

Radar

June 30, 2016

The Radar is published weekly. Content in this issue is current to June 30, 2016.

In this issue

- 1 A Message from the Editor
- 1 General
- 2 Health & Benefits
- 2 Retirement & Investment

A Message from the Editor

This week we would like to highlight Aon Hewitt's latest Information Bulletin, [Update on CPP and ORPP](#).

This bulletin focuses on the recently proposed enhancement to the Canada Pension Plan (CPP) and how it will affect Canadian employers and employees. It also describes the differences between this enhancement and the proposed Ontario Retirement Pension Plan (ORPP).

General

Federal – OHS – Hazardous Materials

On June 14, 2016, *Regulations Amending Certain Regulations Made Under the Canada Labour Code* were passed (published on June 29, 2016).

The education and training that federal employees currently receive under occupational health and safety (OHS) regulations currently use terminology and definitions based on the Workplace Hazardous Materials Information System - 1988 (WHMIS 1988).

As the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is implemented and hazardous products labelling requirements and control measures transition to the Workplace Hazardous Materials Information System - 2015 (WHMIS 2015), the continued application of the WHMIS 1988 could create uncertainty and confusion for employers and employees with respect to OHS obligations (potentially decreasing employee safety). As a result, the provisions pertaining to employee education are being updated to reflect the WHMIS 2015 terminology.

Source: [Regulations Amending Certain Regulations Made Under the Canada Labour Code](#)

Alberta – Minimum Wage

Effective October 1, 2016, Alberta's minimum wage will increase from \$11.20 to \$12.20 per hour.

In addition, the minimum wage will rise to \$13.60 per hour, on October 1, 2017, and to \$15.00 per hour, on October 1, 2018.

Source: [Minimum-wage plan brings hope to hardworking Albertans](#)

Saskatchewan – Minimum Wage

Effective October 1, 2016, Saskatchewan's minimum wage will increase from \$10.50 to \$10.72 per hour.

Source: [Minimum Wage to Increase on October 1](#)

New Brunswick – Employment Standards

On June 28, 2016, Bill 30, *An Act to Amend the Employment Standards Act* received royal assent. The bill amends the *Employment Standards Act*, effective January 1, 2017, as follows:

- Electronic pay statements – Add a requirement that an employer provide a means of making a paper copy of the electronic statement through the employee's place of employment, where an employer wishes to provide electronic pay statements.
- Compassionate care leave
 - Extend the period of compassionate care leave from 8 weeks to 28 weeks; and
 - Change the required period of the risk of death of the family member who requires care from 26 to 28 weeks.
- Employer records – Change the information that must be retained by an employer for at least 36 months after work is performed or service is rendered by an employee.

Source: [Bill 30, An Act to Amend the Employment Standards Act](#)

Retirement & Investment

All – CSA – Mutual Fund Fees

On June 29, 2016, the Canadian Securities Administrators (CSA) published CSA Staff Notice 81-327 *Next Steps in the CSA's Examination of Mutual Fund Fees* that sets out its policy direction on mutual fund fees.

After an examination, the CSA found that the prevailing practice of remunerating dealers and their representatives for mutual fund sales through commissions, including sales and trailing commissions, paid by investment fund managers (embedded commissions) raises a number of investor protection and market efficiency issues that suggest a need to consider change. The CSA believes that there is "considerable" scope for better aligning the interests of investment fund managers and dealers/representatives with those of the investors they serve.

CSA Staff Notice 81-327 indicates that, while the CSA continues to evaluate and monitor prior initiatives in this regard, it has decided to consult on the further option of discontinuing embedded commissions and transitioning to direct pay arrangements that:

- directly engage investors in the dealer/representative compensation process
- deliver greater clarity on the services provided and their costs, and
- better align the interests of fund industry participants and investors

Discontinuing embedded commissions would be a significant change for investors and the mutual fund industry. Therefore, before considering any rule proposals on mutual fund fees, the CSA will consult on the impact such a change could have on Canadian investors and market participants and on the ways in which any negative impacts could be mitigated through the design and implementation of potential transition measures. The CSA expects to issue a consultation paper in the fall of 2016.

