19] PSPA Plan, s 16(2).

20] PSPA Plan, s 17(4); Integration Handbook at 9.

21] PSPA, s 7(1); PSPA Plan, s 29(1), 31(1); http://www.opb.ca/portal/opb.portal?_nfpb=true&_pageLabel=Investments#.

22] PBA, s 36(1), 37(1); http://www.opb.ca/portal/opb.portal?_pageLabel=WelcomePage&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Common/SpecialFeatures/en/Bill236_JUN2012notice.

23] <http://www.opb.ca/portal/opb.portal?_pageLabel=WelcomePage&_nfpb=true&path=/OPBPublicRepository/OPB/Public/Common/SpecialFeatures/en/Bill236_JUN2012notice>

24] PBA, s 63(1).

25] PSPA Plan, s 7(3).

26] PSPA Plan, s 7(4).

27] PSPA Plan, ss 29(1), 31(1)-(4), 32.

Ontario private pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
Pensions Benefits Act [1] General Regulations [2]	<p>All employees are eligible to be members of the pension plan if they are members of an established class. [3]</p> <p>Full time employees are eligible to be members of the pension plan if they have 24 months of continuous employment. [4]</p> <p>Part-time employees may be eligible to be members of the plan if they have earned at least 35% of YMPE or worked 700 hours with the employer in the past two consecutive years. [5]</p>	<p>A former member may transfer the commuted value of their pension to:</p> <ol style="list-style-type: none"> 1. Another pension plan, if that plan allows the transfer; 2. A locked-in retirement savings arrangement; or 3. To purchase a life annuity payable when the member would have been entitled to receive their pension under the plan. [6] <p>A former member that is eligible for early retirement can only transfer out of the plan if the plan text allows it. [7]</p>	<p>Plans can either be:</p> <ol style="list-style-type: none"> 1. Contributory – Requires member contributions; 2. Non-Contributory – Only requires employer contributions. [8] <p>There is no minimum contribution level required for defined benefit or defined contribution plans in the PBA. The plan must outline the contribution amount or a method calculating the contributions. [9]</p> <p>50% rule: In a defined benefit plan, no more than 50% of the commuted value of the pension can be funded by contributions from an employee. The excess can be paid in a lump sum or into a registered retirement arrangement. [10]</p>	<p>Not prescribed by the statute.</p> <p>Under the ITA, the maximum annual defined benefit for 2018 is: \$2,944.44 * years of pensionable service. [11]</p>	<p>The normal retirement age cannot be later than one year after an employee turns 65 years old. [12]</p> <p>Early retirement: A member is entitled to retire within 10 years of the normal retirement date stipulated in the pension plan. [13]</p> <p>The pension plan may include bridging benefits. [14]</p> <p>Postponed retirement: A member that continues to work past the normal retirement date without taking benefits can continue to accrue pension benefits. This is subject to stipulations in the plan outlining maximum number of years that can be used to accrue a pension benefit or a maximum benefit amount. [15]</p>

1] RSO 1990 c P8 [PBA].

2] RRO 1990, Reg 909 [PBA Reg].

3] PBA, s 31(1).

4] PBA, s 31(2).

5] PBA, s 31(3).

6] PBA at 42(1)-(1.1); <https://www.fSCO.gov.on.ca/en/pensions/pension-plan-guide/pages/LE-Events-that-May-Affect-Your-Pension.html>

7] PBA at 42(3); <https://www.fSCO.gov.on.ca/en/pensions/pension-plan-guide/pages/LE-Events-that-May-Affect-Your-Pension.html>

8] <https://www.fSCO.gov.on.ca/en/pensions/pension-plan-guide/pages/HRPPW-How-Contributions-are-Made.html>

9] PBA, s 10(1).

10] PBA, s 39(3)-(4.1); PBA Guide at 10.

11] <http://www.cra-arc.gc.ca/tx/rgstrd/papsapar-fefesfer/lmts-eng.html>

12] PBA, s 35(1).

13] PBA, s 41(1).

14] PBA, s 40(1))

15] PBA, s 35(4).

