Regulations and other Acts

Gouvernement du Québec

O.C. 1309-2013, 11 December 2013

Supplemental Pension Plans Act
(chapter R-15.1)

Papiers White Birch
—Certain pension plans
—Amendment

CONCERNING the Regulation to amend the Regulation concerning certain Papiers White Birch pension plans

WHEREAS, under the second paragraph of section 2 of the Supplemental Pension Plans Act (chapter R-15.1), the Government may, by regulation and on the conditions it determines, exempt any pension plan it designates from the application of all or part of the Act, particularly by reason of the special characteristics of the plan or by reason of the complexity of the Act in relation to the number of members in the plan and prescribe special rules applicable to the plan;

WHEREAS, in accordance with the third paragraph of that section, such a regulation may, if it so provides, have retroactive effect from a date that is prior to the date of its coming into force but not prior to 31 December of the penultimate year preceding the year in which it was published in the *Gazette officielle du Québec* in accordance with section 8 of the Regulations Act (chapter R-18.1);

WHEREAS, in accordance with sections 10, 11 and 12 of the Regulations Act, a draft Regulation to amend the Regulation concerning certain Papiers White Birch pension plans was published, with a written notice that it could be made by the Government on the expiry of 5 days following its publication in Part 2 of the *Gazette officielle du Québec* on 29 November 2013;

WHEREAS, in accordance with section 18 of that Act, a regulation may come into force on the date of its publication in the *Gazette officielle du Québec* where the authority that has made the regulation is of the opinion that the urgency of the situation requires it;

WHEREAS the government is of the opinion that the coming into force of the regulation on the date of its publication is justified by the urgency of the following circumstances:

—the proposed amendments will allow the pension plans to be registered with the Régie des rentes du Québec and allow the employer to pay the amounts agreed upon in the agreements signed with the unions;

—each additional day of delay has an immediate financial impact on the retirees awaiting the effects of the increases in their pensions provided for in the agreements.

WHEREAS it is expedient to make the un-amended Regulation;

IT IS ORDERED, therefore, on the recommendation of the Minister of Employment and Social Solidarity:

THAT the Regulation to amend the Regulation concerning certain Papiers White Birch pension plans, attached hereto, be made.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation to amend the Regulation concerning certain Papiers White Birch pension plans

Supplemental Pension Plans Act
(chapter R-15.1, s. 2, 2nd and 3rd pars.)

1. The Regulation concerning certain Papiers White Birch pension plans (chapter R-15.1, r.6.1.1) is amended by inserting, after section 3, the following division:

DIVISION I.1
EMPLOYER CONTRIBUTION TO
A PAST COMPONENT

3.1. Notwithstanding section 39 of the Act, the employer contribution that an employer must pay into the account of a past component of a pension plan referred to in Appendix A for a fiscal year ending no later than 31 December 2022 corresponds to the total of the amortization payment relating to the discounted projected actuarial deficiency and the special amortization payments payable during the fiscal year.

§1. Amortization payment relating to the discounted projected actuarial deficiency

3.2. The amortization payment relating to the actuarial deficiency of a past component of a pension plan is determined based on the discounted projected actuarial deficiency of the component.

3.3. Notwithstanding section 142 of the Act, for the purpose of the actuarial valuation as at 13 September 2012 and subsequent valuations for the 2013 to 2017 fiscal years, the amortization period for the discounted projected actuarial deficiency of a past component of a pension plan begins on the date of the actuarial valuation on which it is determined and ends on the fiscal year end date of the tenth year following that valuation.

In the case of actuarial valuations for subsequent fiscal years, the amortization period ends on 31 December 2027.

3.4. The projected actuarial deficiency and the amortization payment relating to the discounted projected actuarial deficiency are determined according to whether the target degrees of solvency prescribed below are achieved on the following dates:

(1) 85% as at 31 December 2022 for the actuarial valuation as at 13 September 2012;

(2) 88% as at 31 December 2023 for the actuarial valuation for the 2013 fiscal year;

(3) 91% as at 31 December 2024 for the actuarial valuation for the 2014 fiscal year;

(4) 94% as at 31 December 2025 for the actuarial valuation for the 2015 fiscal year;

(5) 97% as at 31 December 2026 for the actuarial valuation for the 2016 fiscal year;

(6) 100% as at 31 December 2027 for the subsequent actuarial valuations.

