

Newsletter Express

Supplemental Pension Plans

24 January 2008

Details on the equity principle

Following passage of the *Act to amend the Supplemental Pension Plans Act, particularly with respect to the funding and administration of pension plans* (Bill 30), on 13 December 2006, some aspects of the equity principle have raised numerous questions. A clarification is therefore in order.

Where an amendment would appropriate surplus assets to improve benefits under a pension plan, the equity principle, which will come into force on 1 January 2010, requires that the amendment be equitable both for the group of active members and the group comprised of non-active members (including the retirees) and plan beneficiaries.

However, what constitutes equity must be determined according to a plan's particular context. That is why plan members and beneficiaries must first of all be invited to express their opinion in response to a notice from the pension committee informing them of a proposed amendment.

If 30% or more of one of the two groups (either the group of active members or the group of non-active members and beneficiaries) are opposed to the amendment, there is a presumption that the equity principle has not been respected. In that case, if there is still a desire to fund plan improvements with surplus assets, it is far better to seek a mutual arrangement rather than amend the plan in spite of the expressed opposition.

Establishing a dialogue with the various parties, so as to well understand the expectations of each of them and to reach an acceptable compromise, is surely the most prudent approach and the approach that should be favoured for meeting the new legal requirement. Consensus is indeed the way that makes it possible to respect both the letter and the spirit of the law and that gives each party the firm belief that it has received its fair share.

Changes to the Annual Information Return form

The information that must be submitted annually to the Régie is no longer provided for in the regulations. It is now found only in the Régie's Annual Information Return form.

Since it is no longer necessary to amend the regulations, the on-going updating of the form will be more rapid. This means that the Régie will be able to obtain precise and complete information on topical questions of interest to it by requesting additional information for one or several years. For example, in the next Annual Information Return form, the Régie will ask for information on the pension committee's internal by-laws.

As always, the [Annual Information Return form](#), including the additional information is available on the Régie's Web site.

Information tour

In the spring of 2007, the Régie invited pension committee members to meetings aimed at informing them about the new legal requirements for plan administration, supporting them in the preparation of committee by-laws and helping them define and meet their training needs.

In all, 22 meetings were held in June and September 2007, in several places: Val-d'Or, Saint-Jérôme, Laval, Montréal, Longueuil, Trois-Rivières, Sherbrooke, Thetford Mines, Québec, Chicoutimi, Rimouski and Baie-Comeau. More than 500 people came to the meetings. The Régie is pleased with the interest pension committee members have shown in good governance of their pension plans.

The [document](#) that was handed out at the meetings is available on our Web site.

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This document is available on our Web site.

(Version originale française disponible sur notre site Web.)

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