Ontario private pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus	Filing/administration fees
	The plan must be invested in accordance with Schedule III of the federal PBSA, except for securities issued by the Government of the United State of America. [16]	<p>Membership on or after July 1, 2012: Benefits are immediately vested. [17] A member that terminates employment on or after July 1, 2012 is entitled to a deferred pension.</p> <p>Membership terminated prior to July 1, 2012: Vesting is determined by the previous legislative requirements. [18]</p>	Pension benefits are immediately locked in upon contribution by the employee. No refunds can be given. [19]	<p>The PBA does not differentiate between actuarial and plan surplus.</p> <p>Every plan must set out the treatment of surplus while the plan is ongoing or being wound up. [20] If the plan is silent, it is assumed that the surplus cannot be withdrawn while the plan is ongoing. If the plan is silent, the surplus on windup must equally be distributed between employees and pensioners. [21]</p> <p>A written agreement may be entered into to allow the surplus to be paid to the employer, subject to the agreement of the employer, 2/3 of plan members, and a number of former and retired members as determined by the Superintendent. [22]</p> <p>The Superintendent must consent to the surplus being paid to the employer. [23]</p>	<p>An annual pension assessment is provided based on the number of members in the plan. Fees are charged as follows: [24] \$6.15/active member \$4.25/other member Minimum Fee = \$250 Maximum Fee = \$75,000.</p> <p>If a defined benefit plan is covered under the Pensions Benefits Guarantee Fund, they must pay an annual fee. The basic fee is \$5.00/beneficiary, plus an additional amount based on the plan's solvency shortfall. [25]</p> <p>A maximum fee of \$300.00/beneficiary can be assessed for an underfunded plan. [26] The minimum assessment is \$250. [27]</p>

16] PBA Reg, s 66(1), 79(1)-(2).

17] PBA, s 37(1); <https://www.fsco.gov.on.ca/en/pensions/pension-plan-guide/pages/HRPPW-Vesting-and-Locking-in-of-Pension-Benefits.html#vesting-pension>

18] <https://www.fsco.gov.on.ca/en/pensions/pension-plan-guide/pages/HRPPW-Vesting-and-Locking-in-of-Pension-Benefits.html#vesting-pension>

19] PBA, s 63(1).

20] PBA, s 10(1)

21] PBA, s 77.11(1)-(3).

22] PBA, s 77.11(7).

23] PBA, s 78(1).

24] <https://www.fsco.gov.on.ca/en/pensions/assessment/Pages/penassesscalc.aspx>

25] https://www.fsco.gov.on.ca/en/pensions/administrators/Pages/filing_info.aspx#FEE; <https://www.fsco.gov.on.ca/en/pensions/pension-plan-guide/pages/HRPPW-The-Pension-Benefits-Guarantee-Fund.html#PBGF>

26] https://www.fsco.gov.on.ca/en/pensions/administrators/Pages/filing_info.aspx#FEE

27] https://www.fsco.gov.on.ca/en/pensions/administrators/Pages/filing_info.aspx#FEE

