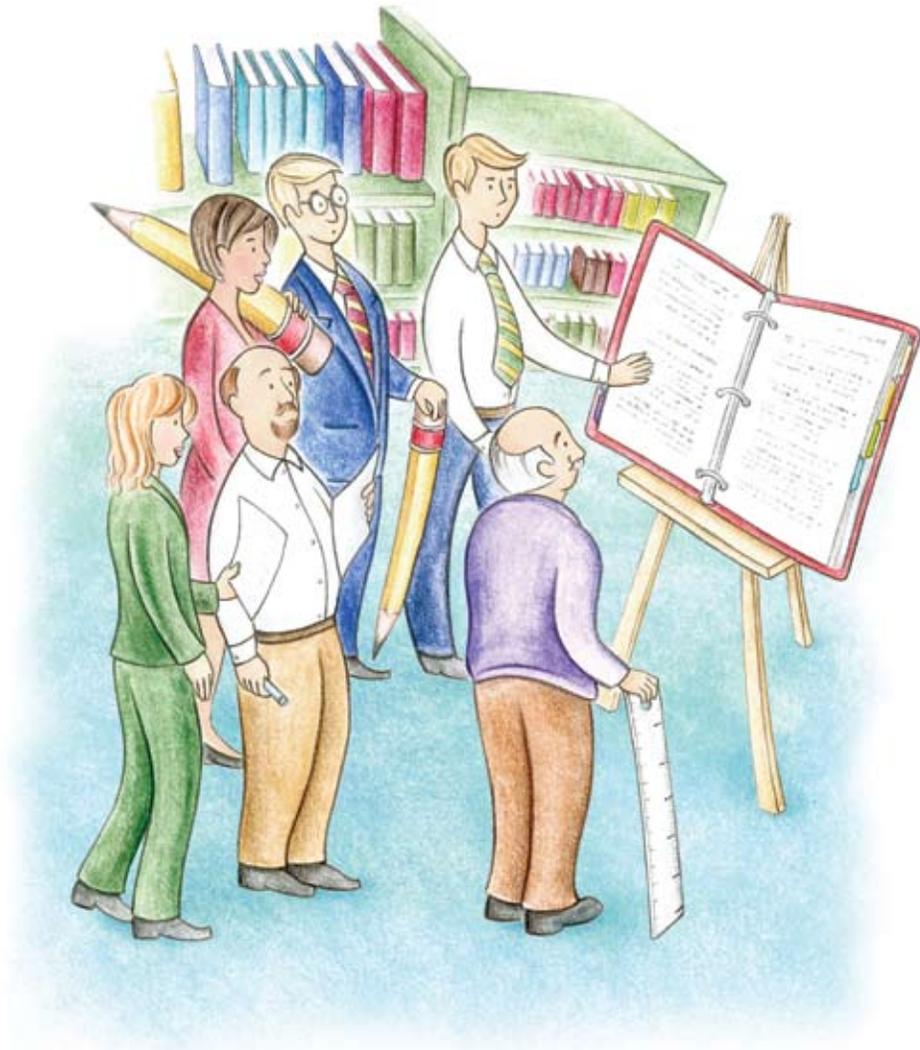


Supplemental Pension Plans

How a Pension Committee *Operates*



Acknowledgements

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This publication does not have force of law. In cases of conflicting interpretation, the *Supplemental Pension Plans Act* and its regulations prevail over the contents of this publication.

This document is also available for downloading on the Web site of the Régie des rentes du Québec (www.rrq.gouv.qc.ca).

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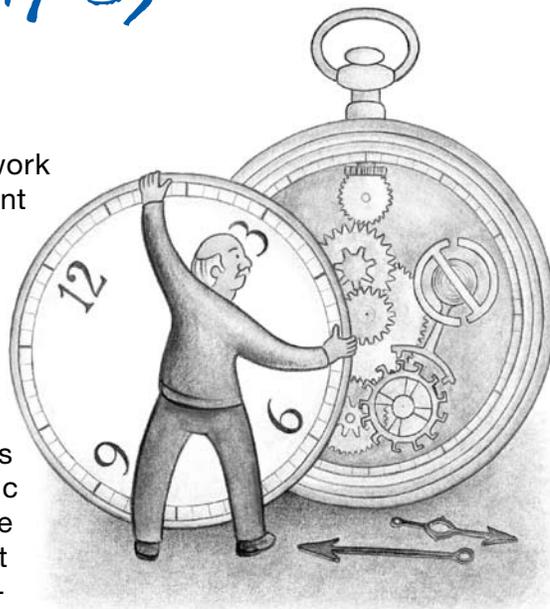
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How a Pension Committee *Operates*

The members of a pension committee work together to ensure the financial management and daily administration of a supplemental pension plan. Like all groups that make collective decisions, operating rules are necessary for the affairs of a pension committee to run smoothly.

