



SECTION: Funding of Plans
INDEX NO.: F800-025
TITLE: Designated Plans - Requirements for Maximum Funding Valuations
APPROVED BY: The Pension Commission of Ontario
PUBLISHED: Bulletin 6/2 (Summer 1995)
EFFECTIVE DATE: July 1, 1995 [Information outdated - Feb. 2000]

This article explains the requirement for filing a maximum funding valuation. Subsection 14.1 of the Regulations establishes a new reporting requirement for designated plans. Subsection 14.1 states:

14.1 The administrator of a pension plan that is a designated plan on February 23, 1995 shall, no later than July 1, 1995, file a copy of the most recent report containing a maximum funding valuation filed with the Minister of National Revenue for the plan.

In most cases additional filings will not be required. The general principle behind the new subsection is that if a report has been filed with the Minister of National Revenue ("MNR") it must also be filed with the PCO. The PCO will assume that the administrator is complying with the requirements of the ITA.

It should be noted that the Regulations specify that only reports containing a maximum funding valuation ("MFV") that have been "filed with the Minister of National Revenue" must be filed with the PCO before July 1, 1995. The only situation where this will be required is if the MFV report has already been filed with the MNR, but not with the PCO before July 1, 1995.

More specifically, the requirements of subsection 14.1 are as follows:

- If a MFV was performed in the most recent funding report, and the same report has already been filed with both the PCO and MNR, no additional filing will be required.
- If a MFV was included in the most recent report and that report was filed with MNR, but not the PCO, the report must be filed with the PCO no later than July 1, 1995. This should be the only circumstance in which an additional filing will be required.
- If for any reason, the most recent report filed with the MNR does not contain a MFV, no additional filing will be required with the PCO. For example, it is possible that the most recent report filed with the MNR did not contain

a MFV because the effective date of the last valuation was prior to the effective date for which an MFV is required under the ITA. It is also possible that Revenue Canada has accepted an assertion by the actuary that the recommended contributions are "eligible contributions" and that an MFV is not required. Again, however, the PCO will assume that the administrator is complying with requirements of the ITA.

- In brief, if the most recent report filed with the Minister of National Revenue contains a MFV, a copy of that report must be filed with the PCO.

If there is any uncertainty as to whether an additional filing is required prior to July 1, please contact Jerry Loterman of the Policy and Research Branch at (416) 314-0561. Further information will follow with respect to designated plans which will outline the interaction of the designated plan regulations and professional actuarial standards. Questions regarding the requirements of the ITA should be directed to Revenue Canada, Taxation.

This article and the announcement found on page 7 of the Summer 1995 PCO Bulletin were uploaded to the PCO conference on the BBS on June 15, 1995. All registered and prospective BBS subscribers were notified of the upload by fax. Actuarial consulting firms were also reminded of the deadline by fax.