



SECTION:	Surplus
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TITLE:	Application by Employer for Payment of Surplus on Partial Wind Up of a Pension Plan - PBA ss. 78 and 79 - Regulation 909 s. 8
APPROVED BY:	Superintendent of Financial Services
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REPLACES:	S900-509

This policy replaces S900-509 with respect to the distribution of surplus to an employer on the partial wind up of a pension plan. Policy S900-510 replaces S900-509 with respect to the distribution of surplus to an employer on the full wind up of a pension plan.

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.

This policy sets out the procedure for filing an application to distribute surplus to an employer ("surplus application") with the Superintendent of Financial Services ("Superintendent") on a partial plan wind up pursuant to section 78 of the PBA and section 8 of the Regulation. This policy and the application procedure set out here only apply where any of the surplus related to the wound up portion of the plan is distributed to the employer. While compliance with this policy is intended to facilitate the application process, the Superintendent has the ultimate authority to decide whether to consent to or reject an application, and the Superintendent is not bound by this policy.

Subsection 78(1) of the PBA provides that surplus may not be paid to an employer unless the Superintendent consents to the payment. The Superintendent shall not consent to a surplus application until specific requirements and conditions have been satisfied. Statements and documents supporting the applicant's assertion that the requirements and conditions have been satisfied should be included in the surplus application to the Superintendent. In reviewing a surplus application, it is the Superintendent's position that the employer must demonstrate entitlement to the surplus and must afford the same rights respecting surplus, as if the plan were fully wound up on the effective date of the partial wind up, to the affected members, former members and other persons who are entitled to receive payment from the pension plan as a result of the event which gave rise to the partial wind up.

General

The onus is on the applicant to satisfy the Superintendent that the surplus application meets the requirements of the PBA and the Regulation. The applicant should also demonstrate compliance with all relevant policies, procedures and administrative practices.

Policy S850-200 (“Filing Applications with the Superintendent of Financial Services”) outlines the general procedure for filing those applications, including surplus applications, that were made to the Pension Commission of Ontario (the “PCO”) in the first instance before the full proclamation of the FSCO Act.

It is the applicant’s responsibility to decide whether plan-specific circumstances warrant the inclusion of additional information or documentation to support the surplus application. For example, additional information about members or former members or additional plan documentation may be relevant in the following circumstances:

- ▶ the source of all or a portion of the assets of the pension fund can be traced to the pension fund of another pension plan;
- ▶ all or a portion of the liabilities of a pension plan were converted to liabilities determined on another basis (a plan conversion);
- ▶ there was a partial wind up at any time prior to the date of the current partial wind up; or
- ▶ all or a portion of the liabilities of a pension plan relate to members, former members or other persons with employment in a jurisdiction other than Ontario.

If information necessary for the Superintendent to approve a surplus application is missing, the Superintendent will not be able to consent.

The content of this policy is set up under the following sections and headings:

DISTRIBUTION OF SURPLUS TO AN EMPLOYER ON PARTIAL WIND UP

General Principles
Notice of the Surplus Application
Written Agreement
The Surplus Application
Filing the Surplus Application
Member Statement

SCHEDULE I

Surplus Application Format and Explanatory Notes

SCHEDULE II

Certification of Compliance with Surplus Requirements of Other Jurisdictions

DISTRIBUTION OF SURPLUS TO AN EMPLOYER ON PARTIAL WIND UP

GENERAL PRINCIPLES

1. Where an employer wants to receive a surplus distribution on partial plan wind up, section 78 of the PBA provides that the employer must apply to the Superintendent. No payment or distribution to the employer may be made without the Superintendent's prior consent. Before the Superintendent can propose to consent to a surplus application, the applicant must satisfy the requirements of subsection 78(2) of the PBA concerning notice and disclosure of all plan provisions relevant to surplus entitlement on partial wind up. In addition, the requirements of subsections 79(3) and (4) of the PBA must be satisfied, as well as all the requirements of the Regulation.
2. Where the partial wind up results from an event affecting the employment of the members, such as a plant closure, all members participating in the plan on or after the date notice of the event is given who are affected by the event ("PWU members") must be included as members for purposes of the partial wind up, including the surplus distribution. This requirement applies even if a PWU member terminates or is terminated after the notice date but prior to the event actually occurring.
3. In order to expedite the payment of basic benefits, an employer would generally not file a surplus application in respect of a partial wind up until after the payment of basic benefits from the plan has been approved to the PWU members, former members and other persons who are entitled to receive payment from the pension plan as a result of the event which gave rise to the partial wind up (the "PWU group"). Payment of basic benefits may be through a transfer of the basic benefits as provided under subsection 73(2) of the PBA, or the purchase of annuities.