Federal public pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
Public Service Superannuation Act [1]	Individuals are eligible to contribute to the public service pension plan if they are employed in the public service, subject to limited exceptions. [2]	<p>Two or more years of service: Pension contributions are locked-in. Pension may be transferred under a pension transfer agreement. [3]</p> <p>Members with more than 2 years of pensionable service can transfer their pension funds to:</p> <ol style="list-style-type: none"> 1. Another registered pension plan; 2. A prescribed retirement savings plan; 3. A life annuity. [4] <p>Less than two years of service: Individuals are eligible for a return of contributions. [5]</p>	<p>2018 contribution rates: <i>Plan members participating prior to January 1, 2013:</i> [6] 9.83% of earnings up to YMPE 12.13% of earnings over YMPE</p> <p><i>Plan members that began participating after January 1, 2013:</i> [7] 8.77% of earnings up to YMPE 10.46% of earnings over YMPE</p> <p><i>Members with 35+ years pensionable service:</i> [8] 1% of salary</p> <p>The different rates are determined by pension eligibility. Plan members who joined prior to January 1, 2013 are eligible for unreduced pensions at age 60 and therefore pay higher rates (as opposed to age 65 for plan members that joined after January 1, 2013). [9]</p> <p>In setting contribution rates, the rates cannot result in contributions that exceed 50% of the current service cost. [10]</p>	<p>Defined benefit plan: [11]</p> <p>1.375% * average salary up to the Average Maximum Pensionable Earnings (AMPE) * Years of pensionable service (maximum 35 years) PLUS 2.0% * average salary in excess of the AMPE * years of pensionable service (maximum 35 years).</p> <p>Average salary is based on the five consecutive years of highest paid service. [12]</p>	<p>Pension eligibility: <i>Member prior to January 1 2013:</i> Eligible for unreduced pension at 60 with two years pensionable service [13] OR 55 years old with 30 years pensionable service. [14]</p> <p><i>Member post January 1, 2013:</i> Eligible for unreduced pension at 65 with two years pensionable service [15] OR 60 years old with 30 years pensionable service. [16]</p> <p>Bridge benefit: 0.625% * average salary up to the Average Maximum Pensionable Earnings * years of pensionable service (max. 35 years). [17]</p> <p>Early retirement: <i>Pre-2013 member:</i> 50 years old. [18] <i>Post-2013 member:</i> 55 years old. [19] These members are eligible for early retirement at a reduced pension rate. The reduction in the pension rate is 5%. [20]</p>

Federal public pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus	Filing/administration fees
	Investing is done by the Public Sector Pension Investment Board (PSP Investments). [21]	Vesting occurs after 2 years of pensionable service. [22]	Contributions are locked in after two years. [23]	The amount of surplus in the pension fund is used to determine the amount required to meet the plan obligations. [24] If there is a non-permitted surplus in the fund, then contributions may cease or be reduced. [25]	N/A

1] RSC, 1985, c. P-36 [PSSA].

2] PSSA, s 5(1).

3] PSSA, s 40.2(3).

4] PSSA, s 13.01(1)-(2).

5] PSSA, s 12(1)(a)-(b), 12.1(2)(a)-(b), 12.1(4); <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/return-contributions.html>>

6] PSSA, s 5(1)-(3), Information Notice: <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/active-members/pension-eligibility-age-60-contribution-rates.html>>

7] PSSA, s 5(1)-(3), Information Notice: <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/active-members/pension-eligibility-age-65-contribution-rates.html>>

8] PSSA, s 5(1)-(3), Information Notice.

9] PSSA, s 5(1)-(3), Information Notice: <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/news-notices-pensions-benefits/pension-contribution-rates-effective-january-1-2017-three-major-public-sector-pension-plans.html>>

10] PSSA, s 5(4).

11] PSSA, s 11(1); <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/retirement-income-sources.html#formu1>>

12] PSSA, s 11(1); <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/retirement-income-sources.html#formu1>>

13] PSSA, s 13(1)(a).

14] PSSA, s 13(1)(c)(i).

15] PSSA, s 13.001(1)(a).

16] PSSA, s 13.001(1)(c)(i).

17] <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/retirement-income-sources.html#formu1>>

18] PSSA, s 13(1)(c)(D); <https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/public-service-pension-options.html#Retirement_Age>

19] PSSA, s 13.001(1)(c)(D); <https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/public-service-pension-options.html#Retirement_Age>

20] PSSA, s 13(1)(c)(D); PSSA, s 13.001(1)(c)(D).

21] Public Sector Pension Investment Board Act, SC 1999, c 34, s 4(1)(a); PSSA, ss 44.1(1), 44.2(1); <<https://www.canada.ca/en/treasury-board-secretariat/services/pension-plan/plan-information/pension-plan-funding-investments-accounting-reporting.html>>

22] PSSA, s 12-13.01.

23] PSSA, s 12-13.01.

24] PSSA, ss 44.2(4),

25] PSSA, ss 44.4(1)-(2).

