



## New Annual Filing Requirements – British Columbia

The following is to inform pension plan administrators, employers, pension consultants, plan members and others about changes to the reporting requirements under the British Columbia Pension Benefits Standards Act (the “PBSA”).

The investment of pension assets has a significant impact on the pension plan solvency. In view of the growing need to use resources efficiently, and in light of similar regulatory practices in other jurisdictions in Canada and abroad, the Superintendent has expanded the annual reporting requirements by:

- Amending the Annual Information Return (AIR),
- Creating a comprehensive Guide to the Annual Information Return; and
- Introducing a Financial Information Return (FIR) and Guide to the Pension Plan Financial Information Return.

New reporting requirements are in effect for all plan years ending on or after August 1, 2006. The old reporting requirements will apply for all plans with year ends of July 31, 2006 or earlier. Audited financial statements are required to be filed within 270 days of the plan fiscal year end. The AIR, the FIR and other financial information are required to be filed within 180 days of the plan fiscal year end.

### Changes to the AIR

The most recent changes to the AIR are quite extensive. There are two reasons for this.

- There were certain areas of the AIR which were confusing to plan administrators. The revised AIR, together with the Guide to the Annual Information Return, provides greater clarity.
- The revised AIR has been designed to facilitate electronic filing in the future. We are not ready for electronic filing at present, but we have designed the form in anticipation of electronic filing. We assure administrators who will be unable to file electronically that paper-based copies of our filing requirements will continue to be acceptable.

### New Financial Information Return (FIR)

All pension plan administrators must file the new FIR unless:

- The plan is a defined contribution plan, and the total value of plan assets is less than \$10 million, or

- The plan is not a defined contribution plan, and assets are valued at less than \$2.5 million and there are fewer than 50 members in the plan.

For those plans that are not excluded based on the conditions set out above, the FIR is supplementary to the financial statements that are required to be filed under section 9 of the PBSA and must be filed within 180 days after each fiscal year end of the plan occurring on and after August 1, 2006.

The information included in a pension plan’s FIR will be used in conjunction with the information in the other filings made on behalf of the pension plan to identify plans that face increased risk.

The FIR will be a useful tool for identifying irregularities such as significant breaches of investment regulations, unusual investment under-performance and serious asset-liability mismatch. The FIR will also allow the Superintendent to be more proactive in identifying plans potentially facing increased investment-related risk.

NOTE: Effective immediately, it will no longer be acceptable for the AIR to be signed by a third party administrator. The AIR must be signed by a corporate officer of the plan sponsor or a member of the Board of Trustees

### Additional Filing Requirements for “Multi-Unit” or Divisional Plans

There are a limited number of plans registered in British Columbia that have a “multi-unit” or divisional structure. A separate AIR and FIR must be filed for each unit or division within the plan, for all plan years ending on and after August 1, 2006.

The filing fees for these types of plans will be based upon the membership of the plan as a whole, and not the membership in the units or divisions. The maximum fee of \$20,000 for an individual plan will continue to apply.

Information on the new reporting forms and guides may be obtained at <http://www.fc.gov.bc.ca/responsibilities/pension/forms/forms.htm>.

