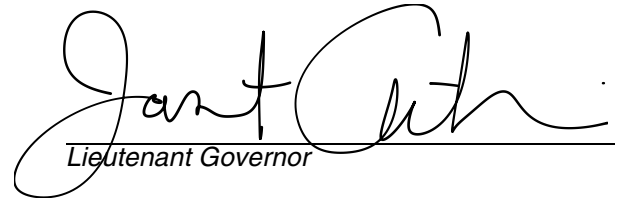


PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 505

, Approved and Ordered October 3, 2022



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective December 31, 2022, the Pension Benefits Standards Regulation, B.C. Reg. 71/2015 is amended as set out in the attached Appendix.



Minister of Finance



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Pensions Benefits Standards Act*, S.B.C. 2012, c. 30, s. 133

Other: O.C. 219/2015

R10615396

APPENDIX

1 Section 1 (1) of the Pension Benefits Standards Regulation, B.C. Reg. 71/2015, is amended

- (a) by repealing the definition of “actuarial loss”,**
- (b) in the definition of “CANSIM rate” by striking out “determined by reference to the Canadian Socio-Economic Information Management System (CANSIM) Series V122487 compiled by Statistics Canada and available on the website maintained by the Bank of Canada” and substituting “published by the Bank of Canada in the Canadian Socio-Economic Information Management System (CANSIM) Series V122487”,**
- (c) in paragraph (a) of the definition of “participating employer’s accessible going concern excess” by striking out “as the going concern assets values, the going concern liabilities values and the PfAD are determined in the current actuarial valuation report” and substituting “as the going concern assets values and the going concern liabilities values are determined in the current actuarial valuation report”,**
- (d) by repealing the definition of “PfAD” and substituting the following:**
 - “PfAD” or “provision for adverse deviation” has the meaning set out in the following sections, as applicable:**
 - (a) in relation to a defined benefit component, section 1.1;
 - (b) in relation to a target benefit component, section 2; ,
- (e) in paragraph (a) of the definition of “plan’s accessible going concern excess” by striking out “as the going concern assets values, the going concern liabilities values and the PfAD are determined in the current actuarial valuation report” and substituting “as the going concern assets values and the going concern liabilities values are determined in the current actuarial valuation report”, and**
- (f) by adding the following definition:**
 - “supplementary percentage”, in relation to a PfAD for a target benefit component of a pension plan, means,**
 - (a) in the case of the component’s normal actuarial cost, the percentage of 0% or greater that applies to the component’s normal actuarial cost, and
 - (b) in the case of the component’s going concern liabilities value, the percentage of 0% or greater that applies to the component’s going concern liabilities value

that the administrator of the plan identifies as appropriate to achieve the expectations described in section 52 (b.1); .

2 Section 1.1 (1) is amended by striking out “the definition of “PfAD”” and substituting “the definition of “ “PfAD” or “provision for adverse deviation” ””.

3 Section 2 is repealed and the following substituted:

Calculation of provision for adverse deviation – target benefit component

- 2** For the purposes of paragraph (b) of the definition of “PfAD” or “provision for adverse deviation” in section 1 (1), “PfAD” or “provision for adverse deviation”, in relation to a target benefit component, means the percentage determined by adding 7.5% and a supplementary percentage.

4 Section 3 is amended

(a) in subsection (2) by striking out “benefit formula component” and substituting “defined benefit component”, and

(b) by adding the following subsection:

- (2.1) If actuarial excess is being calculated in relation to a target benefit component of a pension plan for the purposes of section 63 (3) (c) of the Act,
- (a) the value of the component assets and the value of the component liabilities are to be calculated on a going concern basis, and
 - (b) the actuarial excess is to be calculated in accordance with the definition of “accessible going concern excess” in section 1 (1).

5 Section 30 (4) is amended

(a) in paragraph (c) by striking out “if that solvency ratio expressed as a percentage is less than 100%” and substituting “if that solvency ratio is less than 100%”, and

(b) by repealing paragraph (d) and substituting the following:

- (d) if the member is or will be entitled to receive benefits from a target benefit component of the plan,
- (i) an explanation of when and how the member’s benefits under the target benefit component may be reduced, except for information about when and how the component’s target benefit funded ratio, as set out in the current actuarial valuation report, affects the member’s benefits, and
 - (ii) the target benefit funded ratio of the target benefit component as set out in the current actuarial valuation report, expressed as a percentage, and, if that target benefit funded ratio is less than 100%,
 - (A) a statement that the current actuarial valuation report has determined that, as at the review date applicable to that actuarial valuation report, there was an unfunded liability in that the value of the assets of the target benefit component was not sufficient to cover the target benefit component benefits,
 - (B) a statement of the steps being taken to address the unfunded liability, and
 - (C) an explanation of how the member’s benefits would be affected were the member to terminate active membership when the target benefit funded ratio is less than 100%; .

