

EPPA Update 18-01

Issued March 2018

Defined Benefit Funding Relief Provisions – 2018

In accordance with Section 5 of the [Employment Pension Plans Act](#), the Superintendent of Pensions (Superintendent) is now accepting applications from defined benefit pension plan administrators (administrators) to extend the solvency deficiency amortization period by up to 10 years. This relief is intended to assist plan sponsors with the financial pressures associated with the ongoing low interest rate environment.

This update is designed to instruct administrators on the requirements of the solvency relief and identify any special filing requirements related to those options.

Solvency Deficiency Consolidation and Amortization Period Extension

An administrator may be permitted to consolidate all existing pension plan solvency deficiencies into one new deficiency. That new solvency deficiency may be amortized over a period of up to 10 years as approved by the Superintendent. This does not change the period required by the Regulation over which to amortize unfunded liabilities.

The application may be made in respect of any actuarial valuation report that has a review date between December 31, 2016, and December 31, 2019, inclusive.

Conditions and Requirements for Funding Relief

Any application for the consolidation of solvency deficiencies, and extension of the amortization period, must be made in writing and must include the following information:

- An actuarial valuation report and cost certificate (or a revised cost certificate if a plan had already filed an actuarial report and cost certificate as at December 31, 2016) prepared as at a review date, which becomes the date of application. Please note that for the purposes of determining solvency assets:
 - the actuary is permitted to include the actuarial present value of up to 10 years' worth of going concern unfunded liability special payments as a solvency asset adjustment; and
 - the corresponding new solvency deficiency recognized as at the review date, taking into account the solvency asset adjustment above may be amortized over a period of up to 10 years.
- Where an applicant obtains the Superintendent's consent for the funding relief option, subsequent valuation reports filed after the initial application valuation may continue to carry forward the extended solvency asset adjustment to be commensurate with the number of remaining years in the 10 year amortization period. Any new solvency deficiencies that arise may be amortized over the greater of the remaining 10 year period or 5 years.
- Confirmation that members will be advised that an extension on making solvency deficiency payments has been approved by Superintendent.

No benefit improvements that increase actuarial liabilities may be made unless approved in advance by the Superintendent.

In addition, the administrator must confirm that they will also agree to comply with any other conditions set by the Superintendent.

Instructions for December 31, 2016 Applications

Although this application applies to valuations with review dates on and after December 31, 2016, plans may have already filed a December 31, 2016 actuarial valuation report and cost certificate and have started to make contributions based on the recommendations made by the actuary.

For any administrator wishing to make an application for funding relief as of December 31, 2016, the following documentation must be provided to the Superintendent:

- Application for funding relief along with confirmation that all of the other conditions (listed above) will be met.
- A letter detailing the change in solvency amortization payments and a revised cost certificate, if the plan has already filed a December 31, 2016 actuarial valuation report. Please note that the revised cost certificate cannot be filed via the on-line filing system and must be submitted as an attachment to the application.
- Replacement [Form 21](#) should be filed with the respective fund holder / custodian.

All actuarial valuation reports should be filed by June 29, 2018.

Unless the Canada Revenue Agency would deem that the contributions already made to date would cause the plan's registration status to be revocable, all contributions already made by the plan sponsor must be retained in the plan fund. If the total amount already remitted to the pension plan exceeds what would have been required under the funding relief option, plan sponsors are permitted to cease making additional contributions until the excess contributions have been used up.

Submission of Applications

Please submit all applications to employment.pensions@gov.ab.ca.

For further information please contact:	
Superintendent of Pensions Alberta Treasury Board and Finance Room 402, 9515 - 107 Street Edmonton, AB T5K 2C3	Telephone: 780-427-8322 Fax: 780-422-4283 Email: employment.pensions@gov.ab.ca
For toll-free dialling within Alberta, call 310-0000 and then dial 780-427-8322.	Internet: http://finance.alberta.ca/business/pensions Sign up for electronic notifications: http://www.finance.alberta.ca/subscribe/epen