Financial Services Commission of Ontario
Commission des services financiers de l'Ontario

SECTION:	Transfer Rights
INDEX NO.:	T500-300
TITLE:	Fully Insured Money Purchase Group Anuity - PBA, 1990, s. 42 - Regulation 909 ss. 1(2) and 47(7)
APPROVED BY:	Superintendent of Financial Services
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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.*

What is the responsibility of a plan sponsor if an employee terminating membership in a fully-insured money purchase group annuity chooses the section 42 transfer option of a prescribed retirement savings arrangement?

Normally, when a money purchase group annuity contract is established, the insurance company agrees to pay the pension benefit when the member retires. If a member terminates employment and selects a section 42 transfer option, the plan sponsor must comply with the selection; however, the insurance company is not obligated to alter the established contract. If the insurance company chooses, it will set the amount for which the member's policy will be released. The plan sponsor is responsible for making up any shortfall between this amount and the minimum commuted value as prescribed by the Regulation. Under the terms of a typical guaranteed annuity contract, there is no obligation on the part of the insurance company to release the policy, in which case the plan sponsor would be responsible for the entire amount.

Please refer to s. 47(7) of Regulation 909 for information about exemptions for "qualifying annuity contracts". The definition of a "qualifying annuity contract" can be found in section 1(2) of Regulation 909.