Source: [CSA Staff Notice 81-327 Next Steps in the CSA's Examination of Mutual Fund Fees](#)

All – CPP – Manitoba

On June 27, 2016, Manitoba released details of its proposed enhancements to the Canada Pension Plan (CPP) Agreement in Principle (AIP). Manitoba did not sign the AIP on June 20, 2016. It is not clear if Manitoba's proposals will have any traction.

Please see Aon Hewitt's Information Bulletin, [Update on CPP and ORPP](#) for more details on the AIP.

Source: [Manitoba Proposes Enhancements to Canada Pension Plan](#)

All – CPP – Ontario

On June 29, 2016, Ontario announced that the Cabinet of the Government of Ontario has approved the recent federal-provincial agreement in principle (AIP) to enhance the Canada Pension Plan (CPP), signed on June 20th in Vancouver. In doing so, Ontario has fulfilled its commitment to gain Cabinet approval for this important initiative by July 15th.

Please see Aon Hewitt's Information Bulletin, [Update on CPP and ORPP](#) for more details on the AIP.

Source: [Statement by Minister of Finance and Associate Minister of Finance on Ontario Approving the Agreement on CPP Enhancement](#)

All – Disclosure Obligations – Postal Strike

On June 27, 2016, Canada Post published a Public Advisory regarding a potential work disruption. They advised that a legal work disruption could occur as early as July 2, 2016. In the event of a labour disruption, Canada Post will not operate. Mail and parcels will not be delivered, and no new items will be accepted. Any mail and parcels within the postal system during a work disruption will be secured and delivered as quickly as possible once operations resume.

At least one pension regulator has sent out a reminder to plan administrators that they must make reasonable efforts to meet all disclosure requirements under the applicable pension legislation, even in the event of a service disruption at Canada Post.

The British Columbia Financial Institutions Commission (BC FICOM) has published *PENS 16-004, Pension Plan Administration in the Event of a Postal Strike at Canada Post* which provides some suggested alternative methods of transmission, with a focus on statements (annual, retirement, termination, and death) and regulatory filings.

Source: [PENS 16-004, Pension Plan Administration in the Event of a Postal Strike at Canada Post](#)

All – OAS – Payment Amounts

The Old Age Security (OAS) payment amounts have been updated for the period July to September 2016.

Source : [Old Age Security payment amounts](#)

All – PRPPs – Annual Assessments

On June 25, 2016, proposed amendments to *the Assessment of Pension Plans Regulations* (APPR) were published for comment in Part I of the *Canada Gazette*.

The main objective of these proposed amendments is to amend the APPR to permit the annual assessment of pooled registered pension plans (PRPPs) on an equivalent basis as private pension plans registered under the *Pension Benefits Standards Act* (PBSA).

The Office of the Superintendent of Financial Institutions (OSFI) operates on a cost-recovery basis. The proposed changes to the APPR would put PRPPs on a level playing field with similar registered private pension plans that are subject to similar supervision by OSFI under the PBSA. The proposed amendments would not change the existing assessment formula but rather add PRPPs to the assessment base to allow OSFI to recoup the expenses related to the administration of the PRPP Act in a fair and equitable manner that mirrors the assessment of private pension plans registered under the PBSA.

Comments can be submitted within 30 days after the date of publication.

Source: [Regulations Amending the Assessment of Pension Plans Regulations](#)

Alberta – Disclosure – Members and Others

On June 23, 2016, the Alberta Superintendent of Pensions published *Interpretive Guideline #15, Disclosure to Members and Those Entitled to Benefits Under a Pension Plan*.

This guideline is designed to outline and explain the disclosure requirements for plan administrators as required by the provisions of the *Employment Pension Plans Act* (Act) and the *Employment Pension Plans Regulation* (Regulation). This guideline summarizes the legislative requirements and includes (as applicable) additional details to outline the Superintendent's expectations and requirements. Finally, the guideline outlines best practices and policies that the Superintendent expects from Alberta regulated pension plans.

