

Radar

January 28, 2016

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A Message from the Editor

This week we would like to highlight the additional ORPP details released by the Ontario government.

General

Federal – Labour – Certification and Information Returns

On January 28, 2016, Bill C-4, *An Act to amend the Canada Labour Code, the Parliamentary Employment and Staff Relations Act, the Public Service Labour Relations Act and the Income Tax Act* received first reading.

This bill is intended to repeal former Bills C-377 and C-525, passed under the prior government.

This bill purports to amend the *Canada Labour Code*, the *Parliamentary Employment and Staff Relations Act* and the *Public Service Labour Relations Act* to restore the procedures for the certification and the revocation of certification of bargaining agents that existed before June 16, 2015.

It also purports to amend the *Income Tax Act* to remove from that Act the requirement that labour organizations and labour trusts provide annually to the Minister of National Revenue certain information returns containing specific information that would be made available to the public.

Source: [Bill C-4, An Act to amend the Canada Labour Code, the Parliamentary Employment and Staff Relations Act, the Public Service Labour Relations Act and the Income Tax Act News Release](#)

Nova Scotia – Minimum Wage

Effective April 1, 2016, the minimum wage in Nova Scotia will increase from \$10.60/hour to \$10.70/hour.

Source: [Minimum Wage Increasing April 1](#)

Quebec – Minimum Wage

Effective May 1, 2016, the minimum wage in Quebec will increase from \$10.55/hour to \$10.75.

Source: [Draft Regulation](#)

Retirement & Investment

Ontario – FSCO – Pension Plan Administration

On January 25, 2016, the Financial Services Commission of Ontario (FSCO) released Policy A300-101, *Administrator Roles and Responsibilities*.

Effective January 1, 2016, this policy replaces A300-100, *Role and Responsibilities* and A300-150, *Role and Responsibilities*.

This policy is more detailed than the earlier policies. The following, while not an exhaustive list, highlights a number of areas where additional details are provided:

- the prudent person rule;
- statements of investment policies and procedures;
- inspection of plan records;
- biennial statements for former members and retired members;
- maintaining plan records;
- what can be delegated (e.g., the approval of financial statements cannot be delegated);
- prudent delegation (including reference to CAPSA Guideline No.6);
- establishment of a conflict of interest policy (including reference to CAPSA Guideline No.4);
- links to information available to plan administrators on FSCO's website; and
- a chart indicating filing requirements and deadlines.

Source: [A300-101, Administrator Roles and Responsibilities](#)

Ontario – ORPP – Additional Details

On January 26, 2016, the Ontario government released additional design details for the Ontario Retirement Pension Plan (ORPP).

Among other details, the following were announced:

Comparable Workplace Pension Plans

- *Classes of Employees* – The comparability test will apply at the level of a subset of employees (a subset must be clearly identifiable in the employer's registered pension plan or collective bargaining agreement in order to be recognized).
- *Waiting Period* – If a worker is employed in a workplace with a comparable plan but is not a member of that plan because it has a waiting period, they would also be required to be a member of the ORPP until the waiting period has ended.
- *Voluntary Contributions* – Voluntary workplace pension plan contributions will not be applicable when determining if a defined contribution plan is comparable to the ORPP.

Eligible Employees

A person would be considered employed in Ontario if they report to work, full- or part-time, at an employer's establishment in Ontario. This also applies to a worker whose salary or hourly wages are paid from an Ontario-based employer, but who is not required to work at an employer's place of business because they work from a home office, for example.

Pensionable Earnings

Pensionable earnings would include both cash and non-cash earnings, including amounts beyond base salary such as bonuses and commissions.

Indexing

- *Pre-retirement indexation* – Benefits would be indexed according to the average growth of wages and salaries as outlined by Statistics Canada. This means the benefits that a plan member has earned in the past will be given present-day value upon retirement.
- *Post-retirement indexation* – Benefits paid over the course of a plan member's retirement would be indexed according to the Consumer Price Index (CPI) to account for inflation. This means that the retiree maintains the purchasing power of their benefits throughout their retirement.

Survivor Benefits

- *Pre-retirement death* – If a plan member dies before retirement, a lump sum based on the actuarial equivalent value of the member's pension will be paid to an eligible spouse. If there is no eligible spouse, the lump sum will be paid to the member's beneficiary or the estate. The CPP does not pay a similar benefit.
- *Post-retirement death (with a spouse)* – When a member with a spouse retires, they will receive a joint and survivor pension, where the plan member receives an adjusted benefit over their lifetime. This will entitle the member's spouse to receive a survivor benefit equal to 60 per cent of the member's adjusted pension after the plan member dies for the course of their life. The plan member may choose to waive the survivor benefit and receive their full retirement pension with a 10-year guarantee period. If the member dies within that guarantee period, the remaining value of the pension up to 10 years post-retirement is paid to the spouse.

- *Post-retirement death (without a spouse)* – A plan member with no spouse at the time of retirement is entitled to their full pension with a 10-year guarantee period. If the member dies within that guarantee period, the remaining value of the pension up to 10 years post-retirement is paid to the beneficiary or estate.

Funding

A funding policy has been established that requires appropriate adjustments to be made in the event that the plan becomes underfunded.

In the event of a funding shortfall, the ORPP will be operated within a prescribed set of actions, including reversing any previous actions taken during a funding excess and reducing benefit indexation up to a certain limit. If the shortfall has not been remedied by these actions, contribution rates may be increased by up to 0.2 per cent.

In the event that a fundamental change is proposed to the nature of the ORPP that would impact plan members' benefits substantially and that is not a direct result of funding policy adjustments, the consent of at least 60 per cent of ORPP members would be required in order to implement such a change.

The implementation date for the ORPP has not changed and begins on January 1, 2017.

Source: [Ontario Retirement Pension Plan Additional Design Details](#)

Contact Information

If you would like further information on any of these topics, please contact your Aon Hewitt consultant at info@aonhewitt.com.

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