

“iv. interest, compounded annually, computed at the rate established each year in accordance with section 2 of the Regulation respecting interest applicable under the general retirement plan for the mayors and councillors of municipalities, made by Order in Council (*insert the number and date of the Order in Council*), that applies to the amounts referred to in subparagraphs *i*, *ii* and *iii* as of the midpoint of the year in which the amounts have been paid to the Commission administrative des régimes de retraite et d’assurances until the date of computing the pension.”

2. This Regulation comes into force on the first day of the month following the date of its publication in the *Gazette officielle du Québec*.

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## Draft Regulation

Supplemental Pension Plans Act  
(R.S.Q., c. R-15.1)

### Certain categories of pension plans and certain pension plans — Exemption from the application of provisions of the Act — Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Regulation respecting the exemption of certain categories of pension plans from the application of the Supplemental Pension Plans Act and the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act, the text of which appears below, may be made by the government upon the expiry of 45 days following this publication.

The draft Regulation amends, on the one hand, the Regulation respecting the exemption of certain categories of pension plans from the application of the Supplemental Pension Plans Act in order to implement the taxation agreement made with the municipalities of Québec, which will take effect on 1 January 2007. The proposed measures are intended to exempt municipality pension plans from certain solvency rules and to define new, more restrictive funding rules. Furthermore, these measures will also apply to university pension plans.

The draft Regulation amends, on the other hand, the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act in order to make the same

measures applicable to the Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec.

Further information may be obtained from Mr. Mario Marchand, Régie des rentes du Québec, Place-de-la-Cité, 2600, boulevard Laurier, Sainte-Foy (Québec) G1V 4T3; tel. : 418 657-8732 ext. 3927; fax: 659-8935; e-mail : mario.marchand@rrq.gouv.qc.ca

Any person having comments to make on this matter is asked to send them in writing, before the expiry of the period mentioned above, to Mr. Guy Morneau, President and General Manager of the Régie des rentes du Québec, Place-de-la-Cité, 2600, boulevard Laurier, 5th Floor, Sainte-Foy (Québec) G1V 4T3. Comments will be forwarded by the Régie to the Minister of Employment and Social Solidarity, who is responsible for the application of the Supplemental Pension Plans Act.

MICHELLE COURCHESNE,  
*Minister of Employment and Social Solidarity*

## Regulation to amend the Regulation respecting the exemption of certain categories of pension plans from the application of the Supplemental Pension Plans Act\* and Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act\*\*

Supplemental Pension Plans Act  
(R.S.Q., c. R-15.1, s. 2, 2nd par.)

1. The Regulation respecting the exemption of certain categories of pension plans from the application of the Supplemental Pension Plans Act is amended by adding, after section 47, the following division:

\* The last amendments to the Regulation respecting the exemption of certain categories of pension plans from the application of provisions of the Supplemental Pension Plans Act, made by Order in Council 1160-90, dated 8 August 1990 (*G.O.* 1990, 2, 2333), were made by the regulation made by Order in Council 436-2004, dated 6 May 2004 (*G.O.* 2004, 2, 1615). For the preceding amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2006, updated to 1 April 2006.

\*\* The Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act, made by Order in Council 436-2004, dated 28 April 2004 (2004, *G.O.* 2, 1543), was amended by the regulation made by Order in Council 987-2005, dated 19 October 2005 (*G.O.* 2005, 2, 4752).

**“DIVISION IX  
FUNDING AND SOLVENCY OF CERTAIN  
PENSION PLANS**

**48.** This division applies to pension plans to which chapter X of the Act applies and of which the employer is a municipality, a body referred to in section 18 of the Act respecting the Pension Plan of Elected Municipal Officers (R.S.Q., c. R-9.3) or a university-level educational establishment referred to in paragraphs 1 to 11 of section 1 of the Act respecting educational institutions at the university level (R.S.Q., c. E-14.1).

In the case of a multi-employer pension plan, even not considered as such in application of section 11 of the Act, this section applies only insofar as, on 1 January 2007 or on the effective date of the plan, if after 1 January 2007, and at the end of each plan fiscal year thereafter, at least 90% of the plan’s active members are employees of the employers referred to in the first paragraph.

