



SECTION:	Membership
INDEX NO.:	M100-401
TITLE:	Separate Pension Plan for Part-Time Employees - Reasonably Equivalent Pension Benefits and Other Benefits - PBA s. 34
APPROVED BY:	Superintendent of Financial Services
PUBLISHED:	FSCO website (April 2013)
EFFECTIVE DATE:	July 1, 2012
REPLACES:	M100-400

This policy replaces M100-400 (Separate Pension Plan for Part-Time Employees – Reasonably Equivalent Pension Benefits and Other Benefits) as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.

*Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at www.fSCO.gov.on.ca. All pension policies can be accessed from the **Pensions** section of the website through the **Pension Policies** link.*

The purpose of this policy is to explain the meaning of “reasonably equivalent” pension benefits and other benefits in cases where a separate pension plan has been established for part-time employees who belong to the same class of employees as full-time employees. (Note: See Policy [M100-300 \(Class of Employees\)](#) for class-related issues.)

Reasonably Equivalent Pension Benefits and Other Benefits

Section 34 of the PBA permits a separate pension plan to be established for part-time employees if all benefits are “reasonably equivalent” to those provided under the pension plan for full-time employees who belong in the same class. Both plans must have similar benefit provisions to ensure that part-time employees are provided with reasonably equivalent entitlements, rights and benefit securities to those that are provided for full-time employees. This includes ancillary benefits, plan improvements and employee funding costs.

It is not possible to establish a defined contribution pension plan that successfully mirrors a defined benefit pension plan. A mere duplication of contributions is not sufficient to satisfy the test of reasonable equivalence, due to uncertainties in investment returns and apportionment of risk between the plan sponsor and plan members.

The Superintendent of Financial Services (Superintendent) will determine, on a case-by-case basis, whether the benefits under a separate pension plan for part-time employees are reasonably equivalent to those that are provided under the pension plan for full-time employees of the same class. If there are differences in the benefit provisions between the pension plans maintained for full-time and part-time employees, the administrator of these plans must satisfy the Superintendent that the differences are reasonably equivalent.

Different Requirements for Full-Time and Part-Time Employees

While section 34 of the PBA refers to reasonably equivalent benefits, there can be different eligibility requirements for full-time and part-time employees (as indicated by section 31 of the PBA).

For example, a single-employer pension plan could allow full-time employees to become members as soon as they begin employment, but require part-time employees to satisfy the minimum PBA requirement of 24 months of continuous employment before they become eligible to join the plan. For more information, see Policy [M100-100 \(Eligibility for Membership in a Pension Plan\)](#).