The distribution of surplus to the PWU group may be provided by benefit enhancements or in cash. The employer should complete the distribution of benefits and surplus to the PWU group and the distribution of surplus to the employer, where a surplus sharing agreement provides for such distribution, as expeditiously as possible. FSCO must be notified when all assets in the wound up portion of the plan have been distributed.

4. Compliance with the requirements of the FSCO Act, PBA, Regulation and conditions identified in any policy, procedure and administrative practice of the former PCO or of FSCO which affects the surplus application, is the responsibility of the applicant.
5. Applicants are responsible for ensuring that the information contained in the surplus application and any supporting documents is complete and accurate.

NOTICE OF THE SURPLUS APPLICATION

Content

6. The notice of the surplus application required by subsection 78(2) of the PBA (the "Surplus Notice") must include the information prescribed under subsection 28(5) of the Regulation.
7. With respect to clause 28(5)(c) of the Regulation (i.e., surplus attributable to employee and employer contributions), the methodology used to determine the surplus attributable to employee and employer contributions should be consistent with policy S900-801 ("Surplus Attributable to Employer and Employee Contributions on Plan Wind Up").

8. With respect to clause 28(5)(e) of the Regulation (i.e., the statement that written submissions may be made to the Superintendent within 30 days of receipt of the Surplus Notice), the Surplus Notice must state that written submissions are to be directed to the Superintendent. In addition, the Surplus Notice should state that the Superintendent will provide copies of all submissions to the employer.
9. With respect to clause 28(5)(f) of the Regulation (i.e., authority for surplus reversion), there must be full and complete disclosure of all provisions of the plan and trust documentation from inception that may be relevant in determining entitlement to the payment of surplus on partial wind up, including provisions in all current and prior plan texts, trust agreements, insurance contracts, employee booklets, employee notices, collective bargaining agreements, information brochures and any other documents that may be relevant.

The actual wording of all the provisions from the plan and trust documentation from inception that may be relevant to surplus entitlement and to the question of authority to make plan amendments must be cited in the Surplus Notice, along with a full analysis of their implications. The Surplus Notice must also include a complete historical analysis of all the plan, trust and other documentation that may be relevant to determine whether the plan constitutes a trust. If the plan at any time constituted a trust, the historical analysis must demonstrate that any amendment to the trust that has a bearing on surplus entitlement was valid.

Where the plan and trust documentation do not contain explicit provisions addressing surplus entitlement, this fact must also be disclosed in the Surplus Notice. As provided under subsection 47(10) of the Regulation, as of January 1, 1998, if the pension plan did not provide for the distribution of surplus on wind up, the applicant must refer to subsection 79(4) of the PBA and its consequences for the surplus application.

If a surplus application requires a court order pursuant to subsection 8(2) of the Regulation, the applicant should refer to the procedure under policy S900-600 ("Making Application Under ss. 7a(2)(c)").

10. The Surplus Notice must state that the application and the analysis of the plan documents were prepared by the applicant, and that those in the PWU group may wish to obtain independent legal advice with respect to the application and the proposed surplus distribution agreement (the "Agreement") before they give any consent.
11. With respect to clause 28(5)(g) of the Regulation (i.e., notice concerning access to copies of the partial wind up report), if the office or location where the PWU members were employed is closed, the employer must make and communicate alternative arrangements for the PWU group to review the partial wind up report filed with the Superintendent in support of the surplus request, either at a location close to the location(s) where business was conducted or through the provision of copies of the partial wind up report directly to the PWU group.
12. If the Surplus Notice does not satisfy the requirements of the PBA and the Regulation, or the conditions identified in any policy, procedure or administrative practice of the former PCO or FSCO, or if there has not been complete, full and fair disclosure of all information that may be relevant, the Superintendent may give the employer the opportunity to re-transmit a modified Surplus Notice. The employer has a very high obligation of good faith to ensure that full and fair disclosure is given.
13. Subsection 28(5.1) of the Regulation requires that the employer file a copy of the Surplus Notice with the Superintendent before it is transmitted.