# CUMIS Market-Based Funds

## Gross Annualized Rates of Return as at December 31, 2006

Fund	3 Month (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
<b>Money Market</b>					
Canadian Money Market Fund (PH&N)	1.1	4.1	3.1	2.9	3.8
30 Day T-bills	1.0	3.9	2.9	2.8	3.6
<b>Fixed Income</b>					
Retirement Security Fund (CUMIS)	1.2	5.0	5.1	5.4	6.9
Universe Bond Index Fund (BGI)	0.8	4.1	5.9	6.6	6.9
Income Fund (Ethical)	0.8	4.3	6.2	6.8	5.7
Fixed Income Fund (McLean Budden)	1.0	4.2	6.1	6.5	7.1
Short-Term Bond & Mortgage Fund (PH&N)	0.9	4.6	4.2	4.8	5.7
Bond Fund (PH&N)	0.9	4.4	6.3	7.1	7.2
ScotiaMcLeod Universe	0.7	4.1	5.9	6.6	6.9
<b>Balanced</b>					
Balanced Fund (Ethical)	7.9	13.5	12.1	8.2	–
Balanced Core Fund (McLean Budden)	7.1	12.9	10.9	8.1	–
Balanced Fund (Mawer)	8.3	15.1	12.8	10.2	9.9
Balanced Fund (PH&N)	7.0	12.4	10.9	7.6	7.9
Active Balanced Fund Benchmark	7.1	12.6	11.4	8.0	7.7
<b>Canadian Equity</b>					
S&P/TSX Composite Index Fund (BGI)	10.5	17.4	18.6	13.1	10.1
Canadian Equity Fund (Bissett)	10.3	13.9	17.4	12.4	12.8
Growth Fund (Ethical)	12.9	22.3	17.0	10.8	–
Special Equity Fund (Ethical)	6.9	12.3	–	–	–
Canadian Small Cap Fund (Franklin Templeton)	13.4	32.3	–	–	–
Large Cap Canadian Equity Fund (Mawer)	9.2	15.4	18.2	14.9	13.5
Small Cap Canadian Equity Fund (Mawer)	9.2	17.1	22.6	24.2	16.6
Canadian Equity Core Fund (McLean Budden)	11.3	18.3	17.2	13.4	13.7
Canadian Equity Value Fund (McLean Budden)	9.4	14.0	15.6	13.6	15.1
Canadian Equity Fund (PH&N)	10.2	16.9	15.9	10.3	10.2
S&P/TSX Composite Index	10.4	17.3	18.6	13.1	10.0
BMO Small Cap Weighted Index	9.0	16.6	16.8	17.6	10.2
<b>Dividend</b>					
Dividend Income Fund (PH&N)	9.5	17.8	16.2	13.2	17.3
S&P/TSX Composite Index	10.4	17.3	18.6	13.1	10.0
<b>U.S. Equity</b>					
U.S. Equity Index Fund (BGI)	11.2	15.1	6.4	-0.5	6.4
U.S. Equity Fund (Mawer)	12.2	16.1	6.3	1.0	6.2
American Equity Fund (McLean Budden)	9.9	14.7	6.9	1.8	–
U.S. Equity Fund (PH&N)	10.6	11.9	2.9	-2.8	2.6
S&P 500 (\$Cdn)	11.3	15.4	6.7	-0.3	6.7
<b>Foreign Equity</b>					
EAFE Equity Index Fund (BGI)	15.1	26.0	15.7	7.9	6.0
International Fund (Bissett)	15.2	29.4	17.5	8.8	7.6
International Equity Fund (Ethical)	14.0	20.2	14.3	–	–
Non North American Equity Fund (Mawer)	18.4	33.9	21.0	12.2	11.6
Global Equity Fund (McLean Budden)	11.9	19.7	10.1	3.6	8.2
Overseas Equity Fund (PH&N)	15.4	29.0	13.9	5.6	–
Growth Fund (Franklin Templeton)	13.4	24.1	13.8	7.1	7.3
MSCI EAFE (\$Cdn)	15.1	25.9	15.8	8.0	6.0
<b>Actively Managed Asset Allocation Funds</b>					
LifePoints Balanced Income (Frank Russell)	4.5	9.5	9.1	7.4	9.5
LifePoints Balanced Growth (Frank Russell)	7.4	13.7	12.0	8.3	8.9
LifePoints Long-Term Growth (Frank Russell)	9.7	17.5	15.1	9.7	9.9
LifePoints All-Equity (Frank Russell)	12.0	19.8	14.7	–	–
<b>Index Managed Asset Allocation Funds</b>					
Conservative Balanced Index Fund (BGI)	5.4	10.2	8.4	6.2	6.8
Moderate Balanced Index Fund (BGI)	7.3	12.9	11.2	7.9	8.2
Aggressive Balanced Index Fund (BGI)	9.3	15.5	13.7	9.0	8.6

**Note: All performance data is shown on a gross or "pre-fee" basis except for Retirement Security Fund**

1 - Retirement Security Fund charges 1.2% in Investment Management Fees. The returns shown above for RSF are net of fees.

2 - Current benchmark composition: 35% S&P/TSX Capped Composite Index, 25% MSCI World ex Canada Index, 35% SC Universe Bond Index, 5% SC 30-Day T-Bill Index.

3 - Pooled funds are not guaranteed, their values change frequently and past performance may not be repeated.

4 - The Ethical Funds charge an expense management fee against the fund up to a maximum of 20 basis points.

5 - Mawer Investment Management charges expenses against the funds and are not included in the above fees.

# News from the Government

## Maximum Commutable Amounts - Alberta

The Employment Pension Plans Amendment Act, 2005, proclaimed in force on August 10, 2006, sets out revised provisions regarding the maximum amounts that may be commuted from a pension plan or out of a locked-in contract under Alberta's jurisdiction.

The revised Employment Pension Plans Regulation (the Regulation) details the procedures required in order to be able to commute (cash out) locked-in pension funds either upon termination from a registered pension plan, or funds from a Locked-In Retirement Account (LIRA) and a Life Income Fund (LIF).

A pension plan must provide for the commutation of the pension benefit at the earliest of termination of membership, termination of the plan, death or pension commencement, if the pension or its commuted value falls below a threshold amount. In addition, if a benefit is deferred and that benefit was above the threshold when the member terminated or died, and later falls below the threshold, the member or surviving pension partner may unlock it at that later date.

Similarly, LIRAs and LIFs must provide for the commutation of the locked-in account when the balance in the account falls below a prescribed threshold.

In all instances, these amounts are considered to be too small to provide an adequate amount of retirement income, so the individual may apply to have his benefit commuted or "unlocked". This allows the individual to either receive the funds in cash, or to transfer them into an unrestricted RRSP or RRIF. Once the locked-in funds are commuted, they are no longer protected from creditors.

