

Interpretive Guideline#09

Collectively Bargained Multi-Employer Pension Plans

Issued: June 2015

This guideline is designed to identify what constitutes a collectively bargained multi-employer plan (CBMEP) and what provisions of pension legislation are unique to a CBMEP under the [Employment Pension Plans Act](#) (Act) and the [Employment Pension Plans Regulation](#) (Regulation). This guideline summarizes the legislative requirements which apply to the subject matter, and includes (as applicable) additional details to outline the Superintendent of Pensions (Superintendent) expectations and requirements where such authority has been provided by the Act and Regulation. Finally, the guideline outlines best practices and policies that the Superintendent expects from provincially regulated pension plans.

The Act and Regulation should be used to determine specific legislative requirements. Any legal authority of this Guideline rests in the areas in which the legislation delegates authority to the Superintendent to accept a proposal or action.

Definitions

Act 1(1) (i) “collective agreement” means an agreement between one or more employers and its or their employees, and includes a collective agreement within the meaning of the Labour Relations Code;

Act (1)(j) “CBMEP” means a multi-employer plan established through a collective agreement, unless under section 28 the Superintendent designates the plan as a non-collectively bargained multi-employer plan or a single employer plan, and includes any plan designated by the Superintendent as collectively bargained multi-employer plan under section 28”;

Act Section 1(1) (kk) “negotiated cost plan” means a pension plan

- i. that is established under a collective agreement, and
- ii. contributions to which are determined and limited by the collective agreement;

Plan Administrator

Section 28(c) of the Regulation requires that a CBMEP must be administered by:

- a board of trustees established under a trust agreement, or
- a body similar to a board of trustees that is acceptable to the Superintendent and has been established through an agreement to administer the plan.

The board or body noted above must be composed of members, at least half of which are appointed by the plan members.

Audited Financial Statements

Regardless of benefit type or asset size, all CBMEPs must file audited financial statements of the fund [Regulation section 50(1) (b)].

Section 55(1) of the Act prohibits a participating employer in a CBMEP from using a letter of credit to fund solvency contributions.

Remittance of Contributions [Act 56/Regulation 68]

Participating employers must remit their contributions within 30 days after the end of each month to the plan administrator. The plan administrator must, promptly after receiving the contributions, remit them to the fund-holder.

Delinquency

CBMEP administrators are exempt from section 56(3) of the Act; however they should, as best practice, have in place a delinquency monitoring and collections process.

Exemption from section 57 of the Act

Member contributions made to “top up” the benefit that the member has earned in a given year under the plan are not considered when determining maximum employee contributions under section 57 of the Act.

Reduction of Benefits

If a CBMEP is also a negotiated cost plan, then pursuant to section 20(2)(a) of the Act, accrued benefits may be reduced in order to meet the funding requirements of the legislation. Such a reduction is subject to the consent of the Superintendent.

Termination of Membership

An active member of a CBMEP terminates membership at the end of any period of two consecutive fiscal years of the plan in which the member has not completed a total of 350 hours of employment in respect of which contributions are required to be remitted to the plan on his or her behalf. [Section 1(1)(qqq) of the Act] or at such shorter number of years and/or hours as may be permitted under the terms of the plan text document.

Within 90 days of the member's termination of membership, the plan administrator must provide the member with a termination statement which meets the requirements of section 34 of the Regulation and provides a listing of the options available.

A member must then make an election as to whether to transfer funds as permitted under section 96 of the Act, or leave the funds in the plan for a deferred pension. This election must be made within 90 days of the member receiving the termination statement (or such longer period as may be permitted under the terms of the plan text document). The termination statement should include advice as to what the consequences are of failing to make an election within the permitted period.

Once the administrator receives the election and any related required documents from the member, the administrator has 90 days to make the payment or transfer.

If a member who has terminated membership has not yet made an election to transfer benefits from the plan and that member again becomes an active member of the plan, the plan text document may provide that the member ceases to be entitled to transfer the benefit from the plan until such time as he again terminates membership [Section 96(2) of the Act].

Reciprocal Agreements

Section 1(9)(c) of the Regulation permits that in the case of a “money follows the worker” type agreement, the Alberta plan may collect the contributions for the reciprocal plan and forward them to that plan and at all times members covered by the agreement will be subject to the pension legislation of the province in which their home local is located.

Disclosure

The plan summary must be provided to new members with their first annual statement. [Regulation 30(1)(b)]

The statement on termination of active membership must be provided to the member within 90 days of the member’s termination of membership date as defined in Act section 1(1)(qqq). [Regulation 34(1)(b)]

A member may request to review information listed in 46(1) of the Regulation at the office of the trade union that is nearest the residence of the member. [Regulation 46(2)(c)]

Plan Provisions

Section 15(1)(b) requires that if a CBMEP has a reciprocal agreement as described in Section 1(9)(c) of the Act, the plan must include a provision outlining what happens if a retired member enters into employment covered by that reciprocal plan.

All pension plans must state the eligibility requirements for joining the plan. In the case of a CBMEP, the minimum requirement is to permit membership after two years have elapsed since the employee was first employed with a participating employer and the employee has in each of two consecutive calendar years earned at least 35 per cent of Year’s Maximum Pensionable Earnings.

A plan may provide that if a member subsequently starts to accrue benefits after a termination in membership has occurred and the member did not file an election to transfer the termination benefit before returning to work covered by the plan, the member is no longer permitted to make an election to transfer those funds.

A CBMEP must specify what happens to members and their benefits if a participating employer ceases participation under the plan.

For further information please contact:	
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