The Surplus Notice should be filed with the Superintendent by sending one (1) copy to:

Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, 17th Floor
Box 85
North York ON M2N 6L9

14. With respect to paragraph 8, paragraph 18(d) and paragraph 30(j) of this policy, a copy of any written representations filed with the Superintendent will be forwarded to the employer.

Transmitting the Notice of the Surplus Application

15. After the employer files its Surplus Notice with the Superintendent, the employer is required to transmit the Surplus Notice to all persons listed in subsection 78(2) of the PBA. The employer must satisfy the Superintendent that full and fair notice has been given to those persons.
16. Transmittal must be by personal delivery or first class mail in accordance with subsection 112(1) of the PBA (see also paragraphs 17 and 18 of this policy).

Public Advertisement

17. The Superintendent may authorize delivery of the Surplus Notice by public advertisement or otherwise in accordance with subsection 112(3) of the PBA if the Superintendent is satisfied that it is not reasonable to give individual notice to all persons in accordance with paragraphs 15 and 16 of this policy.
18. Where an applicant requests the Superintendent's authorization to deliver the Surplus Notice by public advertisement, the information provided in the draft public advertisement submitted with the request to the Superintendent must clearly indicate the following:
- (a) to whom the Surplus Notice is addressed (e.g., former members and other persons entitled to payments from the partially wound up plan or any applicable predecessor plan(s));
 - (b) the reason that these persons are being contacted (i.e., partial wind up of the pension plan in a surplus position and the surplus application);
 - (c) where the details of the surplus application will be made available; and
 - (d) information that persons to whom the Surplus Notice has been transmitted may make written representations to the Superintendent with respect to the surplus application within thirty (30) days after receiving the Surplus Notice and that the Superintendent will provide copies of all submissions to the employer.

WRITTEN AGREEMENT (SURPLUS APPLICATIONS PURSUANT TO CLAUSE 8(1)(b) OF THE REGULATION)

Content

19. When considering the surplus application, the Superintendent must be satisfied that the employer has:
- (a) provided the PWU group with full and fair disclosure in the copy of the Surplus Notice and the copy of the Agreement which have been provided to these persons;
 - (b) provided the individuals in the PWU group who are not currently represented by independent legal counsel with a reasonable opportunity to obtain independent legal advice with respect to the Surplus Notice and the Agreement;
 - (c) given the PWU group sufficient time to consider the surplus application and the Agreement, before the employer obtains the written consent of these persons; and
 - (d) obtained the number of executed Agreements (the “Written Agreements”) required from PWU members and others under the Regulation.
20. The Agreement must provide for:
- (a) the name and registration number of the pension plan;
 - (b) the name of the individual;
 - (c) the signature of the individual;
 - (d) the date on which it is signed; and
 - (e) the signature of the employer.

Where the Agreement is provided to a collective bargaining agent in respect of a group of individuals, the required name and signature are those of the bargaining agent. In addition, the document must include provision for a clear statement as to the individuals or group in respect of whom the collective bargaining agent is executing the document.

Transmitting the Agreements

21. In order to obtain the Written Agreements required under clause 8(1)(b) of the Regulation, a copy of each of the Surplus Notice and the Agreement must be given by personal delivery or first class mail, in accordance with subsection 112(1) of the PBA, to the following persons as required by subsection 78(2) of the PBA:
- (a) the PWU group;
 - (b) each collective bargaining agent that represents any PWU member under the plan at the date of the partial wind up; and
 - (c) the advisory committee established in respect of the pension fund.

Written Agreements

22. To satisfy subclause 8(1)(b)(ii) of the Regulation, an applicant should obtain the Written Agreements of at least two-thirds of the PWU members, or, where some or all of the PWU members are represented by any collective bargaining agent(s), the Written Agreement of the bargaining agent(s).
23. Normally, to satisfy subclause 8(1)(b)(iii) of the Regulation, an applicant should obtain the Written Agreements of at least two-thirds of the aggregate of those former members and other persons affected by the partial wind up and who are entitled to payments under the pension plan at the date of the partial wind up. This requirement is subject to the Superintendent's discretion following a review of the circumstances of each surplus application.
24. If a pension plan is provided for both unionized and non-unionized members, in addition to the Written Agreement of the relevant collective bargaining agent(s), Written Agreements must be obtained from at least two-thirds of those PWU members not represented by the bargaining agent(s).
25. Legal counsel may sign the Agreement on behalf of the individuals they represent at the time the Agreement is signed, provided such representation arrangement satisfies the requirements of policy S900-503 ("Surplus Distribution - The Role of Legal Counsel in Obtaining Written Consent - Section 8 of Regulation 909").
26. The appropriate collective bargaining agent(s) for the purposes of subclause 8(1)(b)(ii) of the Regulation is the bargaining agent(s) who represents any PWU members at the date the bargaining agent(s) signs the Agreement on behalf of those members.