Instalment 2, on the role and responsibilities of pension committees, covered the basic principles that committee members must be acquainted with to carry out their duties. It showed that the foundation of plan administration is the committee's use of common sense in carrying out its duties and in adopting operating and governance rules so that the committee can carry out its duties properly.



Instalment 3 covers the principal elements of pension committee operations that each member must know about to actively participate in the administration of a pension plan.

The first part of this instalment covers the makeup of a pension committee and the designation and replacement of its members. Mention is made of the main conditions that must be met with respect to the formation of a pension committee.

The second part looks at matters for which a committee must adopt rules in its internal by-laws to facilitate effective operations. Among the topics covered are the assignment of duties among the committee's members, the designation of committee officers, the procedure for meetings, ethics rules and training for committee members.

You will see that only a few basic rules are required to guide committee members in carrying out their duties. The rules are not complicated but must be adapted to the characteristics of the pension plan under administration. They are an essential tool for facilitating sound pension plan administration.

Each member of the pension committee must be familiar with the committee's operating rules in order to properly participate in the administration of a pension plan.

1. Pension committee makeup

To be empowered to act, a pension committee must be formed in the manner provided for in the pension plan text. Moreover, its makeup must be in conformity with the minimum requirements of the *Supplemental Pension Plans Act*.

The plan text must be consulted to find the provisions for the pension committee's composition. Those provisions cannot be part of the committee's internal by-laws.

The plan text must also provide for the conditions for designating as a committee member a plan member or beneficiary where one of the groups at the annual meeting fails to designate a committee member.

1.1 Number of members on a pension committee

The maximum number of members on a pension committee is fixed in the plan text. The *Act* provides for the minimum number of members that may form the committee. Generally, the number of members on a committee is related to the size and characteristics of the pension plan. The average is 7 members but some committees have over 15 members.



1.2 Requirements of the Act

Pension committees must have at least three voting members:

- A **member designated** at the annual meeting by the group of active plan members. The person designated does not have to be a plan member or beneficiary. If the group does not designate a committee member, an active or non-active plan member must be designated under the conditions provided for in the plan text.
- A **member designated** at the annual meeting by the group of non-active members (including retirees) and beneficiaries. The person designated does not have to be a plan member or beneficiary. If the group does not designate a member, an active or non-active plan member or a beneficiary must be designated under the conditions provided for in the plan text. In plans with no one in that group, an active plan member will have to be designated in accordance with the applicable plan rules.
- An **independent member** (outside party) must be designated as provided for in the plan text. That member may not be a representative of the employer, a representative of a union that is a signatory to the pension plan or a plan member or beneficiary. Moreover, an independent member may not be the child or spouse of a pension committee member or any person to whom it is prohibited by law to grant a loan made from the assets of the pension plan.

Important

*Frequently, pension committees include plan members or beneficiaries designated in accordance with the plan text **in addition** to members designated at the annual meeting, who may also be plan members or beneficiaries.*

The *Act* provides that a maximum of **two additional, non-voting, members** may join the other members of the committee. These two members have the same rights as the other members, except the right to vote.

The group of active plan members and the group of non-active plan members and beneficiaries can each name an additional pension committee member at the annual meeting. That member can be a person who is neither a plan member nor a plan beneficiary. Where one of these groups does not designate an additional member, the other group cannot designate two members. Furthermore, no non-voting additional member can be designated by the pension plan. Some plans have no additional members, some have one and some have two.

The designation of an additional member makes it possible for the pension committee to prepare someone for a regular seat on the committee at a future date. An additional member is not responsible for any of the decisions made by the pension committee but can become familiar with the operations of the pension plan and its administration so as to be well qualified and perhaps one day be designated to be a voting member of the committee.

Some plans prepare future pension committee candidates by providing that non-members can attend pension committee meetings as observers. Moreover, the pension committee can invite non-members (such as specialists in the pension field, for example) to attend its meetings.

In plans with less than 26 members and beneficiaries, if a pension committee is formed, it must be made up of at least 2 members and one of them must be an independent member (outside party). The other may be a plan member or beneficiary designated in accordance with the plan text or a person designated at the annual meeting by the majority of plan members and beneficiaries in attendance.

1.3 Designation of committee members

The plan text sets out the conditions for designating all committee members except those designated at the annual meeting.

Members designated at the annual meeting

These members are designated in the manner proposed by the pension committee. If the committee does not make a proposal or if the proposal is not accepted, each of the groups determines its own procedures for designating its members.

The committee members designated at the annual meeting do not have to be plan members or beneficiaries. They may, for example, be union representatives or members of a retirees' association.

