

Draft Regulation

Supplemental Pension Plans Act
(chapter R-15.1)

Funding of multi-jurisdictional defined benefit pension plans — Provisions regarding the elimination of upcoming solvency amortization payments — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation to amend the Regulation respecting the funding of multi-jurisdictional defined benefit pension plans, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The purpose of the draft Regulation is to end the funding on a solvency basis of defined benefit pension plans that are registered with Retraite Québec and that are governed both by the Supplemental Pension Plans Act (chapter R-15.1) and by an act of a legislative authority other than the Parliament of Québec.

This draft Regulation is further to the coming into effect on 1 July 2020 of the 2020 Agreement Respecting Multi-Jurisdictional Pension Plans, of which the Gouvernement du Québec is a signatory. Given that the Agreement provides that benefits funded on a solvency basis or a going concern basis are considered to be of the same level of priority used for the allocation of assets where there is a division or the termination of a plan, the specific rules for funding on a solvency basis provided for under the Regulation respecting the funding of multi-jurisdictional defined benefit pension plans are no longer required in the future.

As such, this draft Regulation provides for the elimination, as of the date on which the Regulation takes effect, of solvency amortization payments. It provides for the removal of the requirement to revise or replace an actuarial valuation report sent to Retraite Québec at that date. Pursuant to the Regulations Act, this draft Regulation provides that the Regulation come into force on the last day of the month of its publication in the *Gazette officielle du Québec* or, if that date is less than fifteen days after the publication date, the last day of the following month.

This draft Regulation has no detrimental impact on businesses. It makes it possible for some businesses that could have been required to make solvency amortization payments in 2020 to reduce their expenses as soon as the Regulation has taken effect. In addition, given the losses on the stock markets since the beginning of the COVID-19 pandemic, the return to funding the plans in question on a

going concern basis will make their funding less volatile to market fluctuations. The funding of such plans will be similar to that of defined benefit pension plans that only have members and beneficiaries in Québec, thus allowing for businesses to stabilize their expenses.

Further information on the draft Regulation may be obtained by contacting Mr. Michel Drolet, Retraite Québec, Place de la Cité, 2600, boulevard Laurier, 5^e étage, Québec (Québec) G1V 4T3 (Telephone: 418 657-8714, extension 3392; Fax: 418 643-7421; email: michel.drolet@retraitequebec.gouv.qc.ca).

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to Mr. Michel Després, President and Chief Executive Officer, Retraite Québec, Place de la Cité, 2600, boulevard Laurier, 5^e étage, Québec (Québec) G1V 4T3. Comments will be forwarded by Retraite Québec to the Minister of Finance, who is responsible for the application of the Supplemental Pension Plans Act.

ERIC GIRARD,
Minister of Finance

Regulation to amend the Regulation respecting the funding of multi-jurisdictional defined benefit pension plans

Supplemental Pension Plans Act
(chapter R-15.1, s. 2, 2nd par.)

1. The Regulation respecting the funding of multi-jurisdictional defined benefit pension plans (chapter R-15.1, r. 1.2) is amended by inserting, after section 22, the following section:

“SECTION VII CEASING THE APPLICATION OF PROVISIONS RELATED TO SOLVENCY AMORTIZATION PAYMENTS

23. Eliminated are any solvency amortization payments to be made as of (*insert the date this Regulation comes into force*) to amortize any solvency deficiency determined in the most recent actuarial valuation required under the Act or under a regulation made pursuant to the second paragraph of section 2 of the Act before (*insert the date this Regulation comes into force*).

24. For the purpose of funding a pension plan, taking into account that the application of provisions related to solvency amortization payments has been ceased, as provided for under section 23, it is no longer required to revise

or replace an actuarial valuation report that is referred to that section and that was sent to Retraite Québec at (*insert the date this Regulation comes into force*).”

2. This Regulation comes into force on the last day of the month of its publication in the *Gazette officielle du Québec* or, if that date is less than fifteen days after the publication date, the last day of the following month.

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