

Supplemental Pension Plans

Newsletter express

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Rules to strengthen the administration of pension plans and better prepare pension committee members to perform their duties



Following more than a year of consultations, I am pleased to inform pension committee members that the *Act to amend the Supplemental Pension Plans Act, particularly with respect to the funding and administration of pension plans* (Bill 30) has been adopted. The *Act* provides for a series of innovative measures that will strengthen the funding of defined benefit plans in order to protect the benefits of plan members and beneficiaries. These measures will also improve the operation and governance practices of pension committees. Additional rules are also provided that specify the extent to which pension committee members and their associates can be held liable.

As a pension committee member, these new measures concern you directly since they will lead to important changes in pension committee practices.

One important way to ensure the sustainability of pension plans is of course to strengthen their administration. One major improvement is the requirement that pension committees adopt **internal by-laws** that establish rules governing procedures for committee meetings, the frequency of meetings, internal controls and training for pension committee members. The requirement to establish internal by-laws, which will come into force on 13 December 2007, is based on best business practices.

As the minister responsible for the application of the *Supplemental Pension Plans Act*, I attach great importance to the professional development of pension committee members. In a field as specialized as pension plans, training of pension committee members has become indispensable.

For this reason, the *Act* requires that pension committees establish formal rules regarding professional development and that they factor in training-related expenses as part of their administration costs. In this way, all committee members will have to acquire the basic skills needed to perform their duties with rigour and openness.

In order to assist pension committees in elaborating internal by-laws, representatives of the Régie des rentes du Québec will tour the main regions of Québec in 2007. With this tour, the Régie aims to inform committee officers of the *Act's* requirements with respect to the administration of plans. It also aims, in particular, to let them know what steps need to be taken in order to train their members.

I am convinced that the *Act's* new provisions will contribute greatly to improving the administration of pension plans and will renew the confidence of plan members and beneficiaries in their plans. I wish to encourage pension committee members to begin right away discussions on their pension committee's governance rules.

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