

<b>BULLETIN NUMBER:</b>	<b>PENS 16-006</b>
<b>TITLE:</b>	<b>Clarification of Union Consent Requirement for Target Benefit Plan Conversions</b>
<b>LEGISLATION:</b>	<b><i>Pension Benefits Standards Act</i></b>
<b>DATE:</b>	<b>August 2016</b>

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## **PURPOSE**

This bulletin provides clarification on the requirement for union consent when converting a plan to a target benefit plan provision.

## **BACKGROUND INFORMATION**

Section 20 (2) (d) of the Act provides that union consent is required where a conversion of a plan to a target benefit component may reduce accrued benefits.

The reference to accrued benefits is to benefits accrued up to the date of conversion. If the plan converts on a prospective basis only; that is, the benefits accrued up to the date of conversion are preserved and may not be reduced at any time without consent of the Superintendent, then union consent is not required.

If, however, all benefits are converted to a target benefit component and may be reduced at any point in the future, without the consent of the Superintendent, then union consent is required.

## **TARGET BENEFIT PLAN CONVERSIONS**

We have updated our [“Application for Registration of an Amendment to a Pension Plan”](#) form which will require Trustees to provide confirmation on whether the trade union has consented to the conversion to a target benefit provision. Plans that have already submitted their amendments for conversion do not have to resubmit the form. However, we will require confirmation from the administrator that the plan received union consent, if union consent is required.

**MORE INFORMATION**

If you have any questions, you may contact the Superintendent at [Pensions@ficombc.ca](mailto:Pensions@ficombc.ca) or by phone at 604.660.3555.

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