## Pension Plans

The prescribed thresholds are based on a percentage of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan. For 2007, the YMPE is \$43,700. The limits are:

In the case of a pension plan containing a defined benefit provision, the threshold is:

- The annual pension payments that would be payable at or after pensionable age must not exceed 4 per cent of the YMPE as of the date of termination, retirement, or on the date that the request for commutation is made. For 2007, the limit is \$1,748 (or a monthly pension of \$145.67), or
- The commuted value of the pension to which he is entitled must not exceed 20 per cent of the YMPE for that year. For 2007, the limit is \$8,740.

In the case of a pension plan containing only defined contribution provisions, the total value of the accrued contributions with interest

must not exceed 20 per cent of the YMPE as of the date of termination, retirement, death, or on the date that the request for the commutation is made (in 2007, \$8,740)

Consolidation of Accrued Benefits - Where a member:

- Was a member of two or more pension plans both sponsored by the same employer (e.g., started in an hourly workers' plan and is transferred to a salaried employees plan), or
- Has two or more accrued benefits within one pension plan as a result of a partial / full plan merger, or
- Has benefits within one plan accruing from both defined benefit and defined contribution provisions, then...

The benefits under both or all of those plans or kinds of provisions are to be viewed in aggregate for the purposes of determining whether or not a member's benefit is eligible for unlocking under the small amounts commutation provisions.

## LIRAs and LIFs

For LIRA and LIF contracts, the threshold is as follows:

- The value of an individual LIRA or LIF, must not exceed 20 per cent of the YMPE. For 2007, the limit is \$8,740.
- For an individual who was at least 65 years old, the value of an individual LIRA or LIF contract, must not exceed 40 per cent of the YMPE. For 2007, the limit is \$17,480.

NOTE: a LIRA or LIF cannot be split into smaller portions in order to create an account or accounts that fall below the threshold.

## Penalty for Misleading Statements

Under the Employment Pension Plans Act a person who makes a false or misleading statement for the purpose of commuting a locked-in benefit is guilty of an offence and liable to a fine not exceeding \$15,000.

For further information please contact: [www.finance.gov.ab.ca](http://www.finance.gov.ab.ca)

### Contribution Limits

The maximum contribution to a money purchase pension plan in 2007 is the lesser of \$20,000 or 18 per cent of current year's earnings. For RRSPs, the limit in 2007 is the lesser of \$19,000 or 18 per cent of earned income in previous year.

### Maximum Pension Accrual

The maximum pension accrual for each year of service under a defined benefit pension plan in 2007 is \$2,222.22.

# News from the Government (cont'd)

## Government Retirement Programs 2007

### Old Age Security – First Quarter of 2007

Basic Benefits \$491.93	GIS max. Single \$620.91	GIS max. Married \$410.04	Spouse's Allowance \$901.97	Widow/Widower \$999.81
----------------------------	-----------------------------	------------------------------	--------------------------------	---------------------------

	Canadian Pension Plan		Quebec Pension Plan	
	2006	2007	2006	2007
<b>YMPE</b>	\$ 42,100.00	\$ 43,700.00	\$ 42,100.00	\$ 43,700.00
<b>Basic Exemption</b>	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
<b>Contribution Rate</b>				
• employee	4.95%	4.95%	4.95%	4.95%
• employer	4.95%	4.95%	4.95%	4.95%
• self-employed	9.9%	9.9%	9.9%	9.9%
<b>Annual contribution (maximum)</b>				
• employee	\$ 1,910.70	\$ 1,989.90	\$ 1,910.70	\$ 1,989.90
• employer	\$ 1,910.70	\$ 1,989.90	\$ 1,910.70	\$ 1,989.90
• self-employed	\$ 3,821.40	\$ 3,979.80	\$ 3,821.40	\$ 3,979.80
<b>Retirement benefit (maximum, per month)</b>	\$ 844.58	\$ 863.75	\$ 844.58	\$ 863.75
<b>Death benefits</b>				
• lump sum	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
• spouse maximum (per month)				
under 55	\$ 471.85	\$ 482.30	\$ 714.30	\$ 729.84
under 65	\$ 471.85	\$ 482.30	\$ 716.31	\$ 729.84
• spouse maximum over 65 (per month)	\$ 506.75	\$ 518.25	\$ 506.75	\$ 518.25
• orphan (per child, per month)	\$ 200.47	\$ 204.68	\$ 63.65	\$ 64.99
<b>Disability benefits</b>				
• contributor (maximum, per month)	\$ 1,031.05	\$ 1,053.77	\$ 1,031.02	\$ 1,053.74
• child (per child, per month)	\$ 200.47	\$ 204.68	\$ 63.65	\$ 64.98

Pension Watch is produced for CUMIS Life Retirement Clients. If you would like extra copies for employee distribution, please contact CUMIS Retirement Services at:

**Toll-free: 1-800-263-9120 Fax: 905-631-4887**  
**E-mail: [rps@cumis.com](mailto:rps@cumis.com) Mail: P.O. Box 5065, Burlington, ON L7R 4C2**

Retirement Watch is intended to provide general information only. It is not intended to provide specific advice or recommendations for any individual. E.&O.E.  
 \*CUMIS Retirement Services is a division of CUMIS Life Insurance Company. CUMIS® is a trademark of CUMIS Insurance Society, Inc. and is used under licence. (01/07)