Federal private pension plans					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Pension Benefits Standards Act [1]</p> <p>Pension Benefits Standards Regulations [2]</p>	<p>Full time employees are eligible to become members of the pension plan after 24 months of continuous employment. [3]</p> <p>Part-time employees are eligible to become members of the pension plan if they have 24 continuous months of employment and have earned 35% of YMPE in the previous two calendar years. [4]</p>	<p>If the member is not yet eligible for early retirement, they must be entitled to transfer their pension benefit credits to:</p> <ol style="list-style-type: none"> 1. Another pension plan, if the plan permits; 2. A prescribed retirement savings plan; 3. An immediate or deferred life annuity. [5] <p>If the member is eligible for early retirement, they must be offered a deferred or immediate pension. [6] The plan may allow them to transfer their pension credits to:</p> <ol style="list-style-type: none"> 1. Another pension plan, if the plan permits; 2. A prescribed retirement savings plan; 3. An immediate or deferred life annuity. [7] 	<p>Pension plan can be contributory or non-contributory. [8]</p> <p>The plan must be funded in according the prescribed solvency standards outlined in the regulations. [9]</p> <p>50% rule: Member contributions for a defined benefit plan cannot exceed 50% of the value of the pension benefit. Upon retirement or termination, the employer is required to increase the pension benefit by the amount of the member's contribution that exceeds 50%. [10]</p>	<p>Not prescribed by the statute.</p> <p>Under the ITA, the maximum annual defined benefit for 2017 is \$2,914.44 * years of pensionable service. [11]</p>	<p>Pensionable age: Employees are eligible to receive an immediate pension benefit upon reaching the pensionable age. [12] Employers may stipulate a minimum period of membership to receive an immediate pension benefit, not exceeding two years. [13]</p> <p>Pensionable age is the age at which (taking into account the applicable plan membership period) an employee can receive an unreduced pension benefit. [14] Pensionable age can refer to a specific age, number of years of service, or combination of age and years of service. [15]</p> <p>Early retirement: A member is entitled to receive an immediate pension benefit if they retire within 10 years of the pensionable age. [16] This pension can be reduced as long as the actual present value equals the actuarial value of the pension paid out at pensionable age. [17]</p> <p>Postponed retirement: A member that continues to work past the normal retirement date without taking benefits can continue to accrue pension benefits. This is subject to stipulations in the plan outlining maximum number of years that can be used to accrue a pension benefit or a maximum benefit amount. [18]</p>

Federal private pension plans (continued)					
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus [19]	Filing/administration fees
	Investments must be made in accordance with Schedule III. [20]	Pension benefits vest immediately upon joining the pension plan. Members are entitled to a deferred pension when they cease to be a member of the plan. [21]	Benefits are locked in after two years of continuous membership in the plan. [22]	<p>No part of the surplus may be paid to the employer unless they are entitled to it under the Plan or there is 2/3 consent from the plan members and former plan members. [23] Consent of the Superintendent is required. [24]</p> <p>Every plan must provide for the use of the surplus while the plan is ongoing and on termination. [25]</p> <p>A refund of the surplus may be made if the surplus is more than: 1. Two times the employer's contribution to the normal cost of the plan; and 2. 25% of the liabilities of the plan. [26]</p> <p>The surplus refunded cannot be greater than: 1. Two times the employer's contribution to the normal cost of the plan; and 2. 25% of the liabilities of the plan. [27]</p>	<p>The Superintendent assesses an amount to be paid by the administrator of a pension plan. [28]</p> <p>Fee must be paid on registration of the pension plan and annually as an administration fee. [29]</p> <p>Fee Schedule – October 1, 2017 to September 30, 2018: [30] < 50 Beneficiaries: \$400 minimum 50-1000 Beneficiaries: \$8.00/member Additional Beneficiaries over 1000: \$6.00/member Maximum Assessment = \$160,000.</p>