Important

The plan text cannot require the group of active members or the group of non-active members and beneficiaries to designate for committee membership at the annual meeting a plan member or beneficiary.

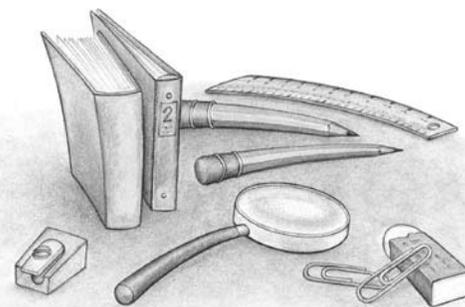
*However, if the plan grants plan members and beneficiaries the right to designate at the annual meeting a **second voting member**, it can require that such member be a plan member or beneficiary or it can set any other condition.*

Members designated according to the plan text

The plan text indicates who has the power to designate committee members (except those designated at the annual meeting). Generally, the employer or the employer and the union reserve the right to designate several of the pension committee members.

For example, a plan may require that the pension committee be made up of 9 members, as follows:

- 3 members designated by the employer;
- 3 members designated by the union;
- 1 independent member designated under an agreement between the employer and the union;
- 2 members designated at the annual meeting, or failing such designation, 1 or 2 members designated by the employer and the union.



A committee member may be designated according to various criteria: in his or her own right, by virtue of the position held in the company (for example, the director of human resources) or by virtue of his or her plan status (member, beneficiary, outside party).

The *Act* does not require any particular skills or abilities for membership on a pension committee. However, the plan text may require that committee members (except those designated at the annual meeting) have certain skills and abilities. For example, in some plans, the independent member must have training in law, actuarial science or finance.

1.4 Committee member's term

A member's term of office is limited to a maximum of 3 years. The plan text can provide for different terms depending on the position held. For example, the chair of the committee could have a 3-year term whereas a member designated at the annual meeting could have a 2-year term.

A member's term can be automatically renewed upon expiry if the plan text so provides, except for a member designated at the annual meeting. In the latter case, to serve another term, the member would have to be designated again at another annual meeting.

Important

At the annual meeting, the plan members and beneficiaries can designate a new committee member only if the term of the member previously designated has expired or if a vacancy has occurred because, for example, the member has died. Thus, where the term of office is more than one year, there will be no designation of a committee member at every annual meeting.

1.5 Replacement of members

The plan text specifies the conditions for replacing a member (except for a member designated at the annual meeting). It indicates:

- Who is empowered to designate a replacement. Generally, those who designated the outgoing member are given the power to designate his or her replacement.
- The time period for designating a replacement. If there is a delay in replacing a voting member designated under the plan text, the Act provides that the pension committee may designate the replacement.
- The term of office for a replacement member (i.e., whether a new term begins or the balance of the existing term is completed).

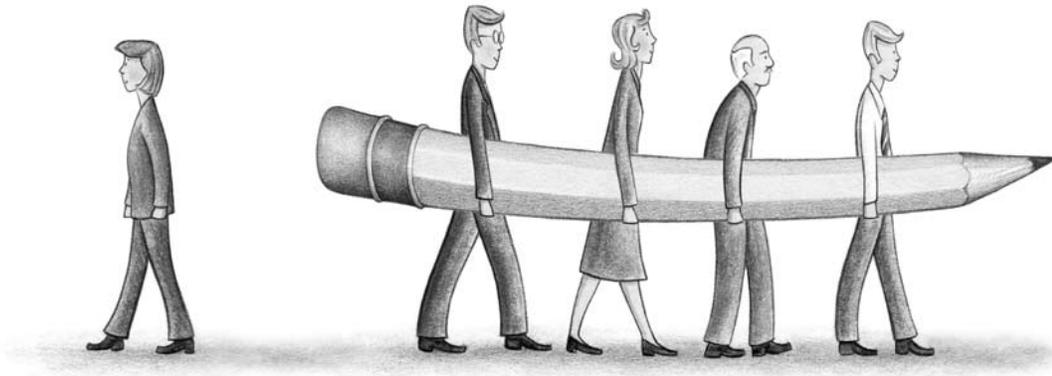
These conditions are intended to ensure that a member's absence or incapacity to act will not prevent the committee from carrying out its functions.



Important

*If a **voting** member designated at the annual meeting is prevented from acting, is regularly absent or if his or her seat becomes vacant, the committee designates a replacement who will serve until the next annual meeting. The replacement does not have to be a plan member or beneficiary. He or she can, for example, be anyone who has pension plan administration skills.*

In the following situations, a member is no longer qualified to serve his or her term of office and may have to be replaced:



Resignation

A member's term ends on the date of his or her resignation from the committee or a later date that is mentioned in the notice of resignation. The member's seat then becomes vacant.

