

**Amending Regulations: Federal Pension Benefits Standards
Regulations, 1985 Released June 25, 2010**

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Priscilla H. Healy

The federal Minister of Finance released regulations amending the current regulations to the *Pension Benefits Standards Act*, 1985 on June 25, 2010. The new regulations:

- Amend funding rules to use an average solvency rate for minimum funding standards;
- Introduce a solvency margin precluding contribution holidays unless the solvency ratio is 105%;
- Remove the five, fifteen and twenty-five per cent qualitative investment limits for resource and real property investments.

They are little changed from the version released for comment on May 8, 2010.

The regulations come into effect as of July 1, 2010. Accordingly, valuation reports that are filed on or before June 30, 2010 may use the current solvency ratio for the minimum funding standard.

These regulations, together with the Superintendent's Directive as to frequency of valuation reports that was issued very recently, are intended to ease fluctuations in solvency funding and to give greater benefit security to plan members.

The regulations do not extend the use of letters of credit from the Solvency Relief Regulation, 2009, although there are indications in Bill C-9 that this extension is to come. Bill C-9 is expected to come into law very shortly.

This article is intended for general information purposes only and should not be relied upon as legal advice.

Priscilla H. Healy is a Consultant at Fogler, Rubinoff LLP in the area of Pensions & Benefits. She can be reached at 416.864.7607 or phealy@foglers.com.