6 Section 31 (3) is amended

(a) in paragraph (c) by striking out “if that solvency ratio expressed as a percentage is less than 100%” and substituting “if that solvency ratio is less than 100%”, and

(b) by repealing paragraph (d) and substituting the following:

- (d) if the recipient of the statement is receiving benefits from a target benefit component of the plan,
 - (i) an explanation of when and how the recipient’s benefits under the target benefit component may be reduced, and
 - (ii) the target benefit funded ratio of the target benefit component as set out in the current actuarial valuation report, expressed as a percentage, and, if that target benefit funded ratio is less than 100%,
 - (A) a statement that the current actuarial valuation report has established that, as at the review date applicable to that actuarial valuation report, there was an unfunded liability in that the value of the assets of the target benefit component was not sufficient to cover the target benefit component benefits, and
 - (B) a statement of the steps being taken to address the unfunded liability.

7 Section 33 (4) is amended by repealing paragraph (d) and substituting the following:

- (d) if the member is entitled to receive benefits from a target benefit component of the plan,
 - (i) an explanation of when and how the member’s benefits under the target benefit component may be reduced, except for information about when and how the component’s target benefit funded ratio, as set out in the current actuarial valuation report, affects the member’s benefits, and
 - (ii) the target benefit funded ratio of the target benefit component as set out in the current actuarial valuation report, expressed as a percentage, and, if that target benefit funded ratio is less than 100%,
 - (A) a statement that the current actuarial valuation report has determined that, as at the review date applicable to that actuarial valuation report, there was an unfunded liability in the target benefit component in that the value of the assets of the target benefit component was not sufficient to cover the target benefit component benefits,
 - (B) a statement of the steps being taken to address the unfunded liability, and

- (C) a statement that if the member elects, as at the date of the member's termination of active membership, to transfer the benefits to which the member is entitled under the target benefit component, the member is entitled to the amount determined by multiplying the commuted value referred to in paragraph (a) (i) by the component's target benefit funded ratio as at the review date applicable to the current actuarial valuation report; .

8 Section 37 (5) is amended by repealing paragraph (f) and substituting the following:

- (f) if the deceased member was entitled to receive benefits from a target benefit component of the plan,
 - (i) an explanation of when and how the amount of the deceased member's benefits under the target benefit component that the surviving spouse, designated beneficiary or personal representative is entitled to receive may be reduced, except for information about when and how the component's target benefit funded ratio, as set out in the current actuarial valuation report, affects the amount of the benefits, and
 - (ii) the target benefit funded ratio of the target benefit component as set out in the current actuarial valuation report, expressed as a percentage, and, if that target benefit funded ratio is less than 100%,
 - (A) a statement that the current actuarial valuation report has established that, as at the review date applicable to that actuarial valuation report, there was an unfunded liability in the target benefit component in that the value of the assets of the target benefit component was not sufficient to cover the target benefit component benefits,
 - (B) a statement of the steps being taken to address the unfunded liability, and
 - (C) a statement indicating that, as at the date of the deceased member's death, the amount of the deceased member's benefits that the surviving spouse, designated beneficiary or personal representative is entitled to receive is the amount determined by multiplying the commuted value of the benefit by the component's target benefit funded ratio as at the review date applicable to the current actuarial valuation report; .

9 Section 43 (2) (c) (ii) is amended by adding "or a negotiated cost plan" after "collectively bargained multi-employer plan".

10 Section 46 is amended by adding the following subsection:

- (0.1) In this section, "**actuarial loss**", in relation to a benefit formula component of a pension plan, means the amount that represents the decrease between the projected financial position of the plan component and the actual financial position of the plan component.