No Written Agreement is required from any collective bargaining agent(s) who, at the date of the partial wind up, does not represent PWU members nor from any bargaining agent(s) representing former members.
27. A collective bargaining agent may execute a Written Agreement only on behalf of those PWU members who are represented by the bargaining agent. Therefore, if a pension plan involves more than one collective bargaining agent, a Written Agreement is required of each bargaining agent who represents any PWU member.
28. The Written Agreement of a collective bargaining agent who represents any PWU member must be obtained, even where the bargaining agent does not bargain the pension plan.

THE SURPLUS APPLICATION

29. The format and content of the surplus application should be consistent with Schedule I to this policy.
30. All material required by the PBA and Regulation must be attached to the surplus application, including:
 - (a) A list, by class, of the names of all individuals in the PWU group.
 - (b) A certified copy of the Surplus Notice referred to in subsection 28(5) of the Regulation, pursuant to subsection 28(6) of the Regulation.
 - (c) A statement that the employer has complied with subsection 78(2) of the PBA.
 - (d) A list, by class, of the names of members, former members or any other persons who received the Surplus Notice, the date the last Surplus Notice was transmitted and the form of delivery of the Surplus Notice.

- (e) Complete copies of all plan and trust documentation from inception, including all current and prior plan texts, trust agreements, insurance contracts, employee booklets, employee notices, collective bargaining agreements, information brochures and any other documents that may be relevant to surplus entitlement. The applicant should highlight the parts of the plan and trust documentation that the applicant believes may be relevant to surplus entitlement. Full documents should be arranged in chronological order and clearly labelled.
- (f) Copies of the title page and the balance sheet (or any updated balance sheet) of the partial wind up report as of the effective date of the partial wind up giving rise to the surplus application and the actuary's certification from the partial wind up report or any supplemental report.

A supplement to a partial wind up report will be required if the distribution of surplus was not addressed in the initial partial wind up report or the initial partial wind up report does not reflect the surplus distribution proposals outlined in the surplus application.

- (g) Information required to be submitted to FSCO staff in accordance with policy S900-801 ("Surplus Attributable to Employer and Employee Contributions on Plan Wind Up").
- (h) The approval by the Superintendent of the payment of basic benefits based on the partial wind up report and any supplementary report.
- (i) A copy of the most recent collective agreement(s) if some or all of the PWU members are represented by any collective bargaining agent(s).
- (j) Any written representations objecting to the surplus application received by the applicant directly or through the Superintendent, as well as any response(s) by the applicant.
- (k) Disclosure as to whether or not the surplus application affects members, former members or other persons with employment in a jurisdiction other than Ontario. Where the surplus application affects members, former members or other persons with employment in a jurisdiction other than Ontario (the "non-Ontario members"), the applicant must provide:
 - (i) a table indicating the number of members, former members or other persons affected by the surplus application in each jurisdiction, including Ontario; and
 - (ii) certification in the form set out in Schedule II to this policy that the applicant has complied with the requirements for surplus distribution of those other jurisdictions with respect to the non-Ontario members.

The Superintendent reserves the right to review the certification and to require additional information or explanation of the contents of the certification before proceeding with the review of the surplus application.

- (l) Any submissions which may be relevant to the surplus application.

Where other materials or information which may be relevant are discovered after the surplus application has been filed, such materials or information must be filed as an addendum to the initial surplus application (see paragraph 32 of this policy).