1] 1985, RSC 1985, c 32 [PBSA (Fed)].
 2] 1985, SOR/87-19 [PBSA Reg (Fed)].
 3] PBSA (Fed), s 14(1)(a).
 4] PBSA (Fed), s 15(1).
 5] PBSA (Fed), s 26(1)(a)-(c).
 6] PBSA (Fed), s 17, Members' Guide at 11.
 7] PBSA (Fed), s 26(2)(a)-(c).
 8] Members' Guide at 7.
 9] PBSA (Fed), s 9(1); PBSA Reg (Fed), ss 8-9(1)-(14).
 10] PBSA (Fed), s 21(1)-(2); Members' Guide at 8.
 11] <<http://www.cra-arc.gc.ca/tx/rgstrd/papsapar-fefespfer/lmts-eng.html>>
 12] PBSA (Fed), s 16(1).
 13] PBSA (Fed), s 16(3).
 14] PBSA (Fed), s 2(1).
 15] Office of the Superintendent of Financial Institutions, Pension Members' Guide 2016 (2016): <<http://www.osfi-bsif.gc.ca/Eng/Docs/ppm-rrm.pdf>> at 15 [Members' Guide]
 16] PBSA (Fed), s 16(2).
 17] PBSA (Fed), s 16(4).
 18] PBSA (Fed), s 16(5).

19] Office of the Superintendent of Financial Institutions, Instruction Guide: Refund of Surplus under the Pension Benefits Standards Act, 1985 (September 2011): <<http://www.osfi-bsif.gc.ca/Eng/Docs/refundguid01.pdf>> at 3-4.
 20] PBSA Reg (Fed), s 6(1)(a).
 21] PBSA (Fed), s 17; Members' Guide at 9.
 22] PBSA (Fed), s 18(1)(c); Members' Guide at 9.
 23] PBSA (Fed), s 9.2(1)-(2).
 24] PBSA (Fed), s 9.2(1)(c).
 25] PBSA (Fed), s 10(6).
 26] PBSA Reg (Fed), s 16(2)(a)(i)-(ii).
 27] PBSA Reg (Fed), s 16(4)(a)-(b).
 28] Office of the Superintendent of Financial Institutions Act, RSC 1985, c 18 (3rd Supp), Part I, s 23(1.1), (5)-(6).
 29] Assessment of Pension Plan Regulations, SOR/2011-317, s 2(2)(a)-(b).
 30] Pension Plan Assessment Rate Schedule: <http://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/pa-crr/Pages/fee_schedule_pensions.aspx>

Federal jurisdiction

Registered Retirement Savings Plan (RRSP)					
Legislation	Eligibility	Transferability/early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
Income Tax Act Income Tax Regulations	Individuals can contribute to an RRSP until December 31st of the year that they turn 71 years of age. [1]	<p>Withdrawals: Withdrawals from the RRSP are allowed at any time. However, the withdrawal is immediately taxed and any amount withdrawn must be included in taxable income. [2]</p> <p>Transferability: RRSPs may be transferred to a registered pension plan, a registered retirement savings plan, or registered retirement income fund. [3]</p>	<p>Lesser of 18% of earned income in the previous year and the annual RRSP limit. Unused contributions can be carried forward. [4]</p> <p>2018 annual RRSP limit: \$26,230. [5]</p> <p>Note: Any pension contributions made into a private or public pension plan reduces the room available in the RRSP contribution. This is known as a “pension adjustment”. [6]</p>	The benefit received from an RRSP depends on the investment plan and financial institution chosen.	RRSPs must be withdrawn, transferred to a RRIF, or used to purchase an annuity prior to the holder reaching 71. [7]
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus [19]	Filing/administration fees
	Investments must be made in qualified investments. [8]	Contributions are available for retirement or withdrawal as soon as they are made.	It is possible for an RRSP to be locked-in if the funds transferred in originate from a registered pension plan. If a RRSP is locked-in, the funds cannot be withdrawn. [9]	Contributions in excess of \$2,000 over the contribution limits are subject to a penalty of 1% per month. [10]	Varies by financial institution.

1] <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rrsp-reer/cntrbtng/cntrbtng-eng.html#whcncntrbte>>

2] ITA, s. 146(8); <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/withdrawing-your-rrsps.html>>; <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/tax-rates-on-withdrawals.html>>

3] ITA, s. 146(16)(a).