**49.** The plans referred to in this division are exempted from the application the provisions of sections 130, 137 and 140 of the Act provided the conditions set out in this division are met. Furthermore, the terms and conditions provided for in sections 55 and 56 are substituted, with respect to those plans, for the terms and conditions set out in sections 146.1 to 146.3 of the Act.

**50.** For the determination of the funding of a pension plan from the first complete actuarial valuation whose date is after 30 December 2006, the assets shall be determined according to their liquidation value, or an estimate thereof.

**51.** Where the value of the additional commitments resulting from an amendment is determined by a complete actuarial valuation of the plan, the improvement unfunded actuarial liability arising from the amendment shall be equal to the higher of the following amounts :

(1) the amount determined in accordance with paragraph 2 of section 126 of the Act, which shall apply by replacing the words “date on which it becomes effective” by the words “date of the actuarial valuation”;

(2) the amount corresponding to the lesser of the following values, determined on the basis of solvency :

(a) the value of the additional commitments resulting from the amendment ;

(b) the value that corresponds to the amount by which the plan’s liabilities exceed its assets, the latter being increased by the value, determined at the date of the

actuarial valuation by using an interest rate identical to that used to determine the plan’s liabilities for the purpose of determining solvency, of the amounts remaining to be paid in order to amortize any initial unfunded actuarial liability and the amounts to be used to amortize, during the 5 years following that date, any other unfunded actuarial liability.

The value referred to in subparagraph *a* of paragraph 2 of the first paragraph shall be calculated by making the assumption that the effective date of the amendment is the date of the actuarial valuation. The last paragraph of section 138 of the Act shall apply to the calculation of the value referred to in subparagraph *b* of the same paragraph even if the effective date of the amendment is not prior to the date referred to in paragraph 3 of section 118 of the Act.

**52.** The actuarial valuation required pursuant to paragraph 2 of section 118 of the Act may be partial and thus be limited to the determination of the value of the additional commitments resulting from the amendment to the pension plan or be limited, on the basis of funding, to the change in the current service contribution that results from the amendment. The said value or change shall be determined, on the basis of funding, by using the same assumptions and methods as those used for the previous actuarial valuation, unless such assumptions are not appropriate in the light of the nature of the amendment made to the plan.

However, where the amendment to the plan has the effect of increasing the pensions whose payment has already begun and where the additional commitments resulting therefrom are, at the date of the preparation of the report on the actuarial valuation, guaranteed by an insurer, such commitments may be valued by assuming that they correspond to the premium paid to the insurer, discounted to the valuation date according to the pension fund’s rate of return.

Where the amendment has the effect of increasing the commitments arising from the plan, the value of the additional commitments resulting therefrom shall be equal to the greater of the following values :

(1) the value of the additional commitments resulting from the amendment, determined on the basis of funding ;

(2) the value of such commitments, determined on the basis of solvency.

An improvement unfunded actuarial liability, equal to the value of such additional commitments, shall be determined unless the actuary certifies that in his opinion

the plan would have been found to be fully funded and solvent if a complete actuarial valuation had been carried out at the effective date of the amendment.

Unless the actuary certifies that in his opinion the plan's degree of solvency is equal to or greater than 100%, he shall estimate such degree at that date and include it in his report. Moreover, the degree of solvency thus estimated shall apply, as of the date of the transmission to the Régie of the report, to such valuation, for the purposes of paying, pursuant to section 142 of the Act, the benefits of the members and beneficiaries,

**53.** The last paragraph of section 129 of the Act notwithstanding, the maximum amortization period for any improvement unfunded actuarial liability shall be 5 years from the date of determination of the liability.

**54.** Where the actuarial valuation determining the value of the additional commitments resulting from an amendment to the pension plan shows that the degree of solvency is less than 90%, there shall be paid a special contribution, payable in full on the day following the valuation date, whose amount is equal to the lesser of the following amounts:

(1) the amount corresponding to the value, on the basis of solvency, of the additional commitments resulting from the amendment;

(2) the amount corresponding to the assets that would be required for the plan's degree of solvency to be 90%.

The special contribution shall be used to reduce the amortization amounts related to the improvement unfunded actuarial liability determined by the actuarial valuation. If such contribution is not sufficient to eliminate the liability, the reduction shall be applied pro rata to each of the amortization amounts to be paid.

**55.** The assets of the pension plan may not be appropriated for payment of employer contributions unless the most recent actuarial valuation shows that there exist surplus assets on the basis both of funding and of solvency.