11 Section 46 (4) (o) is amended

- (a) by adding “a fixed percentage of payroll or” after “are based on”,**
- (b) by striking out “the average amount” wherever it appears and substituting “the average percentage of payroll or the average amount”,**
- (c) in subparagraph (ii.1) by adding “the percentage or” before “the amount”,**
- (d) in subparagraph (v) by striking out “employment, if any, of accessible going concern excess” and substituting “employment of accessible going concern excess, if any,”, and**
- (e) by repealing subparagraph (vi) and substituting the following:**
 - (vi) the payroll or the number of hours of employment in that fiscal year that, for the purposes of the review, is expected to be the total payroll or total number of hours of employment for the active members accruing benefits under the applicable defined benefit provision; .

12 Section 46 (4) (p) is amended

- (a) by striking out “negotiated cost plan” and substituting “pension plan” and by adding “a fixed percentage of payroll or” after “are based on”,**
- (b) by striking out “the average amount” wherever it appears and substituting “the average percentage of payroll or the average amount”,**
- (c) in subparagraph (i) by striking out “under the terms of the collective agreement” and substituting “under the terms of the plan documents”,**
- (d) in subparagraph (iv) by adding “the percentage or” before “the amount”,**
- (e) in subparagraph (v) by striking out “employment, if any, of accessible going concern excess” and substituting “employment of accessible going concern excess, if any,”, and**
- (f) by repealing subparagraph (vi) and substituting the following:**
 - (vi) the payroll or the number of hours of employment in that fiscal year that, for the purposes of the review, is expected to be the total payroll or total number of hours of employment for the active members accruing benefits under the applicable target benefit provision; .

13 Section 46 (4) (r) is amended

- (a) by repealing subparagraph (ii), and**
- (b) by repealing subparagraph (iii) and substituting the following:**
 - (iii) the PfAD that applies to
 - (A) the normal actuarial cost, and
 - (B) the going concern liabilities value; .

14 Section 52 is amended

(a) in paragraph (a) (i) by adding “if applicable,” before “benefit security”, and

(b) by adding the following paragraph:

(b.1) in the case of a plan that contains a target benefit component, sets out the intended method for identifying a PfAD that is expected to

- (i) achieve the funding objectives set out in the funding policy, and
- (ii) manage the material risks identified in the funding policy; .

15 Section 57 (2) (a.1) is amended by striking out “unless the current actuarial valuation report establishes” and substituting “if the current actuarial valuation report does not establish”.

16 Section 58 is amended

(a) in subsection (2) by striking out “and section 63”,

(b) by repealing subsection (2) (b) and substituting the following:

(b) at least monthly, an amount equal to the product of the PfAD and the amount referred to in paragraph (a); , **and**

(c) in subsection (8) by striking out “or” at the end of paragraph (a), by adding “, or” at the end of paragraph (b) and by adding the following paragraph:

(c) subject to section 63 (3) (c) of the Act and section 3 (2.1) of this regulation, be used or applied in relation to the component to meet the funding requirements applicable to the target benefit component or in any other way contemplated by the plan text document.

17 Section 69 (1) is amended

(a) by repealing the definition of “CANSIM rate” and substituting the following:

“**CANSIM rate**”, in relation to a period of not more than 12 months for which interest is payable, means the rate of interest calculated on the basis of the average of the reference rates, which average is determined in relation to the most recent period of that length for which the rates are available; , **and**

(b) by adding the following definition:

“**reference rate**” means the last weekly Wednesday rate of each month published by the Bank of Canada in the Canadian Socio-Economic Information Management System (CANSIM) Series V80691336, which sets out the 5-year personal fixed term chartered bank deposit rates.

18 Section 81 (1) is amended by striking out “of which contains” and substituting “contains”.

19 Section 135 (1) is amended

- (a) *by striking out* “the assets of a defined benefit component of a pension plan are to be distributed as a result of the winding-up of the plan, the assets of the defined benefit component” *and substituting* “the assets of a benefit formula component of a pension plan are to be distributed as a result of the winding-up of the plan, the assets of the benefit formula component”, *and*
- (b) *in paragraphs (a) and (b) by striking out* “the assets of the” *and substituting* “the assets of a”.

20 The following section is added:

Transition – phased application on or after December 31, 2022

- 144** (1) The following provisions, as they read on December 30, 2022, apply in respect of a pension plan until the end of the day before the first review date of the plan on or after December 31, 2022:
- (a) section 2;
 - (b) section 46 (4) (r).
- (2) The following provisions do not apply in respect of a pension plan until the first review date of the plan on or after December 31, 2022:
- (a) in section 1 (1), the definition of “supplementary percentage”;
 - (b) section 52 (b.1).