4] ITA, s. 146(1), “RRSP deduction limit”; “unused RRSP deduction room”; <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/contributions-affect-your-rrsp-prpp-deduction-limit.html#hwddctnlt>>

5] <<http://www.cra-arc.gc.ca/tx/rgstrd/papsapar-fefespfer/lmts-eng.html>>

6] ITA, s. 146(1), “RRSP deduction limit”; <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/contributions-affect-your-rrsp-prpp-deduction-limit.html#hwddctnlt>>

7] <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rrsp-reer/trnng69/yrwn-eng.html>>

8] ITA, s. 146(1), “qualified investment”

9] Canada Revenue Agency, RRSPs and Other Registered Plans for Retirement, online: <<https://www.canada.ca/content/dam/cra-arc/formspubs/pub/t4040/t4040-17e.pdf>> at 29.

10] <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/what-happens-you-over-your-rrsp-prpp-deduction-limit.html>>

Federal jurisdiction					
Tax-Free Savings Account (TFSA)					
Legislation	Eligibility	Transferability/early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Income Tax Act [1]</p> <p>Income Tax Regulations [2]</p>	<p>An individual 18 years or older with a valid SIN can open a TFSA. [3]</p> <p>Individuals can contribute the full contribution limit in the year that they turn 18. [4]</p>	<p>Withdrawal: Contributions to a TFSA can be withdrawn at any time. Any unused contribution room carries forward into future years. [5]</p> <p>If TFSA funds are withdrawn, they cannot be re-contributed until the next year (unless there is additional contribution room available). If there is not additional contribution room, the re-contributed funds are penalized for over-contribution. [6]</p> <p>Transferability: TFSAs can be directly transferred between financial institutions and between TFSAs. This avoids issues of over-contribution due to withdrawal and re-contribution at a different institution. [7]</p> <p>Transfers can be made from an RRSP to a TFSA. The transfer is considered a contribution to the TFSA. [8]</p>	<p>TFSA dollar limits: 2009-2012: \$5,000 2013-2014: \$5,500 2015: \$10,000 2016-2017: \$5,500 [9]</p> <p>The contribution limit per year includes that year's contribution room PLUS any unused room from previous years. [10]</p> <p>Any contributions over the contribution limit are subject to a 1% penalty per month. [11]</p>	<p>Dependent on the investment of the TFSA funds and financial institution.</p> <p>Any income earned on the TFSA funds is tax-free upon withdrawal. [12]</p>	<p>N/A</p> <p>The TFSA does not need to be used in retirement and there is no penalty for withdrawing funds at any time.</p> <p>The TFSA does not need to be collapsed at a set age.</p>
	Investing plan assets	Vesting	Locked-in	Actuarial excess/plan surplus	Filing/administration fees
	<p>Investments must be made in qualified investments. [13] TFSAs can be invested in:</p> <ol style="list-style-type: none"> 1. cash; 2. mutual funds; 3. securities listed on a designated stock exchange; 4. guaranteed investment certificates (GICs); 5. bonds; and 6. certain shares of small business corporations. [14] 	<p>N/A – TFSA funds can be withdrawn at any time and used for any purpose.</p>	<p>N/A – TFSA funds can be withdrawn at any time.</p>	<p>Any contributions over the contribution limit are subject to a 1% penalty per month. [15]</p>	<p>Varies by financial institution.</p>

1) RSC 1985, c 1 (5th Supp) [ITA].

2) CRC, c 945.

3) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/lgbl-eng.html>>

4) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/lgbl-eng.html>>

5) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/wthdrwls-eng.html>>

6) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/wthdrwls-eng.html>>

7) <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/transfers/transfers-between-your-tfsas.html>>

8) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/nvstmnts-eng.html>>

9) Income Tax Act, s. 207.01(1), "TFSA dollar limit"; <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions.html>>

10) ITA, s. 207.01(1) "unused TFSA contribution room"; <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/definitions-tfsa.html#nsdtfscntrbrtnm>>

11) ITA, s. 207.02

12) <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account.html>>

13) ITA, s. 207.01(1) "qualified investments"; <<https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-3-property-investments-savings-plans/series-3-property-investments-savings-plan-folio-10-registered-plans-individuals/income-tax-folio-s3-f10-c1-qualified-investments-rrsps-resps-rrifs-rdps-tfsas.html>>

14) <<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/nvstmnts-eng.html>>

15) ITA, s. 207.02

<i>Federal jurisdiction</i>					
Canada Pension Plan (CPP)					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Legislation: Canada Pension Plan [1]</p> <p>Regulation: Canada Pension Plan Regulation [2]</p>	<p>The contributory period for CPP begins at age 18 and ends at the earliest of when the individual (1) reaches 70 years old; (2) dies; or (3) commences receiving CPP. [3]</p>	<p>There is no ability to transfer or withdraw CPP contributions prior to pension being paid out.</p> <p>If an excess amount has been paid into CPP by an employee or employer, the excess amount can be refunded. [4]</p>	<p>4.95% each for employer and employee and 9.9% for self-employed persons. [5]</p> <p>Employee contribution calculated as (Qualifying Earnings – Basic Exemption) * 4.95%. [6]</p> <p>Employers must match the employee's contribution. [7]</p> <p>Basic exemption amount: \$3,500 [8]</p> <p>Maximum earnings for CPP (2018): \$55,900. [9]</p> <p>Maximum employee and employer contribution (2018): \$2593.80. [10]</p> <p>Maximum self-employed contribution (2018): \$5,187.60. [11]</p>	<p>Maximum monthly CPP benefit (2018): \$1,134.17. [12]</p>	<p>Pension is adjusted upwards or downwards if CPP is not taken at 65, to a maximum time interval of five years. [13]</p> <p>An individual is eligible to receive CPP at the age of 60 years, [14] however an individual does not receive a full CPP benefit until 65 years. [15]</p> <p>CPP adjustments: [16] <i>Reduced CPP:</i> 60 years CPP benefit is reduced by 0.6% each month prior to an individual reaching age 65, totaling 7.2% per year. [17]</p> <p><i>Increased CPP: 65-70 years</i> CPP benefit is increased by 0.7% each month prior to an individual reaching age 70, totaling 8.4% per year. [18]</p>
	Investing plan assets	Vesting	Locked-in	Actuarial excess/ plan surplus	Filing/adminis- tration fees
	<p>Plan assets are invested in the Canadian Pension Plan Investment Board under the Canadian Pension Plan Investment Board Act. [19]</p>	<p>CPP is payable to any individual that made at least one valid contribution to CPP. [20]</p>	<p>All funds are locked-in and cannot be transferred or withdrawn.</p>	<p>Any amount in the CPP that exceed the plan's immediate obligations must be transferred to the Canadian Pension Plan Investment Board. [21]</p>	<p>N/A</p>

1] RSC, 1985, c. C-8 [CPP].

2] CRC, c 385 [CPP Reg].

3] CPP, s 49(a)-(d); <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/contributions.html>>

4] CPP, s 38(1)-(3.1).

5] CPP, Schedule 1, s 11.1(2); <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

6] CPP Reg, s 5(2).

7] CPP Reg, s 7.

8] CPP, s 20(2); <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

9] <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

10] <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

11] <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

<<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html>>

12] <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>>

13] CPP, s 46(7).

14] CPP, s 44(1)(a).

15] <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>>

16] CPP, s 46(3),(3.1).

17] <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>>

18] <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>>

19] SC 1997, c 40.

20] CPP, s 44(1); <<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/eligibility.html>>

21] CPP, s 108.1(1).

