

New Agreement Respecting Multi-Jurisdictional Pension Plans entered into effect July 1, 2020

Effective July 1, 2020 the [2020 Agreement Respecting Multi-Jurisdictional Pension Plans](#) (MJPPA) that regulates the administration and supervision of Multi-Jurisdictional Pension Plans (MJPP) and is formulated by the Canadian Association of Pension Supervisory Authorities (CAPSA) expands the scope of the previous agreement to include more jurisdictions and simplifies the administration and supervisions of MJPPs.

Multi-Jurisdictional Pension Plans Agreements serve to align rules for pension plans that have members located in more than one jurisdiction in Canada, where each jurisdiction has its own pension standards regulations.

The 2020 MJPPA replaces the [2016 MJPPA](#) and other previously applicable federal-provincial bilateral agreements between the signatories of the 2020 MJPPA.

Expanded scope of the 2020 Agreement

The 2016 Agreement aligned the rules governing the administration and supervision of MJPPs in British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan. The 2020 Agreement expands the scope to include the federal government and all other jurisdictions with pension standards regulations, with the exception of Manitoba and Newfoundland and Labrador.

CAPSA continues its collaboration with the provinces of Manitoba, and Newfoundland, and Labrador toward their joining the agreement. In the meantime, an earlier 1968 reciprocal agreement signed by all provinces and any applicable federal-provincial bilateral agreement remain in effect for these provinces.

Main features of the Agreement

The 2020 MJPPA, which applies to pension plans that fall under the jurisdiction of any one of the respective pension supervisory authorities of Quebec, Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Saskatchewan and Canada, with members who are subject to the legislation of more than one jurisdiction. The new agreement is in many respects similar to its predecessor. However, there are several notable changes that are discussed below.

Determination of the Major Authority

The 2020 MJPPA establishes how the pension supervisory authority of a jurisdiction that is to be considered the major supervisory authority (meaning the authority of the jurisdiction in which the plurality of active members of the pension plan is located) should be determined.

The major authority supervises and regulates pension plans in accordance with the 2020 MJPPA.

Under the 2020 MJPPA, the pension legislation of the major authority's jurisdiction applies to the totality of a MJPP with respect to the following matters:

- Plan registration
- Registration of pension plan amendments
- Plan administration
- Plan administrators' duties
- Pension plan records
- Funding of ongoing pension plans
- Pension fund investments
- Pension fund assets
- Provision of information
- Plan membership
- Appointment of a pension plan administrator

Funding rules

In terms of funding of a pension plan, the amended rules under the 2020 MJPPA provide that it is the pension legislation of the major authority's jurisdiction that apply to the entire pension plan. This contrasts with the 2016 MJPPA, which required certain funding rules of the minor authority's jurisdiction (the minimum standards pension legislation governing a member's pension benefits) to apply in respect of plan members located in that jurisdiction.

Annuity discharge requirements

2020 MJPPA clarifies that the annuity discharge requirements of the minor authority's legislation will apply to an annuity purchase. However, where the pension legislation of the major authority's jurisdiction and the applicable minor authority's jurisdiction contain annuity discharge requirements, the 2020 MJPPA provides that the legislation of the major authority's jurisdiction apply with respect to:

- Contributions;
- Minimum plan funding and solvency levels; and
- Actuarial valuation reports filed with the pension supervisory authority.

Asset allocation

To account for changes to defined benefit solvency funding rules introduced in a number of jurisdictions since 2016, the 2020 MJPPA amends the requirements

governing asset allocation between jurisdictions upon plan wind up or following certain major plan events.

Change of province of registration and withdrawal timeframe

2020 MJPPA amends the rules pertaining to the loss of status as major authority and includes various related transitional measures, such as the timeframe for withdrawal from the agreement.

Specifically, the 2020 MJPPA allows a change to the major authority to be cancelled in the event that the province of registration once again has most of the active members before the effective date of the change.

Separately, the 2020 MJPPA also reduces the waiting timeframe for a signatory jurisdiction to withdraw from the 2020 MJPPA to 18 months, from previously three years.

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