

# Superintendent of Pensions

## EPPA Update 20-04

Issued: June 24, 2020

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### Additional COVID-19 Relief Measures

The Government of Alberta continues to take action to protect the safety, security, and economic interests of Albertans amidst the ongoing COVID-19 pandemic and economic downturn. On June 24, 2020 the Employment Pension Plans Regulation (the Regulation) was amended via [Order in Council 190/2020](#), to permit:

- a temporary suspension of unfunded liability and solvency deficiency payments (“special payments”) until the end of 2020 for defined benefit or target benefit pension plans;
- an exemption from the application of the Provision for Adverse Deviation (PfAD) on contributions until the end of 2020 collectively bargained multi-employer plans (CBMEP), which must include a PfAD when funding benefits,; and
- an increase to the limit of funding excess to reduce or eliminate contributions for a single fiscal year of the plan.

In addition, the Regulation was amended to provide clear authority that a statement, notice, document, or other record or information required or permitted under the *Employment Pension Plans Act* or its regulations may be provided, sent, delivered, or filed by electronic means in accordance with Alberta’s *Electronic Transactions Act*.

Plan administrators must apply to, and obtain consent from, the Superintendent of Pensions. **Temporary relief is not permitted until the Superintendent of Pensions has approved the required application.** Applications for relief must be in writing and may be submitted by email to: [employment.pensions@gov.ab.ca](mailto:employment.pensions@gov.ab.ca)

Approval may be retroactive, but cannot begin any earlier than the day these new provisions come into force.

An application must confirm that no benefit improvements will be made to the plan while participating in the relief. Additionally, the estimated financial position of the plan (going concern and solvency) as of the date of application, as well as the rationale for seeking funding relief must be included. Each application will be judged on its own merit. Finally, pursuant to section 6 of the Act, the Superintendent may impose any other terms or conditions that may be considered appropriate before granting approval.

## Suspension of Special Payments

Section 10.2 has been added to the Regulation: Funding requirements exemption for 2020. The effect of the moratorium relief measure is that special payment contributions in a plan that provides a defined benefit or target benefit, for the period beginning no earlier than the day the regulation is amended until the end of 2020, will not be required.

- For the purposes of the relief, “special payments” describes amounts remitted as amortization of unfunded liabilities, and/or solvency deficiencies.
- Depending on the scope of funding relief approved, the relief could apply to some or all of these contribution types.

In the case of most plans, this relief will likely result in a suspension of a portion of contributions to the plan. Amounts that otherwise would have been remitted into the pension plan would instead be retained by the employer (and, possibly, members as some defined benefit and target benefit plans also require member contributions).

Any experience losses attributable to fewer contributions remitted to the plan fund than expected, as a result of a successful application for funding relief, must be identified in the next actuarial valuation report of the plan. The experience loss must be amortized over a period not exceeding 15 years.

## Exemption from a Provision for Adverse Deviation

Section 10.2 also permits a CBMEP that is otherwise required to include a PfAD, for contributions remitted in 2020, an exemption from applying the PfAD on current service contributions and applies to any actuarial valuation in effect with an effective date on or before December 31, 2019. For most CBMEPs, this relief is expended to reduce the funding obligation to the plan, rather than a suspension contributions to the plan per se.

## Use of Funding Excess

Section 10.3 has been added to the Regulation: Actuarial excess use exemption for 2020. Under this section, plans may temporarily increase the funding excess that can be used to reduce or eliminate contributions which would have been / will be required to fund benefits, for a single fiscal year of the plan.

Currently, defined benefit plans which are more than 105 per cent funded on a going concern basis can use funding excess, referred in the regulation as “accessible going concern excess”, to reduce or eliminate current service contributions. The use of accessible going concern excess is usually subject to the restriction that not more than 20 per cent of the excess can be used in a given fiscal year. This amount has been temporarily increased to 40 per cent for a single fiscal year of the plan.

## Electronic Information and Records

Section 156.1 has been added to the Regulation: Electronic communications. This amendment explicitly permits a statement, notice, document, or other record or information that is required or permitted under EPPA or its regulations may be provided, sent, delivered, or filed in electronic form (subject to, and in accordance with, applicable requirements of Alberta's *Electronic Transactions Act*).

The ability to use electronic documents and records is permanent. Hard copies are still required to be available upon request.

Per section 156.1(2) of the Regulation, this does not apply to the designation of beneficiaries. Currently, 'designated beneficiary' is a defined term in the *Employment Pension Plans Act* (s. 1(1)(q)), and references the *Wills and Succession Act*. As such, electronic beneficiary designation is a broader issue beyond just the EPPA and is out of the scope of the current pension relief regulation amendments.

## Further Relief

The Superintendent's Office is continuing to evaluate the situation. Further relief beyond this announcement may be issued as warranted.

## Contact Information and Useful Links

<b>Email:</b>	<a href="mailto:employment.pensions@gov.ab.ca">employment.pensions@gov.ab.ca</a>
<b>Phone:</b>	780-427-8322
<b>Fax:</b>	780-422-4283
<b>Toll-free in Alberta:</b>	Dial 310-0000, then the number.
<b>Visit our website:</b>	<a href="http://pensions.alberta.ca">pensions.alberta.ca</a>
<b>Subscribe to receive email updates:</b>	<a href="http://pensions.alberta.ca/subscribe.html">pensions.alberta.ca/subscribe.html</a>