Capital Accumulation Plans (CAP)					
Legislation	Eligibility	Transferability/ early withdrawal	Contribution rates	Retirement benefit	Early/late retirement provisions
<p>Guideline No. 3, Guidelines for Capital Accumulation Plans [1]</p> <p>Note: The CAP Guidelines are put out by CAPSA. While the CAP Guidelines are not binding legislation, they supplement any applicable legislative requirements. [2]</p> <p>Registered pension plans with CAP components are expected to comply with the CAP Guidelines. [3]</p>	<p>A CAP is a tax assisted investment or savings plan that allows members to have a choice between two or more investment options. [4] A CAP may take the form of defined contribution registered pension plans, group registered retirement savings plans or registered education savings plans, or deferred profit sharing plans. [5]</p> <p>CAP members are any individual with assets in the CAP. [6] CAP sponsors are the entities that establish the CAP. [7]</p>	<p>The CAP sponsor should allow for reasonable transferability between investment options. The number of transfers can be restricted, but transfers should be allowed on a quarterly basis. [8]</p> <p>Information should be provided to members about their transfer options. [9]</p>	<p>Not specified in the guidelines.</p> <p>Contribution rate rules would be the same as under the applicable pension legislation.</p>	<p>Not specified in the guidelines.</p> <p>Retirement benefits would be the same as under the applicable pension legislation and dependent upon the investment option chosen by the CAP member.</p>	<p>Not specified in the guidelines.</p> <p>Early/late retirement rules would be the same as under the applicable pension legislation.</p>
	Investing plan assets	Vesting	Locked-in	Actuarial excess/ plan surplus	Filing/ adminis- tration fees
<p>Members of the Canadian Association of Pension Supervisory Authorities (CAPSA) include: Alberta, British Columbia, Manitoba, Nova Scotia, New Brunswick, Newfoundland and Labrador, Ontario, Quebec, Saskatchewan, and the Federal Government (Canadian Association of Pension Supervisory Authorities, CAPSA Members: < https://www.capsa-acor.org/CAPSAMembers>).</p>	<p>CAP sponsors should select investment options for the CAP and must comply with all applicable legislative requirements when providing investment options to members. [10] This may include pension benefits standards legislation, conventional public mutual fund investment rules, or individual variable insurance contract investment rules. [11]</p> <p>There should be a policy in place outlining the procedure if there is a failure to make investment choices. [12]</p> <p>The CAP sponsor should provide CAP members with information and decision-making tools to assist with investment decisions. [13]</p> <p>The CAP Sponsor may arrange with or refer CAP members to a service provider to provide investment advice to CAP members. [14]</p>	<p>Not specified in the guidelines.</p> <p>Vesting rules would be the same as under the applicable pension legislation.</p>	<p>Not specified in the guidelines.</p> <p>Locking-in rules would be the same as under the applicable pension legislation.</p>	<p>Not specified in the guidelines.</p> <p>Surplus rules would be the same as under the applicable pension legislation.</p>	<p>Information about fees, expenses, and penalties that are related to the CAP and incurred by CAP members must be provided to CAP members. [15]</p>

1] CAPSA, Guideline No 3, Guidelines for Capital Accumulation Plans: <<https://www.capsa-acor.org/Documents/View/18>>
2] CAP Guidelines, s 1.2.1.

3] CAP Guidelines at 1.
4] CAP Guidelines, s 1.1.1.
5] CAP Guidelines, s 1.1.1.
6] CAP Guidelines, s 1.1.4.
7] CAP Guidelines, s 1.1.2.

8] CAP Guidelines, s 2.2.3.
9] CAP Guidelines, s 4.3.
10] CAP Guidelines, s 2.2.1, 2.2.2.
11] CAP Guidelines, s 2.2.2.

12] CAP Guidelines, s 2.2.4.
13] CAP Guidelines, s 3.2, 3.3, 4.2.
14] CAP Guidelines, s 3.4.
15] CAP Guidelines, s 4.4.

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Acknowledgments

The authors thank the anonymous reviewers of early drafts of this paper. Any errors and omissions are the sole responsibility of the authors. As the researchers worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.

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ISBN

978-0-88975-496-6

Date of issue

June 2018

Citation

Yahya, Moin A., and Ashton Menuz (2018). *Understanding the Regulatory Framework Governing Private and Public Pensions*. Fraser Institute. <<http://www.fraserinstitute.org>>.

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