Death

A member's term ends upon his or her death. The member's seat then becomes vacant.

Absence or permanent or temporary incapacity

There are other situations that may require a member to be replaced: absence because of illness, maternity leave, a year taken to pursue studies, etc. The plan text must indicate the situations that require a temporary or permanent replacement to be named. In the case of a voting member designated at the annual meeting, the internal by-laws must provide for such situations. For example, it could be provided that a member on maternity leave is replaced until she returns to work, if her return occurs before the next annual meeting.

Furthermore, in accordance with the *Civil Code*, a member's term ends in the event of personal bankruptcy or the institution of protective supervision (curatorship, tutorship, advisor to a person of full age).

Loss of qualification

A member designated because of his or her status or qualifications must cease to serve on the committee if he or she no longer meets an essential condition of his or her designation. The member's seat then becomes vacant. Thus, a member designated as a plan member who thereafter transfers his or her rights and benefits under the plan loses the right to act. The member's seat then becomes vacant.

Removal from office

A committee member can be removed from office for serious reasons. The person empowered to designate a member is also empowered to remove him or her from office. The member's seat then becomes vacant.

Expiry of a member's term

At the end of a member's term, he or she remains on the committee until the date on which a replacement member takes office or until his or her expired term is renewed.



Important

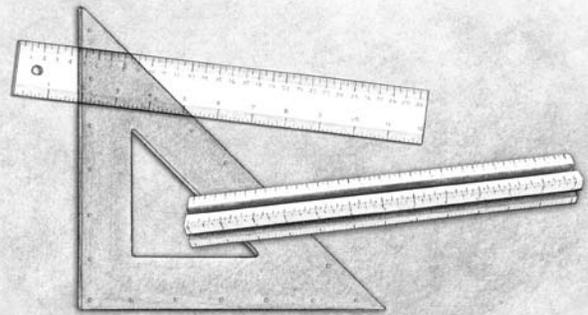
Where the provisions in the plan text for designating or replacing members are incomplete or give rise to application problems, the committee may recommend changes to the person empowered to amend the plan, generally the employer.

2. Operating rules for a pension committee

The pension committee must adopt internal by-laws to provide for its operations and governance.

For the committee's **operations**, subject to rules that may be provided for in the plan text, where they have priority, the internal by-laws must cover the following topics:

- the rules to follow for designating the chair, vice-chair and secretary;
- the respective functions and duties of those officers and of the other committee members;
- the frequency of committee meetings;
- the procedure for meetings;
- ethics rules.



For the committee's **governance**, the internal by-laws must cover the following topics:

- the measures to be taken for training committee members;
- the measures to be taken for risk management;
- internal controls;
- the account books and registers to be maintained;
- the rules to be followed for choosing, remunerating, monitoring and evaluating delegates, representatives and service contractors;
- the standards for services dispensed by the committee, including those concerning communications with the plan's members and beneficiaries.

These rules must be adapted to the characteristics and size of the committee. Each member must be provided with a copy of the internal by-laws.

2.1 Assignment of duties and tasks

Officers must be appointed to see to the coordination and proper realization of the committee's activities.

The number of officers and their duties generally depend on the size of the committee and the characteristics of the pension plan. Most committees have at least 3 officers: a chair, a vice-chair and a secretary. Usually, there is a provision that the officers be chosen by the members of the committee. If the plan text does not provide for the rules to be followed to designate the committee's officers or does not describe their functions, the internal-by laws must do so.

The internal by-laws must also provide for the rules to be followed to designate the other committee officers (if any) and describe their functions. The *Code Morin*¹ (which is similar to *Robert's Rules of Order*, the guide in English to parliamentary procedure) gives examples of the main duties that officers carry out.



Usually, the chair presides over the committee's meetings and keeps order. He or she receives motions for discussion by the committee as a whole, puts matters to a vote and declares the results of votes. He or she signs official documents and certifies the minutes of committee meetings. The vice-chair replaces the chair when the latter is absent.

The secretary prepares the agenda for each meeting and records the minutes of each meeting for approval by the members of the committee as a whole. He or she must send documents and other information useful for administering the plan to the committee members, unless the committee has entrusted that task to someone else.

1. MORIN Victor. *Code Morin : Procédure des assemblées délibérantes*, Laval : Éditions Beauchemin, 2002. Similar rules are found in *Robert's Rules of Order*, the English guide to parliamentary procedure.



2.1.1 Distribution of tasks among committee members

Plan administration involves a number of tasks. Generally, the committee assigns some of them to members, who act on behalf of the committee and who are accountable to the committee for their work. For example, a committee member may be given the responsibility of:

- signing contracts with the committee's service providers;
- approving administration expenses;
- certifying the conformity of documents and issuing true copies of them.

