

June 12, 2008

Solvency Funding Relief Regulations

The government of Newfoundland and Labrador has amended the *Pension Benefits Act Regulations* to provide for temporary solvency funding relief for defined benefit pension plans. There are separate funding relief options for regular defined benefit pension plans and multi-employer defined benefit pension plans.

For regular defined benefit pension plans there are three solvency funding relief options provided.

1. Consolidate previous solvency funding payment schedules and amortize the entire solvency deficit over a single, new five-year period.
2. Extend the solvency funding period to ten years provided that no more than one-third of active plan members or non-active members and beneficiaries, including retirees, object to the extended payment period.
3. Extend the solvency funding payment period to ten years when the difference between the five year and ten year level of payments is secured by a letter of credit.

These temporary solvency funding relief options are available based on actuarial valuation reports completed between January 1, 2007 and January 1, 2009 and are similar to the relief options provided by the federal government for federally regulated pension plans.

For multi-employer defined benefit pension plans a three year solvency funding exemption option has been provided for. The exemption option is available based on actuarial valuation reports completed between December 31, 2007 and December 31, 2010 and are similar to the solvency funding exemption provided by the Provinces of Nova Scotia and Ontario.

Please note that the solvency funding relief regulations for regular defined benefit pension plans are separate regulations. The solvency exemption for multi-employer defined benefit pension plans is provided for with an amendment to section 7 of the *Pension Benefits Act Regulations*.

A copy of the regulation changes is available on the government website at http://assembly.nl.ca/Legislation/sr/reg_337.htm

For further information please contact:

Department of Government Services
Financial Services Regulation Division
PO Box 8700
St. John's, NL A1B 4J6

Telephone: (709) 729-1039

Fax: (709) 729-3205

Email: <http://www.gsinfo.gov.nl.ca>

Website: <http://www.gs.gov.nl.ca/cca/fsr>