The maximum amount of assets that may be appropriated for payment of employer contributions shall be determined at the time of the most recent actuarial valuation of the plan. It shall be equal:

(1) if it is a complete actuarial valuation, to the lesser of the plan's surplus assets as determined on the basis of funding and on the basis of solvency;

(2) if it is a partial actuarial valuation, to the amount shown on a certificate of the actuary attesting that, were a complete actuarial valuation to be carried out at the valuation date, it would allow the determination, in accordance with paragraph 1 of a maximum amount at least equal to the amount shown.

**56.** The appropriation of pension plan assets for payment of employer contributions shall cease:

(1) at the date of any actuarial valuation that shows that there are no more surplus assets on the basis either of funding or of solvency;

(2) at the date of the end of the fiscal year that follows the date of an actuarial valuation that satisfied the first paragraph of section 55 where no actuarial valuation was made at that fiscal year ending date.

**57.** A report referred to in section 119 of the Act shall, unless it is a report on a partial actuarial valuation, contain the information and declarations mentioned in the first paragraph of section 4 of the Regulation respecting supplemental pension plans, except those referred to in paragraph 8 of the said paragraph, by substituting the following information for that required, respectively, by paragraphs 6, 13, 15 and 17 of that paragraph:

(1) the employer contribution provided for in the plan, where such contribution is greater than the contribution provided for in sections 39 of the Act and 54 of this Regulation;

(2) where the plan's degree of solvency is less than 100%, the value, determined at the date of the actuarial valuation by using an interest rate identical to that used to determine the plan's liabilities in order to determine solvency, of the amounts remaining to be paid in order to amortize any initial unfunded actuarial liability and of the amounts provided for the amortization, in the 5 years after that date, of any other unfunded actuarial liability;

(3) a description of the amendments made in application of sections 133 and 134 of the Act to the amounts and amortization periods indicated in the most recent report on the valuation of the entire plan and in any subsequent report prepared in application of section 52;

(4) the maximum amount referred to in section 55.

A report to which the first paragraph applies shall furthermore, where it determines the value of the additional commitments resulting from the amendment of the plan, contain the information provided for in the first and second paragraphs of section 58.

**58.** A report covering only a partial actuarial valuation referred to in section 52 shall contain the information provided for in section 5 of the Regulation respecting supplemental pension plans, by substituting the following information for that required, respectively, by paragraphs 7 to 10 of that section :

(1) the employer contribution provided for in the plan, where such contribution is greater than the contribution provided for in sections 39 of the Act and 54 of this Regulation ;

(2) a certificate that the value of the additional commitments and the change in the current service contribution referred to in paragraphs 4 and 6 were determined by using the same actuarial assumptions and methods as those used for the most recent actuarial valuation of the plan or, where the first or second of paragraph of section 52 so authorizes, the description of the changes made to such assumptions and methods.

(3) the certificate required, if any, pursuant to section 52 and the assumptions used for the purpose of estimating the degree of solvency referred to in the fifth paragraph of that section ;

(4) the maximum amount referred to in section 55.

The report shall also contain the following information :

(1) an attestation that the amendment to the plan was made after 30 December 2006 or before 31 December 2006 ;

(2) the basis used to determine the value of the additional commitments resulting from the amendment ;

(3) the amount, if any, of the special contribution determined in application of section 54.

Where the valuation is also intended to show that there exist surplus assets that may be appropriated for payment of employer contributions, the report shall also contain the information provided for in paragraphs 3, 4 and 5 of section 59.

**59.** A report related to a partial actuarial valuation referred to in section 55 shall contain the following information :

(1) the name of the plan and the number assigned to it by the Régie ;

(2) the valuation date ;

(3) the maximum amount of surplus assets that may be appropriated for payment of employer contributions until the date of the end of the fiscal year that follows the date of the actuarial valuation ;

(4) the certificate required pursuant to the second paragraph of section 55 ;

(5) la certification that, on the basis of funding, the value of the commitments was determined using the same actuarial assumptions and methods as those used for the most recent actuarial valuation of the plan ;

(6) the name of the signatory, his professional title, the name and address of his office and the date of his signature.

**60.** Every report on an actuarial valuation shall, In the case of a multi-employer pension plan, even not considered as such in application of section 11 of the Act, indicate whether at least 90% of the plan's active members are employees of employers referred to in the first paragraph of section 48.