3.5. The discounted projected actuarial deficiency corresponds to the value of the projected actuarial deficiency at the end date of the projection, discounted at a rate of 5.5% on the date of the actuarial valuation.

3.6. At the date of an actuarial valuation of a past component of a pension plan, the projected liabilities as at the end date of the projection are obtained by assuming that, between the date of the valuation and the end date, with regard to solvency liabilities for the affected component as at the date of the valuation, contingencies based on actuarial assumptions as to survival, morbidity, mortality, employee turnover, eligibility for benefits or other factors will occur and by assuming that termination of the plan will occur at the end date of the projection. The actuarial assumptions and methods used shall be consistent with generally accepted actuarial principles and must be suited, in particular, to the type of plan concerned, its obligations and the position of the account of the affected component of the pension plan.

Moreover, the projected liabilities at the end date of the projection are determined using the assumptions for hypothetical wind-up and solvency valuations established by the Canadian Institute of Actuaries, with regard to the benefits of the members and beneficiaries whose pension would be in payment on that date. For the benefits of the other members and beneficiaries, they are determined in accordance with the assumptions and rules referred to in section 67.4 of the Regulation respecting supplemental pension plans (R-15.1, r. 6). The applicable rules are those that apply on the date of the actuarial valuation.

3.7. At the date of the actuarial valuation of a past component of a pension plan, the projected assets as at the date of the end of the projection include the special amortization payments provided for in subdivision 2 to be paid into the plan until that date.

Furthermore, the projected assets of the past component at the date of the end of the projection are obtained on the basis of the market value of the assets of that component at the date of the valuation by assuming that no contributions are made between the date of the valuation and the end date, with the exception of the contribution provided for in section 3.9, and by assuming an annual interest rate of 5.5%. That value is adjusted to take into consideration the benefits and other amounts to be paid during that period, assuming the contingencies in the first paragraph of section 3.6 will occur.

3.8. The monthly amortization payments relating to the discounted projected actuarial deficiency of the past component are determined assuming a 5.5% interest rate.

§2. Special amortization payment

3.9. Notwithstanding section 132 of the Act, where, further to an amendment, other than an amendment referred to in section 4, made after 13 September 2012, but before 31 December 2022 with regard to the component in question, an actuarial valuation determines the value of additional obligations of that component, a special amortization payment is determined.

The payment corresponds to the higher of the value of the additional obligations determined on a solvency basis or their value determined on a funding basis.

The special amortization payment shall be made as soon as the report on the first actuarial valuation to take the amendment into consideration is sent to the Régie. To such payment 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.

For the purposes of the Act, the special amortization payment is considered the special amortization payment provided for in section 132 of the Act.

§3. Period of application of the measures

3.10. The provisions of this Division cease to apply on 31 December 2022. However, they cease to apply, where applicable, on the first of the following dates prior to 31 December 2022:

(1) the date of the first actuarial valuation showing that the past component of the plan is solvent;

(2) the date fixed in a writing giving instructions to that effect for all pension plans referred to in Appendix A, and sent to the pension committee and the Régie des rentes du Québec by the group of employers party to the plans.".

2. The Regulation is amended by inserting, after section 8, the following:

"**8.1.** With respect to the actuarial deficiencies of the past component determined at the date of the valuation, the report must, where it pertains to a valuation carried out prior to 31 December 2022, contain the following information:

(1) the amount of the funding deficiency;

(2) the amount of the discounted projected actuarial deficiency, the calculations pertaining to its determination and the monthly payments related to amortization payments to be made until the end date of the projection.

8.2. The actuarial valuation report for a past component whose date corresponds to the one determined in accordance with section 3.10 shall mention that the special funding rules for the past component provided for in this Regulation cease to apply to the pension plan as of that date.".

3. The Regulation is amended by inserting, after section 13, the following:

"**13.1.** This Regulation is exempt from the application of section 42.1 of the Act.

13.2. Notwithstanding section 130 of the Act, no improvement unfunded actuarial liability is determined for an amendment to the past component of a pension plan made prior to the date determined in accordance with section 3.10 for that plan.

13.3. This Regulation is not a regulation referred to in the third paragraph of section 230.0.0.9 of the Act.

13.4. With the exception of the first fiscal year, which extends from 13 September 2012 to 31 December 2013, the fiscal year of a pension plan referred to in this Regulation corresponds to the calendar year.".

4. This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*. However, it has effect from 13 September 2012.

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