

# Memorandum



To: Our Pension Clients  
From: Consulting Department  
Date: April 1, 2015

## **Re: Statement of Investment Policies and Procedures, Environmental, Social and Governance Factors & Alberta Amendments**

### Introduction

---

The purpose of this memo is to update our pension clients on the changes underway with respect to the Statement of Investment Policies and Procedures (“SIP&P”) and the related focus on Environmental, Social and Governance (“ESG”) factors, as well as the recent changes in Alberta that may affect plans across Canada.

### Statement of Investment Policies and Procedures

---

#### **New Filing Requirement**

As you are probably aware, all jurisdictions in Canada require that a SIP&P be established (and reviewed periodically) for all registered pension plans.

Effective January 1, 2016, all pension plans registered in Ontario will be required to file their SIP&P with the Financial Services Commission of Ontario (“FSCO”). This includes both defined benefit and defined contribution pension plans. The initial filing is due within 60 days of the beginning of the year and any subsequent amendments to the SIP&P must also be filed with 60 days of the amendment’s effective date.

We expect to work with all of our Ontario clients to meet this filing deadline.

#### **Environmental, Social and Governance Factors**

The new legislation also added a requirement to include whether ESG factors are incorporated into the SIP&P and, if so, how the ESG factors are addressed in the plan’s investment strategy.

On a related note, effective July 1, 2016, the annual statements provided to active members (and soon retired and other members) must also include information about whether ESG factors are incorporated in the plan’s SIP&P, and how members may view or obtain a copy of the SIP&P.

For further details on these new ESG requirements, please refer to the following [publication by Randy Bauslaugh of McCarthy Tétrault](#).

## Alberta Pension Reform

---

In July 2014, the Alberta government passed regulations supporting the new Employment Pension Plans Act that was enacted in December 2012. The rules came into force on September 1, 2014 but pension plans have been given until June 30, 2015 to amend their plan documents to comply with the new rules. FSCO has also confirmed that they expect Ontario registered pension plans with Alberta members to file any plan amendments by June 30, 2015.

The key changes affecting Ontario registered plans with Alberta members are with respect to immediate vesting, increasing the “small amount” rule thresholds, pre-retirement death benefits and the disclosure of information to plan members on annual and termination statements. For Alberta registered plans, the changes are more substantial and unique in that they are now allowing solvency reserve accounts (basically a side account for solvency special payments that should allow for easier withdrawals of surplus if the plan becomes overfunded), requiring funding and governance policies, and permitting target benefit plans.

## Next Steps

---

Over the coming weeks, we will be individually contacting each of our pension clients with plans registered in Ontario to review the new rules surrounding SIP&Ps and to develop a strategy for compliance with the new ESG rules and filing requirements; as well as to make sure that you are satisfied that your written policy accurately reflects your current practices and the requirements of legislation.

We will also be individually contacting our pension clients with plan members in Alberta to discuss the need to amend their plan documents to comply with the new legislation.

As a reminder, Actuarial Solutions Inc. cannot provide investment or legal advice and we therefore recommend that you review this memorandum with your other advisors as appropriate.

\* \* \* \* \*

In the meantime, please feel free to contact your consultant (Jason, Dean, Carly or Joe) if you would like to discuss any of the above.

making it simple®

