

International Pension & Employee Benefits Lawyers Association – International Actuarial Association

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Outline

- ▶ What is CAPSA?
- ▶ Key Legislation
- ▶ Supervision and Roles
- ▶ CAPSA Priorities
- ▶ Canadian Pension Landscape



What is the Canadian Association of Pension Supervisory Authorities (CAPSA)?

CAPSA is Canada's inter-jurisdictional association of pension regulators. CAPSA's mission is to facilitate an efficient and effective pension regulatory system in Canada and develop practical solutions to further the coordination and harmonization of pension regulation across Canada.



Key Legislation

- ▶ Provincial Pension Legislation or Federal Pension Benefits Standards Act
 - Minimum Standards
- ▶ Income Tax Act (Canada)
 - Maximum Standards
- ▶ Family Law / Marital Property Act
 - Family Asset Issues



Pension Supervision in Canada

- ▶ **Legislative authority for the supervision of pension plans in Canada is divided between the provincial and federal governments**
- ▶ **CAPSA promotes harmonization and coordination of regulatory approaches among the 10 supervisory bodies**
 - CAPSA's Agreement Respecting Multi-Jurisdictional Pension Plans (MJPPA) establishes a primary supervisor (or "major authority") based on the jurisdiction with a plurality of membership)
 - CAPSA's Guideline on Prudent Investment Practices (2011) provides guidance to plan administrators on how to demonstrate the application of prudence to the investment of pension plan assets
- ▶ **Private pension plans and funds are subject to the same legislation and regulations in the jurisdictions they operate, regardless of size**



Comparison of Roles

Provincial Pension Legislation

Protect the rights of members

Set out *minimum standards* for:

- ▶ Eligibility
- ▶ Vesting
- ▶ Transfer Values
- ▶ Required Contributions

Set rules for:

- ▶ Locking-in Benefits
- ▶ Surplus Distribution

Income Tax Act

▶ **To limit tax deductibility**

▶ **Set out maximum limits for:**

- ▶ Benefit Accrual
- ▶ Early Retirement Subsidy
- ▶ Post-retirement Indexation
- ▶ Tax-sheltered Transfers



Who Has Jurisdiction?

▶ **Federal PBSA applies to:**

- Banks, communications and transportation companies
- N.W. Territories, Yukon and Nunavut
- Most First Nations' pension plans

▶ **Otherwise, provincial standards legislation applies**

- Law is administered, according to reciprocal agreements, by jurisdiction where the plurality of the members are employed
- Reciprocal agreements are currently in a state of renewal



CAPSA's Current Priorities

- ▶ **Enhance engagement** with policy makers and stakeholders and support inter-jurisdictional coordination and harmonization
- ▶ **Support the adoption and continued implementation** of the Agreement Respecting Multi-Jurisdictional Pension Plans
- ▶ **Promote consistency** in the regulatory response/frameworks to funding issues and issues arising from new types of pension plans and innovations



CAPSA Considerations For Future Priorities

1. Multi-lateral Agreement
2. Funding/Valuation Issues
3. Guidance on Decumulation
4. Guidance on Plan Administration
5. Emerging Issues

Canadian Pension Landscape

Geography = Canada

Type of plan	2012	2013	2014
Total plans	2,734,816	2,999,268	3,279,579
Social security	212,977	248,437	292,149
Canada Pension Plan (CPP)	174,368	203,202	240,949
Quebec Pension Plan (QPP)	38,609	45,235	51,200
Employer-based pension plans	1,590,928	1,720,077	1,873,333
Trusteed pension plans	1,276,223	1,390,442	1,530,287
Trusteed pension plans, public sector	751,939	849,674	953,086
Trusteed pension plans, private sector	351,129	393,473	430,776
Government consolidated revenue arrangements	228,002	232,180	235,586
Other employer-based pension plans	86,703	97,455	107,460
Individual registered saving plans (RSP)	930,911	1,030,754	1,114,097

Pension satellite account, pension assets at market value, by type of plan annual (dollars x 1,000,000)

StatsCan Table 378-0117