- (m) Where the surplus application is made pursuant to clause 8(1)(b) of the Regulation,
 - (i) a copy of the Agreement;

- (ii) a list, by class, of the names of members, former members or other persons who received a copy of the Agreement, the last date the Agreement was transmitted and the form of delivery of the Agreement;
 - (iii) copies of the Written Agreements documenting the consent of individuals in the PWU group with respect to the Agreement;
 - (iv) copies of the Written Agreement(s) between the employer and any collective bargaining agent(s) that pertain to the Agreement; and
 - (v) a list of the individuals in the PWU group who did not agree or did not respond to the Agreement.
- (n) Where the surplus application is made pursuant to subsection 8(2) of the Regulation, the applicant should refer to policy S900-600 ("Making Application Under ss. 7a(2)(c)"). If the applicant has already obtained a court order concerning entitlement to surplus and distribution of funds from surplus, a copy of the court order must be attached to the surplus application.

FILING THE SURPLUS APPLICATION

31. (a) The general procedure is outlined in policy S850-200 ("Filing Applications with the Superintendent of Financial Services").
- (b) The surplus application, including attachments, should be submitted on 8-1/2" x 11" paper (subject to legibility).
32. The surplus application is filed with the Superintendent by sending four (4) copies to:
- Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, 17th Floor
Box 85
North York ON M2N 6L9
- Four (4) copies of any information or materials which are supplemental to the initial filing and which are required in order to complete the surplus application should be filed with the Superintendent.
33. Upon receipt, the surplus application will be acknowledged.
34. The Superintendent will not complete his consideration of the surplus application until the Superintendent has approved the payment of basic benefits on the basis of the partial wind up report.
35. The applicant must forward a copy of the surplus application to the plan administrator.
36. For surplus applications made pursuant to clause 8(1)(b) of the Regulation, a copy of the Agreement should be included in each of the four (4) copies submitted to the Superintendent. As well, two full sets of all of the Written Agreements obtained from members, former members, and other persons must be filed with the Superintendent. One set should include all of the signed original Written Agreements.

Review Process

37. (a) If staff believe that an application is incomplete, they will advise the applicant in writing. The applicant must submit four (4) copies of the documentation required to complete the application.

- (b) The review of a surplus application will not proceed until the earlier of the date when:
 - (i) staff receive all of the information requested;
 - (ii) the applicant submits a written request asking that the surplus application proceed as is (i.e., without submitting the additional information that staff have requested); or
 - (iii) the time period for a response, as set out in the letter from staff, expires.
- 38. Staff will then review the surplus application and all other filed materials for compliance. If any compliance concerns are identified, staff will send a letter outlining their concerns to the applicant, the collective bargaining agent(s) of the PWU members (if applicable), and any person who has made written representations under subsection 78(3) of the PBA.
- 39. Staff's letter will specify the time period in which the applicant, the collective bargaining agent(s) of the PWU members (if applicable) or any person who has made written representations under subsection 78(3) of the PBA must provide a written response to the compliance concerns, if they wish to have the response considered in the Superintendent's decision-making.

Four (4) copies of the written response must be submitted to the Superintendent.
- 40. The Superintendent's proposed decision will be served on the applicant and on any person who has made written representations under subsection 78(3) of the PBA, by way of a notice of proposal with written reasons.
- 41. A person on whom the notice of proposal is served is entitled to a hearing before the Financial Services Tribunal under subsection 89(6) of the PBA if the person delivers to the Tribunal written notice requiring a hearing within thirty (30) days after being served with the notice of proposal.
- 42. If no notice requiring a hearing is received within the specified time frame, the Superintendent may carry out the proposed decision.
- 43. Applicants should refer to policy S850-100 ("Delegation of the Superintendent's Authorities") for additional information on the decision-making process.

MEMBER STATEMENT

- 44. If there is surplus on the partial wind up of a plan, the administrator shall provide, within the prescribed period, statements to the PWU group containing the prescribed information about surplus, as set out in section 28.1 of the Regulation. These statements are to be provided after the Superintendent has approved the partial wind up report, including the disposition of surplus. Applicants should ensure that the requirements of this section have been satisfied.

