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| SECTION: | Plan Types - Miscellaneous |
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| TITLE: | Pension Plans are Not Flexible Benefit Plans |
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This policy replaces P100-201 (Pension Plans are Not Flexible Benefit Plans) as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at www.fSCO.gov.on.ca. All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

Pension Plans are Not Flexible Benefit Plans

Some employers have considered amending pension plans to permit employer contributions to be redirected to the funding of other benefit programs. For example: a pension plan, which provides for a basic pension benefit, might permit members to have the option of contributing to the plan fund any amount that falls within a specified range or percentage of compensation. The employer would make an additional contribution with respect to the member contribution.

The employer's cost savings would be achieved by permitting each member, who chooses the option to contribute to the pension plan, the opportunity to elect to redirect the additional required employer contributions to provide coverage under any of the other benefit programs funded by the employer.

In such a case, an amendment to permit employer funding to be redirected to benefit programs outside of the pension plan would **not** be acceptable for registration under the PBA.

A pension plan is either contributory or non-contributory. In either case, the contributions (employee and/or employer) required to fund the benefits accruing in accordance with the terms of the plan must be remitted to the plan fund. Where a non-contributory plan also contains a provision which permits the members the option of contributing to the pension plan, those contributions will be additional voluntary contributions (AVCs) unless the terms of the plan also require an additional concurrent employer contribution to the pension plan with respect to the additional member contribution.

A pension plan or an amendment to a pension plan which permits the redirection of required additional employer contributions to fund a benefit package other than the pension plan is not acceptable for registration under the PBA.

Similarly, a contributory pension plan which also permits members the option of contributing additional amounts to the pension plan must clearly indicate whether those contributions are AVCs or whether a concurrent additional employer contribution is required to be made to the plan fund.