The internal by-laws must set out the tasks that the pension committee may entrust to its members.

2.1.2 Subcommittees

In large plans, subcommittees are frequently formed to advise the pension committee. Sub-committees are usually made up of pension committee members and experts. For example, a subcommittee on investments could be made up of committee members with knowledge about finance and an investment consultant.

Generally, subcommittees have an advisory role and no power to make decisions. Their mandate is mainly to carry out studies and make recommendations to the pension committee. The internal by-laws must describe the functions and duties of the subcommittees.

2.2 Important rules for pension committee meetings

Committee meetings provide an opportunity for each committee member to discuss the questions before the committee and to participate in decision making by voting.

2.2.1 Frequency of meetings

The frequency of meetings must be provided for in the internal by-laws, and the committee must meet often enough to allow its members to carry out their duties. Holding only one meeting, just before the annual meeting, is not enough to adequately monitor plan administration.

A committee should meet as often as needed to properly supervise the day-to-day administration of the plan and the work of people to whom the committee has confided certain functions. Some committees meet once every three months to discuss current business and hold special meetings as need be.

A committee that delegates all of its functions will usually hold less frequent meetings. However, it must hold occasional meetings to ensure that the delegatee is properly carrying out the delegated functions.

2.2.2 Meeting times and places

Committee meetings must be held in a place and at times that make it possible for all committee members to attend. The committee may hold its meetings at the committee's office or at some other place chosen by consensus of the members. Where there are great distances between the places where committee members work, the committee's meetings can be held by means of video or telephone conference.

2.2.3 Meeting calls

Committee members must be given advance notice of meetings so that they can prepare for and attend them. The formalities for calling a meeting depend generally on the size of the pension committee. They are simpler for a small committee.

The call to a meeting is accompanied with the agenda and the documents that the members should be familiar with before the meeting. Such documents must be sent far enough in advance to give the members the time to study them.

The internal by-laws must specify:

- who issues the call to the members (usually the secretary);
- the minimum number of days prior to the meeting for giving notice of the meeting and the matters to be considered;
- how the call to the meeting is sent (by mail or e-mail);
- the documents to accompany the call (including reports needed to oversee current committee business).

2.2.4 Agenda

To ensure that the various matters will be discussed at the meeting, the pension committee secretary usually prepares a written agenda. Its contents will depend on the particular situation of the plan. The agenda for a regular meeting lists matters related to current administration affairs. The agenda for a special meeting is less detailed and is limited to a particular matter.

Example

Agenda

Meeting Convened on 3 March 2008 at 6:00 p.m.
In the Office of the Pension Committee

1. Call to order by the chair
2. Recognition of a quorum
3. Reading and adoption of the agenda
4. Adoption of the minutes of the committee's last meeting
5. Current business:
 - Follow-up on pension fund yield
 - Report on the day-to-day administration of the plan
 - Follow-up on the payment of plan contributions
6. Training on the investment policy
7. Selection of an accountant to audit the pension fund's financial statements
8. Preparations for the annual meeting
9. Other matters

At each meeting, the first order of business is to check the number of voting committee members present to be sure a quorum exists. If so, the next order of business is to ask them to adopt the meeting's agenda. Those preliminary verifications must be noted in the minutes of the meeting.

2.2.5 Quorum

The quorum is the minimum number of members who must be present at meetings to carry on deliberations and to make decisions. For example, the quorum specified for a pension committee with 15 members could be 10 members, including 2 members designated by the employer and 2 members designated by the union. The presence of a quorum must be ensured from the beginning to the end of the meeting.

The quorum may be specified in the plan text. Otherwise, it should be specified in the internal by-laws.



2.2.6 How a meeting progresses

During a pension committee meeting, the items on the agenda are discussed, in order, one after the other. At the beginning of the meeting, the members should be given the opportunity to add subjects to the agenda. The pension committee must include rules in its internal by-laws to ensure that meetings are productive and harmonious and that each member can express himself or herself. These rules will be more or less elaborate, depending on the size of the pension committee. Generally, it is the committee chair who applies these rules. Here are some examples:

- Members are allotted a specified period of time for expressing their point of view;
- If there is disagreement among the members on the addition of an item to the agenda, the question should be put to a vote;
- The chair decides when a discussion period ends and puts matters to a vote of the members.

Clear and simple rules will make it possible to avoid procedural debates and delays. Useful examples of such rules are found in the *Code Morin* and the *Code de procedure des assemblées*.²

2. MORIN Victor. *Code Morin : Procédure des assemblées délibérantes*, Laval : Éditions Beauchemin, 2002.
FILION Michel. *Code de procedure des assemblées*, Bernières, Québec : Éditions Associations et entreprises, 1992.
Similar rules are found in *Robert's Rules of Order*, the English guide to parliamentary procedure.