SCHEDULE I

**FORMAT AND CONTENT OF THE APPLICATION TO THE SUPERINTENDENT
FOR CONSENT TO THE REFUND OF SURPLUS TO AN EMPLOYER**

- Date:** *Provide the date of the surplus application.*
- Employer:** *Provide the correct legal name of the employer making the surplus application.*
- Pension Plan:** *Provide the full registered name of the pension plan and the registration number.*
- Applicant:** *Provide the name, title and business address of the corporate officer authorized to act on the employer's behalf. (Unless otherwise indicated in the surplus application, all communication from the Superintendent and staff of FSCO will be directed to the agent or counsel who files the surplus application on the applicant's behalf.)*

Nature of the Surplus Application:

Provide a full description of the surplus application to the Superintendent with reference to the specific section(s) of the PBA and Regulation pursuant to which the surplus application is being made. For example:

Application for the Superintendent's consent pursuant to subsection 78(1) of the Pension Benefits Act, R.S.O. 1990, c. P.8, as amended, and clause 8(1)(b) of Regulation 909, R.R.O. 1990, as amended, to a payment of surplus to (provide full legal name of the employer) in the amount of \$ (show the amount sought at the effective date of the partial wind up) as at (show the effective date of partial wind up) plus investment earnings thereon to the date of payment (add reference if employer is seeking any other adjustment in its request for the surplus refund).

This application includes a surplus distribution agreement whereby (x) per cent of the surplus as of the effective date of partial wind up will be distributed to the members, former members and other persons entitled to benefits as of the effective date of partial wind up.

Appropriate modifications will be required for surplus applications based on a court order pursuant to subsection 8(2) of the Regulation.

Actuary/Counsel/Agent:

Provide the name of any person acting as the agent or counsel for the employer making the surplus application, or acting on behalf of the persons affected by the partial wind up. If there are no such agent or counsel, please indicate "None".

Actuary for the Applicant (and name of firm):

Counsel for the Applicant (and name of firm):

Actuary for the Members/Formers/Union/etc. (and name of firm):

Counsel for the Members/Formers/Union/etc. (and name of firm):

Plan Administrator:

Provide the name and address of the person designated to act as plan administrator, if different from the corporate officer acting for the applicant employer.

Collective Bargaining Agent:

Provide the name of the Collective Bargaining Agent(s) who represent any members or former members affected by the partial wind up of the pension plan.

Background:

Provide a brief summary of the background of the plan leading up to the surplus application including:

- ▶ the effective date of the plan;
- ▶ the classes of members covered by the plan;
- ▶ a clear description of those members, former members and other persons entitled to payments as a result of the event that gives rise to the partial wind up (the “PWU group”);
- ▶ the basic benefit structure (e.g., “non-contributory”, “flat benefit plan”);
- ▶ a brief chronology of the plan and prior versions thereof, including any pension plan from which assets of the pension plan can be traced (include references to asset transfers to or from the pension fund of another pension plan, plan conversions and partial wind ups that may have occurred prior to the date of the current partial wind up);
- ▶ the corporate history relevant to the plan and any predecessor plans, including the background to any changes in the name of the employer associated with the pension plan;
- ▶ the effective date and reasons for the partial wind up of the pension plan; and
- ▶ any other information which will assist in understanding the surplus application.

Subsection 78(2) of the PBA - Surplus Notice Requirements:

The applicant must satisfy the Superintendent that the persons listed in subsection 78(2) have received full and fair notice and that the requirements of the PBA and Regulation have been satisfied.

(a) **Subsections 28(5) and 28(5.1) of the Regulation:**

Provide information indicating how the applicant has complied with:

- ▶ *subsection 28(5) and any related policies, procedures or administrative practices setting out the minimum content to be included in the Surplus Notice required under subsection 78(2) of the PBA. This minimum content does not alter the applicant’s obligation to ensure that full and fair notice is given.*
- ▶ *subsection 28(5.1), which requires that a copy of the Surplus Notice be filed with the Superintendent prior to transmittal to the members, former members and other persons.*

(b) **Subsection 28(6) of the Regulation:**

Provide information demonstrating compliance with subsection 28(6) of the Regulation, which requires that the surplus application be accompanied by a certified copy of the Surplus Notice signed by the corporate officer authorized to act for the applicant, a statement signed by that corporate officer that subsection 78(2) of the PBA has been complied with, the date the last Surplus Notice was distributed and details as to the classes of persons who received the Surplus Notice. Include reference to the attachment or tab at which the certified copy of the Surplus Notice may be found.

Subsection 112(3) of the PBA - Alternate Service:

If, in lieu of individual notice, the Surplus Notice is transmitted by public advertisement, indicate the classes or groups who were served by the public advertisement, the dates and newspapers in which the advertisement ran and provide a copy of the advertisement.