**61.** Every certificate required for the purpose of an actuarial valuation referred to in this division shall be made on the basis of the probable financial situation of the plan at the valuation date, taking into account, notably, the real rate of return of the pension fund, the changes in interest rates on the basis of solvency and the contributions that have actually been paid since the last complete actuarial valuation of the plan.

**62.** The payment of amortization amounts determined in application of section 140 of the Act and payable after 31 December 2006 is no longer required. The plans referred to in this division are deemed to satisfy the second paragraph of section 121 of the Act until the date of the first complete actuarial valuation whose date is after 30 December 2006.

**63.** At the time of the first complete actuarial valuation whose date is after 30 December 2006, the sum determined in application of paragraph 4 of the second paragraph of section 137 of the Act pursuant to a prior actuarial valuation and the amortization amounts related to such sum shall be eliminated. Such elimination is carried out prior to the application of sections 133, 134 and 306.1.1 of the Act.

**64.** Sections 51 to 54 shall apply to amendments made after 30 December 2006, without regard to the effective date such amendments as well as to amendments whose effective date is after 30 December 2006.”.

2. Section 1 of the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act is amended by adding, after paragraph 1, the following paragraph:

“(1.1) The provisions mentioned in division IX of the Regulation respecting the exemption of certain categories of pension plans from the application of the Supplemental Pension Plans Act, made by Order in Council 1160-90, dated 8 August 1990, in accordance with the terms and conditions provided for in that division;”.

3. This Regulation comes into force on 1 January 2007.

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## Draft Regulation

Supplemental Pension Plans Act  
(R.S.Q., c. R-15.1)

### Certain pension plans

#### — Exemption from the application of provisions of the Act

#### — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Regulation respecting the exemption of certain pension plans from the application of the Supplemental Pension Plans Act, the text of which appears below, may be made by the government upon the expiry of 45 days following this publication.

The purpose of the draft Regulation is to amend the Regulation respecting the exemption of certain pension plans from the application of the Supplemental Pension Plans Act so as to allow plans referred to in section 14.1 of the Regulation to be amended in order to increase the benefits of members or beneficiaries, provided such amendments are entirely funded by paying into the pension fund a lump sum amount equal to the cost of such increase.

Further information may be obtained from Mr. Mario Marchand, at the Régie des rentes du Québec, Place-de-la-Cité, 2600, boulevard Laurier, Québec (Québec) G1V 4T3; tel.: 418 657-8732 ext. 3927; fax: 659-8985; e-mail: mario.marchand@rrq.gouv.qc.ca

Any person having comments to make on this matter is asked to send them in writing, before the expiry of the period mentioned above, to Mr. Pierre Prémont, Presi-

dent and General Manager of the Régie des rentes du Québec, Place-de-la-Cité, 2600, boulevard Laurier, 5th Floor, Sainte-Foy (Québec) G1V 4T3. Comments will be forwarded by the Régie to the Minister of Employment and Social Solidarity, who is responsible for the application of the Supplemental Pension Plans Act.

MICHELLE COURCHESNE,  
*Minister of Employment and Social Solidarity*

## Regulation to amend the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act\*

Supplemental Pension Plans Act  
(R.S.Q., c. R-15.1, s. 2, 2nd par.)

1. Section 14.7 of the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act is replaced with the following section:

“14.7. Unless made compulsory by law, no amendment having the effect of increasing the benefits of members or beneficiaries may be made to a pension plan so long as any amount determined in accordance with paragraph 1 of the first paragraph of section 14.6 with respect to such plan has not been fully amortized, unless a sum equal to the greater of the following values is paid into the pension fund:

(1) the value of the additional commitments resulting from the amendment, determined on the basis of funding;

(2) the value of such commitments, determined on the basis of solvency.

The sum shall be paid immediately upon transmission of the report on the actuarial valuation required under paragraph 2 of section 118 of the Supplemental Pension Plans Act to the Régie des rentes du Québec. To such sum shall be added accrued interest, if any, from the date of the valuation, calculated at the rate referred to in section 48 of the Act.

\* The Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act, made by Order in Council 415-2004, dated 28 April 2004 (*G.O.* 2004, 2, 1543), was amended by the regulation made by Order in Council 987-2005, dated 19 October 2005 (*G.O.* 2005, 2, 4752).