

March 4, 2020

**RE: Amendment to Directive No. 16 – Interest on Contributions, effective
October 1, 2019**

Directive No. 16 – Interest on Contributions, outlines the minimum interest rate required by the Superintendent to be credited to members' contributions to a defined benefit plan under subsections 36(2) and (3) of the *Pension Benefits Act, 1997*.

Previously, Directive No. 16 set the minimum rate based on the rate produced using CANSIM V122515 series as published by the Bank of Canada. CANSIM V122515 was a monthly series for the average yields of five-year personal fixed-term chartered bank deposit rates. Effective October 1, 2019, the Bank of Canada discontinued publication of the CANSIM V122515 series.

While the Bank of Canada has discontinued the publication of the monthly series, the weekly series, CANSIM V80691336, has not been discontinued and the Superintendent has determined the last weekly value of the CANSIM V80691336 series for a month is an appropriate replacement for the value of the CANSIM V122515 series for that month. As required by Directive No. 16, the interest rate credited must still be over a reasonably recent period, such that the averaging period does not exceed 12 months.

Provided there is no change to the methodology, other than permitted above, pension plans that reference CANSIM V122515 series are not required to amend their documents immediately in order to implement a change to the interest credited on members' contributions. However, the Superintendent would expect that references to the CANSIM V122515 series in a plan text be replaced the next time the plan files an amendment.

A copy of the amended Directive can be found on the website for the Pension Benefit Standards Division: <https://www.gov.nl.ca/snl/pensions/directives/>.

If you require further information, please contact Michael Delaney, Superintendent of Pensions, at (709) 729-6014 or write to us at the address below.