

March 14, 2022

Submitted via email

Financial Services Regulatory Authority of Ontario (FSRA)

Re: Consultation on Proposed Guidance: Pension Benefits Guarantee Fund Assessment Calculations and Deadlines (ID 2022-003)

We are writing in response to the [consultation on proposed Pension Benefits Guarantee Fund Assessment Deadlines and Calculations Guidance](#). We thank FSRA for the opportunity to comment on this proposal.

Established in 1927, Eckler Ltd. is one of the longest-established and most respected consulting and actuarial practices in Canada. With over 300 employees, we are the largest independent benefits and pensions consulting firm in the country.

Our comments are focused on the first part of the consultation, which relates to [FSRA's interpretation](#) regarding “*acceptable valuation dates for actuarial valuation reports used to calculate a Pension Benefits Guarantee Fund (PBGF) assessment*”

The interpretation indicates that “*some administrators have calculated the annual PBGF assessment on the basis of a report filed or submitted on or before the assessment date but with a valuation date later than the fiscal year end immediately prior to the assessment date*” and that “*this practice was accepted by FSCO and continued by FSRA prior to the conclusion of its review of this practice*”. FSRA is now taking the position that this “practice” would no longer be acceptable.

Based on our reading of Section 37 of Regulation 909, the approach to calculating PBGF assessments prior to this consultation is not a “practice”, but rather is a requirement of the PBA. To do otherwise would appear to contravene the PBA, for the following reasons:

- Section 37(2) indicates that: “...assessment dates shall be nine months after the last day of each fiscal year of the pension plan”
- Section 37(7) indicates that “...the PBGF assessment base and the PBGF liabilities shall be as set out in the last report filed or submitted on or before the **assessment date**” (*emphasis added*)
- Section 37(8) indicates that “...where a payment is made in respect of an assessment under this section and a report is filed or submitted...after the payment date with a valuation date earlier than the assessment date, the amount of the assessment required under this section **shall be** recalculated with the PBGF assessment base and PBGF liabilities as set out in the report and shall be paid on that basis” (*emphasis added*)

If a valuation report is filed with a valuation date after the fiscal year end, and prior to the assessment date, then taken together the sections above would appear to require the PBGF assessment base and the PBGF liabilities to be determined based on that newer report. Section 37 does not appear to permit using the valuation report on or before the fiscal year end, and ignoring the newer report.

For this reason, it is not clear how FSRA's proposal, that PBGF assessments must be based on the most current valuation report that has a valuation date that is on or before the fiscal year end immediately preceding the assessment date, is consistent with the PBA. If FSRA intends to move forward with this proposal, we would appreciate understanding how it reconciles with the PBA.

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We thank you again for the opportunity to provide our comments on this consultation

Should you have any questions on the above or wish to discuss any other aspect of the consultation, please feel free to contact Simon Nelson at snelson@eckler.ca.

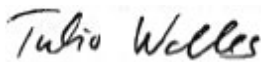
Regards,



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