

BOILERMAKERS' NATIONAL PENSION PLAN (CANADA)  
FREQUENTLY ASKED QUESTIONS FORUM  
LEGISLATION AND FUNDING  
UPDATED JULY 2011

The Pension Plan is a *Specified Multi Employer Pension Plan (SMEPP)*. This is a special designation given under the Income Tax Act. This designation is given to pension plans which have contributions remitted to it under a collective agreement and provides a defined benefit to the plan members.

The Pension Plan is regulated in the province of Alberta. The *regulator* is Alberta Finance and Enterprise. The registration number of the Pension Plan in Alberta is 366780.

The Pension Plan is also regulated by Canada Revenue Agency (CRA). The Plan's CRA registration number is 366780.

**Member Question:**

What legislation impacts on the Pension Plan?

**Trustees' Answer:**

The Pension Plan must follow the legislation in:

- The Income Tax Act, Canada
- The pension benefits acts of each of the Provinces in which Members work and live
- Workers Compensation Legislation (in Ontario)
- Privacy legislation
- Family law acts
- Human rights legislation
- Labour standards legislation.

**Member Question:**

How do each of the pieces of legislation impact on the Plan?

**Trustees' Answer:**

***The Income Tax Act, Canada sets out:***

- rules for permitted pension fund investments
- maximum contributions
- maximum pensions
- whether benefits paid under a pension plan are taxable (in your Plan they are)
- whether contributions paid to a pension plan are taxable benefits (in your Plan they are not)
- whether contributions paid to a pension plan can be deducted from income (in your Plan they cannot)
- the rights of spouses to lifetime pensions upon the death of the plan member
- the maximum age (71) that a pension plan member can wait to receive a pension
- whether a retired member can earn a new benefit in a pension plan and what kind of benefit can be earned if a pension is not suspended
- the handling of termination benefits under a pension plan and the transfer to locked-in financial instruments

***The pension benefits acts of each of the Provinces set out:***

- When employees are eligible to join a pension plan
- Rules for vesting of benefits (when the member has earned the irrevocable right to a pension)
- The definition of spouse including a common law spouse
- The rights of spouses to lifetime benefits in the event of the death of the plan member
- How spouses entitled to benefits can waive these rights
- Funding rules for pension plans and when pension plans must file reports such as actuarial valuations
- What must happen when a pension plan cannot show that it is funded under legislation
- The information that plan members are entitled to have (ie such as the annual pension history statement)

- When employees are considered terminated under a pension plan
- Rules for the calculation of liabilities under a pension plan (such as how to calculate liabilities for a solvency test)
- Whether a pension plan is entitled to be covered under a solvency hiatus or solvency moratorium

***Workers Compensation Legislation (in Ontario) sets out:***

That persons who are disabled due to an injury or illness for which workers compensation benefits (in Ontario this is called Workers Safety and Insurance Board) are entitled to receive contributions from the pension plan for a period of up to one year. The rate of credit is based on the normal work week set out in the collective agreement multiplied by the pension contribution rate in the collective agreement.

Please note that the Boilermakers' National Pension Plan (Canada) provides this benefit described above to all Members even though it is only required in Ontario. Members must apply for this Benefit and provide all necessary documents. The Plan provides a similar benefit to those in receipt of Long Term Disability Benefits, from the Boilermakers' National Welfare Plan (Canada).

***Privacy legislation sets out:***

That the Pension Plan can collect, store, disclose and retain personal information about a Plan Member, or beneficiary, only to the extent that it is needed to manage the Pension Plan and the Member's entitlement to benefits under the Plan. Personal information must be destroyed in a safe manner. The Plan has a Privacy Guideline which the administration staff and Trustees follow. The Privacy Guideline is on the Plan Web Site.

***Family law acts set out:***

How pension plan benefits are divided under a marital or relationship breakdown

If the pension, or other benefit, of a plan member can be garnisheed in the event of non payment of child or other support payments.

### Member Question

Does any government guarantee our pensions?

### Trustees' Answer

No, governments do not fully guarantee any workplace pension. In the Province of Ontario there is a Pension Benefits Guarantee Fund which partially supports the pensions of certain employees. However, the Ontario Pension Benefits Guarantee Fund does not cover pension plans like the Boilermakers' National Pension Plan (Canada).

In the event the Pension Plan was wound up and there were not enough assets to pay all of the accrued pensions, benefits would be reduced.

### Member Question

What kind of time lines do the Trustees have to follow to be *compliant* with *pension funding legislation*?

### Trustees' Answer

The Trustees must annual valuation reports with the Pension Plan regulator, Alberta Finance and Enterprise. The report must be filed by September 30<sup>th</sup> of each year.

The Plan is permitted to fund its unfunded liability over no more than 10 years.

In November 2009, the Pension Plan was approved for the solvency moratorium available under the Employment Pension Plans Act.

The Pension Plan must file its audited financial statements with Alberta Finance and Enterprise by June 30<sup>th</sup> of each year.

The Pension Plan must issue to Members an annual pension statement, which includes the information set out in legislation. This statement is due by June 30<sup>th</sup> of each year.

The Pension Plan is required to meet certain standards with regard to the timing of giving information at certain life events such as termination of membership in the Plan and the death of the Plan Member. The Plan monitors its compliance with the legislated standards.