Source: [Interpretive Guideline #15, Disclosure to Members and Those Entitled to Benefits Under a Pension Plan](#)

British Columbia – Filings - Penalties

On June 24, 2016, the British Columbia Financial Institutions Commission (FICOM) published the *Non-Compliant Filings Administrative Penalty Guideline* (NFAP Guideline).

The NFAP Guideline sets out the process the Office of the Superintendent of Pensions (Superintendent) uses when considering whether to administer penalties for late or non-compliant statutory filings or returns.

The NFAP Guideline was developed to provide guidance on the process used in ordering administer penalties for contraventions of provisions that require the administrator of a pension plan to make a statutory filing or file a return. The Superintendent is not bound to follow the guideline when making decisions on penalties. However, the NFAP Guideline does provide an approach to what would, in the normal course, be considered when decisions are made to order a penalty.

Source: [Non-Compliant Filings Administrative Penalty Guideline](#)

New Brunswick – Death Benefits - Waiver

On June 28, 2016, Bill 19, *An Act to Amend the Pension Benefits Act* received royal assent.

Currently, the New Brunswick *Pension Benefits Act* does not permit the waiver of the pre-retirement death benefit by a spouse or common-law partner. This bill permits the spouse or common-law partner of a member to waive his or her right to the pre-retirement death benefit. The waiver (or revocation of a prior waiver) must be filed with the plan administrator prior to the member's death.

Source: [Bill 19, An Act to Amend the Pension Benefits Act](#)

Ontario – Asset Transfers - MEPPs

On June 24, 2016, Ontario Regulation 239/16 was filed. It comes into force on July 1, 2016.

This regulation amends O. Reg. 310/13 relating to asset transfers under sections 80 and 81 of the *Pension Benefits Act* (PBA).

These changes allow recent amendments to the PBA (pursuant to Bill 144) to come into effect. The amendments to the PBA allow the existing rules that apply to single employer pension plans (SEPPs) in circumstances of a merger to also apply to multi-employer pension plans (MEPPs).

Source: [Ontario Regulation 239/16](#)

Ontario – Regulatory – FSCO/FST/DICO

On June 20, 2016, the Ontario Ministry of Finance released the Final Report (dated March 31, 2016) regarding the mandate reviews of the Financial Services Commission of Ontario (FSCO), Financial Services Tribunal (FST), and the Deposit Insurance Corporation of Ontario (DICO).

The Final Report indicates that the mandate of the agencies under review should be modernized and that significant changes in governance, structure and associated accountability mechanisms are necessary to improve mandate alignment.

With financial services and pensions sectors changing at a rapid pace, the Final Report recommends a new, independent and integrated regulator called the Financial Services Regulatory Authority (FSRA).

To ensure adjudicative independence, the Final Report also recommends that the FST be separated from the regulator and have its resourcing improved.

Source: [Review of the Mandates of the Financial Services Commission of Ontario, Financial Services Tribunal, and the Deposit Insurance Corporation of Ontario](#)

Contact Information

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

The Aon Hewitt Radar is provided for information purposes only and should not be relied upon as legal advice or opinion.

About Aon Hewitt

Aon Hewitt empowers organizations and individuals to secure a better future through innovative talent, retirement and health solutions. We advise, design and execute a wide range of solutions that enable clients to cultivate talent to drive organizational and personal performance and growth, navigate retirement risk while providing new levels of financial security, and redefine health solutions for greater choice, affordability and wellness. Aon Hewitt is the global leader in human resource solutions, with over 35,000 professionals in 90 countries serving more than 20,000 clients worldwide across 100+ solutions. For more information on Aon Hewitt, please visit aonhewitt.com.

© 2016 Aon Hewitt Inc. All Rights Reserved.

This document contains confidential information and trade secrets protected by copyrights owned by Aon Hewitt. The document is intended to remain strictly confidential and to be used only for your internal needs and only for the purpose for which it was initially created by Aon Hewitt. No part of this document may be disclosed to any third party or reproduced by any means without the prior written consent of Aon Hewitt.