2.2.7 Decision making

Generally, pension committee members express themselves during a period of debate and then vote on motions received by the chair.

To allow members to follow debates that lead to a vote, rules may provide that:

- after discussions of an item on the agenda, a member may make a motion, which may be seconded by another member and then put to a vote;
- if a new item is added to the agenda, a member can move that it first be studied before being put to a vote. The chair then decides whether or not to proceed in that way.

For committees with less formal procedures, it is important for the chair to inform the members when debate is over and call on them to vote.



The vote

Votes may be taken in several ways. It may be done by a show of hands, a secret ballot or a voice vote. The internal by-laws must include clear rules on how votes are taken and counted. For example, the chair may record the number of votes for and against each matter put to a vote, etc.

Every committee member has the right to vote, except the 2 additional (non-voting) members.

A decision of the committee may not be made by the group parity method, that is, one vote is given to each group of members: those designated by the employer, by the union, by the plan members at the annual meeting, etc. Members of the pension committee must act and vote as trustees of the pension fund. They are not representatives of the persons who put them on the committee.

Some plans provide that the vote of the chair prevails in the event of a tie vote. In that event, the committee's decision is that for which the chair votes. If the plan text is silent on this matter, the internal by-laws should include a rule to cover the situation.

The proportion of votes required to adopt a motion should be indicated in the plan text. If the plan text is silent on this point, a decision is made in the proportion indicated in the internal by-laws. If both the plan text and the internal by-laws are silent on the matter (particularly in the case of a new plan where no internal by-laws have yet been adopted), decisions are adopted by a majority of the members (including both those present and those absent), that is, by a proportion of 50% plus one. This rule is provided for in article 1332 of the *Civil Code* as a fall-back rule.

Information

Committee members must receive pertinent information before being asked to make a decision.

The committee secretary, or another person designated by the committee, must provide committee members with documents and information that will be useful for decision making.

The internal by-laws should include rules to ensure that committee members carry out the usual verifications, consider all options and be informed of risks.

If a member is not fully informed, prudence requires that he or she should abstain from making a decision.

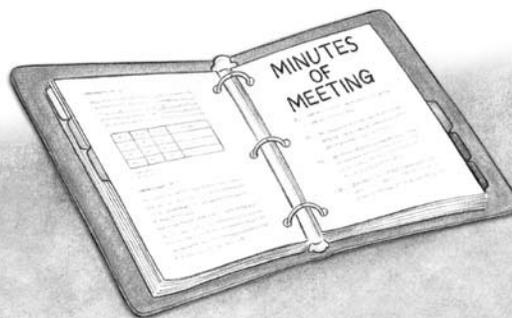
2.2.8 Minutes of meetings

The minutes of a meeting are a summary of its activity. They must be sufficiently detailed so that the committee's deliberations can be followed.

The minutes of a pension committee's meetings are important. They make it possible to show how the committee carried out its duties.

The minutes of a committee meeting should recall the items on the meeting's agenda. They should provide an explanation of the manner in which decisions were made, the reasons supporting them and the committee's supervisory activities. For example, the minutes could summarize the questions put to the portfolio manager, and the answers received, with respect to ensuring that objectives have been met.

Often, it is the committee's secretary who prepares the minutes of each meeting. If needed, the secretary should receive training to help him or her prepare minutes. In some plans, an outside person who is qualified for the task acts as the committee reporter for this purpose.



Every meeting must have minutes that indicate at least the following elements:

- the name of the person who chaired the meeting;
- the chair's declaration of a quorum;
- the names of the members in attendance;
- the adoption of the minutes of the previous meeting;
- a summary of the discussions (debates) on the items on the agenda;
- the options studied by the pension committee with the reasons supporting the committee's decisions and the reasons for rejecting certain options;
- the voting results for each motion, with the proportion of votes for and against;
- the names of members who have expressed their dissent, with the reasons that they gave.

Minutes of a committee's meetings are approved by the members to confirm that the minutes accurately and completely reflect their discussions and decisions. If a committee meets frequently, the minutes of a meeting should be adopted at the next meeting. If meetings are held less frequently, the committee can adopt a rule that provides for the adoption of minutes upon expiry of a period agreed to by the members for receiving their comments.

The minutes of each meeting must be provided to all committee members, whether they were **present at or absent** from the meeting, within a reasonable time. For example, if the committee meets frequently, the minutes should be provided before the next committee meeting. That will make it possible for the members attending the next meeting to ensure that the minutes of the previous meeting accurately and completely reflect the committee's discussions and decisions. This means that members should take their own notes during meetings and keep them for future reference.

The minutes of a meeting allow members who were absent to be informed of the committee's decisions and if necessary, give written notice to dissociate themselves from a particular decision.