If, in lieu of individual notice, the Surplus Notice is transmitted by an alternative form of notice other than public advertisement, indicate the classes or groups who were served by the alternative form of notice, the dates and method by which the alternative form of notice was served and provide a copy of the alternative form of notice.

Refer to the attachment or tab in the surplus application where a copy of the public advertisement or alternative form of notice and the Superintendent's authorization for alternative service are found.

Subsection 79(3) of the PBA - Conditions Precedent to a Proposal to Consent

In the following sections, the applicant must satisfy the Superintendent that all the conditions in the PBA and Regulation have been met.

(a) **Clause 79(3)(a) - The Plan has a Surplus:**

The applicant must demonstrate that the plan has a surplus.

Provide the date of the letter from the Superintendent approving the distribution of the members' and former members' basic benefits. Refer to the attachment or tab at which extracts of the partial wind up report and supplemental report and a copy of the Superintendent's letter may be found. Include in the surplus application a brief summary of the balance sheet for the plan as at the effective date of partial wind up along with an updated balance sheet if there has been any significant change in the figures. For example:

Balance Sheet in respect of Members Affected by the Partial Wind Up

	As at effective date of partial wind up	As of (current date)
Assets		
Market value of assets	\$ 0.00	\$ 0.00
Less: Provision for Partial Wind Up Expenses	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Available assets	\$ 0.00	\$ 0.00
Liabilities		
Basic benefits	\$ 0.00	\$ 0.00
Benefit enhancements, if applicable	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Liabilities for benefits	\$ 0.00	\$ 0.00
Surplus (Deficit)	\$ 0.00	\$ 0.00

Surplus distribution agreement as of (date):

To PWU group	\$ 0.00 (%)
To employer	\$ 0.00 (%)

(b) Clause 79(3)(b) of the PBA - The Plan Provides for the Payment of Surplus to the Employer on the Wind up of the Pension Plan:

The applicant employer must satisfy the Superintendent that the plan provides for the payment of surplus to the employer on wind up. Therefore, the surplus application must establish that the employer is legally entitled to the payment of surplus on wind up. The employer must provide a complete chronological history of the plan, and any predecessor or prior plans that may be relevant, and complete copies of all plan and trust documentation since inception, including all current and prior plan texts, trust agreements, insurance contracts, employee booklets, employee notices, collective bargaining agreements, information brochures and any other documents that may be relevant to the Superintendent's determination of whether a plan provides for the payment of surplus to the employer on wind up. The employer must also provide a full analysis showing how it reaches the conclusion that it, and not the plan beneficiaries, is entitled to the surplus.

Where there are prior pension plans from which the current plan assets can be traced, or that may otherwise be relevant, the history must take into account the prior plan texts, trust agreements, insurance contracts, employee booklets, employee notices, collective bargaining agreements, information brochures and any other documents that may be relevant to the Superintendent's determination of whether a plan provides for the payment of surplus to the employer on wind up.

Where any plan or trust documentation that may be relevant has been amended since its inception, the history must spell out the authority under the plan or trust to amend the provision or document. The history must also refer to all provisions or documents that do not support the surplus application.

*The applicant should highlight the portions of the documents that may be relevant to the Superintendent's decision on surplus entitlement, including those provisions that do **not** support*

the applicant's claim to surplus. Complete documents must be included as attachment(s) to the surplus application and must be clearly labelled.

All documents must be complete, arranged in chronological order and clearly labelled. All portions of the documents that may be relevant, whether or not they support the applicant's claim to surplus, must be highlighted.

As of January 1, 1998, if the pension plan did not provide for the distribution of surplus on wind up, the applicant must refer to subsection 79(4) of the PBA and its consequences for the surplus application.

(c) **Clause 79(3)(c) of the PBA - Provision has been made for the Payment of All Partial Wind Up Liabilities of the Pension Plan:**

Outline the status of the distributions of basic benefits and the proposals for the distribution of surplus to PWU members, former members and any other persons entitled to payments as a result of the partial wind up. If the Superintendent is not satisfied that adequate provision has been made for the payment of all liabilities of the wound up portion of the pension plan, the Superintendent may propose to refuse the surplus application.