In addition to minutes, all documents related to the supervision of current business, debates and decision making must be retained. This includes reports submitted to the committee by experts and service providers.



2.3 Ethics rules

Ethics rules must be provided for in the internal by-laws. Such rules are necessary to ensure that the members of a pension committee act with integrity and responsibly in carrying out their duties. Generally, such rules remind members of their obligations and cover the following areas:

- Relations of committee members with their colleagues, service providers and plan members and beneficiaries.

Example: a member must act with integrity. He or she may not be involved in any way with illegal activities (fraud, secret commissions, etc.).

- A member's duty to carry out his or her functions with respect for the law and with competence, diligence and prudence.

Example: A member must use his or her knowledge and skills in the exercise of his or her duties. A member must make informed decisions, using, where appropriate, any required expert knowledge and participate actively in the meetings and work of the pension committee.

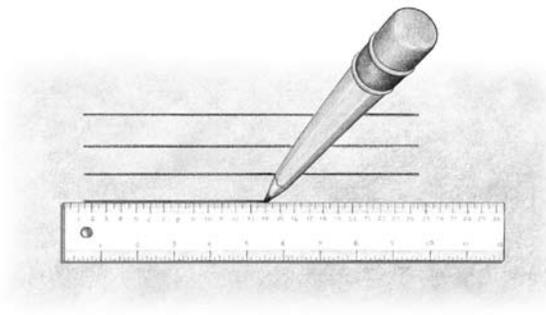
- Obligation to respect the confidentiality of some types of information related to the plan, its members and beneficiaries and service providers. Furthermore, service providers must also respect the same obligation.

Example: A member must not speak indiscreetly about any of the information that he or she receives while carrying out his or her duties. He or she must not use any of the information received to obtain an advantage for himself or herself or for any other person (spouse, child, any group, etc.).

- Conflicts of interest and their declaration. These rules may provide the following:
 - A member must not carry out his or her duties for his or her personal interests or for those of any other person (spouse, child, any group, etc.);
 - A member must not accept any present or future advantage whatsoever if he or she knows that the advantage is given to influence his or her decisions;
 - A member in a potential situation of conflict of interest **must inform** in writing the committee's secretary, who maintains a register for this purpose;
 - The nature of such conflict must be indicated with sufficient detail so as to allow the other committee members and plan members and beneficiaries to understand the implications of the situation;
 - The secretary must send each new committee member and, annually, every member, a form on which the member can declare potential conflicts of interest.

- Obligation for members in a situation of conflict of interest to withdraw from a meeting and allow the other members to deliberate and vote.
- Rights of members related to accepting or refusing an advantage or gift. Any advantages or gifts received must not influence the judgment of a pension committee member, his or her objectivity and his or her arm's length relationship with service providers.

A pension committee can model its ethics rules after those in effect in the plan's sponsoring organization.



Example

To verify whether an action respects the ethics rules:

A committee member should ask himself or herself how the other committee members, the plan members and beneficiaries and the employer would react if they were aware of the action? If there is any doubt, the action should be discussed with the other members of the committee or with someone designated for that purpose, for example, a member of the subcommittee on questions of ethics (if one has been formed).

If you are offered and accept a gift of small value, it is highly unlikely that anyone would complain and you would probably be comfortable accepting the gift. However, if a potential service provider offers you an all-expenses-paid trip to Hawaii for two people, would you be comfortable expressing your objective opinion on whether or not to choose that provider?

2.4 Remuneration of members and administration costs

Generally, pension committee members are unpaid. Under the *Act*, they are not entitled to any remuneration whatsoever unless the plan text provides otherwise. In that case, the plan text indicates the source of their pay. Where committee members are paid from the pension fund, the committee's administration costs must be in line with the size of the plan.

It is customary for the employer to pay a salary to the employees who are released from their regular jobs to attend committee meetings. In the case of an independent (outside) member, the plan text can provide for him or her to be remunerated at the going rate.

The other administrative expenses related to the duties of members, such as expenses for training or for travel, are paid from the pension fund, unless the plan text provides otherwise. Such expenses must be reasonable and appropriate. For example, it may be inappropriate to pay for a first class plane ticket so that a member can return to attend a committee meeting. The committee should adopt a policy on administration expenses and provide it to each committee member. The policy should specify the allowable expenses as well as the reimbursement rules (receipts, etc.).

2.5 Training for members

A pension committee should make sure that its members acquire the knowledge that they need to carry out their duties. The internal by-laws must provide for measures to be taken in order to train the committee's members. A reasonable budget must be allocated for training, either in-house or outside.

Some committees organize training sessions on a subject of interest for all its members that can be given during a committee meeting. Such training, usually given by a consultant, takes into account the characteristics of the plan and the needs of the committee members. Various consultants (actuaries, representatives from financial institutions, etc.) can provide complete information on the training-related services that they are in a position to offer.



A number of organizations offer pertinent training.³ Some of them are listed here:

The **Régie des rentes du Québec** offers pension committee members training activities (in French only) and information documents. The Régie's Web site (www.rrq.gouv.qc.ca) provides all the details on what is available. In addition, committee members can subscribe to *Liaison RRQ—News* to be informed on a priority basis every time something new comes out.

The **Canadian Pension and Benefits Institute** (CPBI) offers introductory courses on pension plans and investments. Some unions and universities also offer training opportunities for committee members.

Example

Training Policy for Pension Committee Members

All members must acquire basic knowledge of the following subjects:

- *role, obligations and responsibilities of pension committee members;*
- *how a pension plan is administered;*
- *the main provisions of the pension plan;*
- *funding rules for defined benefit pension plans and rules for their actuarial valuation;*
- *financial statements;*
- *establishing an investment policy;*
- *legal environment for pension plans;*
- *retirement planning;*
- *communication tools.*

For this purpose, a pension committee can organize training sessions to be held during its meetings. As needed, members can also attend outside training activities.

3. A list of training activities offered to pension committee members is available on the Web site of the Régie des rentes du Québec.

2.6 Retention of plan documents

A pension committee must retain all documents related to a pension plan and its administration. To fulfill that obligation, the committee should adopt rules for retention, archiving and access to information. A committee can model its rules after those followed by the company or organization for which the plan members work.

This governance rule facilitates the continuity and openness of plan administration. Moreover, it makes it possible for the committee to answer requests for access to information made by plan members and beneficiaries. The committee can thus show that it is properly carrying out its functions.



All documents related to plan administration must be retained for the entire existence of the pension plan. There must also be rules to ensure their retention after liquidation of the pension fund, plan merger or plan division. Files concerning plan members must be retained as long as the member or his or her heirs can assert rights under the plan.

The documents related to plan administration include the plan text and its amendments, the investment policy, the financial statements and the minutes of committee meetings. The member files can contain the calculation of benefits, option choices, the designation of a beneficiary, etc.

All the plan documents must be kept in the same place, preferably the office of the pension committee. A committee member is responsible for document retention. He or she gives access to them in accordance with the rules provided for by law.

2.7 Dissolution of the pension committee

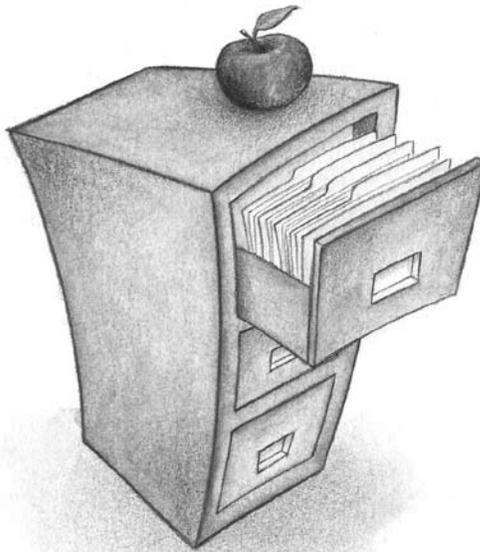
Generally, the pension committee continues to exist until the complete liquidation of the pension fund that follows the termination of the pension plan. Termination may result from any of the following:

- the decision of the employer to end the plan;
- the employer's bankruptcy;
- the sale of the company, if the new owner does not maintain the plan.

The *Act* provides that a pension committee must meet certain obligations upon termination of a plan. For example, in the event of the employer's bankruptcy, the committee must take the necessary steps to recover sums owing by the employer from the bankruptcy trustee.

Therefore, the committee must adopt rules for the continuation of its operations during the termination process. Furthermore, since the responsibility of committee members for the decisions made by the committee continues after the dissolution of the committee, it is important for them to conserve plan documents and their personal notes.

Committee members whose activities end because of a plan merger should conserve their personal notes. Rules for the transfer of plan documents following a merger should also be adopted to ensure the continuity of administration for the plan resulting from the merger.



Conclusion

Good intentions are not enough to ensure the proper operation of a pension committee. Written rules that are known and respected by all the committee members are necessary for regulating the conduct of committee business and the actions of committee members.

As we have seen here, a pension committee must adopt internal by-laws whose provisions include the committee's operating rules. The rules must be reviewed and revised regularly so that the committee members can carry out their duties properly and be able to give an account of their actions.

Because these rules guide the way in which committee members act, they serve as a protection against arbitrariness and make it easier for a committee to achieve maximum performance. They are **indispensable** for ensuring the openness of plan administration and they increase the level of confidence that all parties have in a plan's administration.