Clause 8(1)(b) of the Regulation - Written Agreement

Provide a summary, by jurisdiction, of the Surplus Notices issued and Written Agreements provided. For example:

	Total Number	Surplus Notices Issued	Written Agreements	(%)	Written Refusals
Employer	_____	_____	_____	_____	_____
Collective Bargaining Agent(s)	_____	_____	_____	_____	_____
Members (Not represented above)	_____	_____	_____	_____	_____
Former Members/ Other Persons (Not represented above)	_____	_____	_____	_____	_____

Subsection 8(2) of the Regulation - The Court Order

(a) **Clause 8(2)(b) of the Regulation - Eligibility as a “Grandparented Plan”:**

Provide information supporting the applicant’s position that the surplus application is eligible to proceed under subsection 8(2), the “grandparenting provision”. For example:

The applicant makes application pursuant to clause 7a(2)(c) of O. Reg. 708/87 as that section read immediately before December 18, 1991, as *(enter the reason why the plan is a “grandparented plan”, i.e., “the notice of proposal to partially wind up was filed prior to December 18, 1991” - enter the date the notice of proposal to partially wind up the plan was given to the Superintendent).*

(b) **Clause 8(2)(a) of the Regulation - The Status of the Application to Court:**

Provide information concerning the status of the application to the court. Refer to the attachment which indicates the applicant’s intention or where the copy of the order is located. For example:

The applicant has applied to the court for an order pursuant to clause 7a(2)(c) of O. Reg. 708/87 as that section read immediately before December 18, 1991, *(enter “and has obtained” or “and is to obtain”)* an order for payment of the surplus assets to the applicant on partial wind up of the Plan.

Other Jurisdictions

The applicant must disclose whether or not the plan has members, former members or other persons affected by the partial wind up with benefits resulting from employment in a jurisdiction other than Ontario. Applicants should refer to paragraph 30(k) under “The Surplus Application” part of this policy and complete the attached certification (Schedule II).

Representations

The employer must specify whether or not it received any objections or representations and attach to the surplus application copies of those objections or representations and any response(s) by the employer.

Attachments

Provide an index of all attachments to the surplus application. The attachments should be listed in the order that corresponds to the order of the subject matter under this Schedule and, where applicable, in chronological order. Where a surplus application is bound, the relevant tab numbers and their contents should also be included in the index.

Signature

The application must be signed by the applicant, or the authorized officer or agent of the applicant. The person signing the application should print their name below their signature and should indicate the capacity in which they have signed the application (i.e., applicant or agent or authorized signing officer of the applicant).

SCHEDULE II

CERTIFICATION OF COMPLIANCE WITH SURPLUS REQUIREMENTS OF OTHER JURISDICTIONS

- Date:** *Provide the date of the surplus application.*
- Employer:** *Provide the correct legal name of the employer making the surplus application.*
- Pension Plan:** *Provide the full registered name of the pension plan and the registration number.*
- Applicant:** *Provide the name, title and business address of the corporate officer authorized to act on the employer's behalf. (Unless otherwise indicated in the surplus application, all communication from the Superintendent and staff of FSCO will be directed to the agent or counsel who files the surplus application on the applicant's behalf.)*

I CERTIFY TO THE SUPERINTENDENT OF FINANCIAL SERVICES THAT:

- (a) I, the individual making this certification, am the applicant or the agent or authorized officer of the applicant;
- (b) The application affects members, former members or other persons with employment in a jurisdiction other than Ontario (the "non-Ontario members");
- (c) I am aware of, or have consulted with professionals who have advised me of, the requirements of the laws applicable to surplus distribution of the jurisdictions of the non-Ontario members, and I have reviewed the application in order to determine whether it complies with such laws;
- (d) I certify that, to the best of my knowledge and belief, based on the information and advice provided me, including that referred to herein, this application complies with the requirements for surplus distribution of those jurisdictions outside of Ontario with respect to non-Ontario members.

DATED this _____ day of _____, _____.
(day) (month) (year)

Signature of Applicant or Applicant's Agent or Authorized Signing Officer

Name of Applicant or Applicant's Agent or Authorized Signing Officer (Printed)

Address of Applicant or Applicant's Agent or Authorized Signing Officer (Printed)

It is an offence under the Criminal Code, R.S.C. 1985, c. C-46, as amended, for anyone to knowingly make a false document with the intent that it be acted on as genuine.