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LEGISLATIVE SUMMARY



Bill C-25:

An Act relating to pooled registered pension plans and making related amendments to other Acts

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Maxime-Olivier Thibodeau

Legal and Legislative Affairs Division
Parliamentary Information and Research Service

Legislative Summary of Bill C-25

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Any substantive changes in this Legislative Summary that have been made since the preceding issue are indicated in **bold print**.

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LEGISLATIVE SUMMARY OF BILL C-25: AN ACT RELATING TO POOLED REGISTERED PENSION PLANS AND MAKING RELATED AMENDMENTS TO OTHER ACTS

1 BACKGROUND

Bill C-25: An Act relating to pooled registered pension plans and making related amendments to other Acts (short title: Pooled Registered Pension Plans Act) was introduced in the House of Commons by the Minister of Finance and given first reading on 17 November 2011.

As stated in the summary, the bill's:

enactment provides a legal framework for the establishment and administration of pooled registered pension plans that will be accessible to employees and self-employed persons and that will pool the funds in members' accounts to achieve lower costs in relation to investment management and plan administration.

In addition to establishing a new Act, the bill amends the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act*, the *Canadian Human Rights Act*, the *Pension Benefits Standards Act, 1985*, and the *Office of the Superintendent of Financial Institutions Act*.

According to the Department of Finance, pooled registered pension plans (PRPPs):

are the outcome of several years of cooperation, research and consultations by Canada's finance ministers on the best ways to ensure the long-term strength of Canada's retirement income system.¹

As this is a form of collaboration between the federal and provincial governments, the Department considers that "[p]rovincial enabling legislation will need to be introduced for the framework to become fully operational."²

The Government of Canada says that tax rules for PRPPs are now being developed and will be released in draft form for comment. The PRPP tax rules will apply to both federally and provincially related PRPPs.³

1.1 THE CANADIAN RETIREMENT INCOME SYSTEM

Canada's retirement income system is based on a balanced mix of public and private responsibility, as well as compulsory and voluntary vehicles.⁴ Basically, the Canadian system rests on the following three components:

- The Old Age Security (OAS) and Guaranteed Income Supplement (GIS) programs, which provide a basic minimum income for seniors. The federal government currently provides \$39 billion in OAS/GIS benefits per year to about 5 million Canadians. Both OAS and GIS benefits are adjusted for inflation on a quarterly basis.
- The Canada Pension Plan (CPP) and the Quebec Pension Plan (QPP). These are mandatory, public, defined-benefit pension plans that provide a basic level of earnings replacement for all Canadian workers. There are currently 16.5 million workers contributing to CPP/QPP, with these programs paying \$44 billion in benefits per year to 6.5 million beneficiaries. Both plans provide a “defined benefit” in retirement based on an individual’s earnings. They are financed by contributions shared equally by employees and employers. They also provide ancillary benefits, such as disability and survivor benefits.
- Registered Pension Plans (RPPs) and Registered Retirement Savings Plans (RRSPs). RPPs are sponsored by employers on a voluntary basis, and can be either defined contribution or defined benefit, with employers (and often employees) responsible for making contributions. RRSPs are voluntary, individual, defined contribution savings plans. Employers may provide a “group RRSP” for employees, and may remit a share of contributions on behalf of their employees. The annual contribution limits for RRSPs and defined-contribution RPPs are designed to allow a retirement income comparable to that obtainable from a defined-benefit RPP. The cost of tax assistance provided on retirement savings is currently estimated at approximately \$20 billion per year in forgone revenue for the federal government, and about half that amount in forgone provincial revenue.⁵

1.2 THE INTRODUCTION OF POOLED REGISTERED PENSION PLANS

In 2009, the various Finance Ministers set up a joint federal-provincial Research Working Group to conduct an in-depth examination of retirement income adequacy in Canada.⁶ According to the Group’s report, the Canadian retirement income system “is performing well and providing Canadians with adequate standard of living upon retirement.”⁷ The Group found that some Canadian households, especially modest- and middle-income households, may be at risk of undersaving for retirement. A number of factors may be contributing to this risk, including declining participation in RPPs and RRSPs.⁸

In 2010, Canada’s Finance Ministers agreed to introduce a new type of broad-based privately administered pension arrangement – PRPPs – to help bridge existing gaps in the retirement system.⁹ According to the federal Department of Finance:

PRPPs will address this gap in the retirement income system by providing a new, accessible, large-scale and low-cost defined contribution pension option to employers, employees and the self-employed. They will allow individuals who currently may not participate in an employer-sponsored pension plan, such as the self-employed and employees of companies that do not offer a pension plan, to make use of this new option.¹⁰

2 DESCRIPTION AND ANALYSIS

Bill C-25 has 95 clauses. The following description highlights certain aspects of the bill rather than reviewing all of its provisions.

2.1 DEFINITIONS (CLAUSE 2)

Clause 2 defines 18 terms. These include the key concept of the “administrator” which means the holder of a licence issued under clause 11 or an entity designated by the Superintendent of Financial Institutions under clause 21(1).

“Minister” means the Minister of Finance of Canada, “member” means “a person who holds an account with a pooled registered pension plan,” and “pooled registered pension plan” refers to section 12 for the definition.

“Superintendent” means the “Superintendent of Financial Institutions appointed under section 5 of the *Office of the Superintendent of Financial Institutions Act*.”

The Superintendent of Financial Institutions heads the Office of the Superintendent of Financial Institutions of Canada, which was established “to contribute to public confidence in the Canadian financial system”¹¹ and which is “the primary regulator and supervisor of federally regulated deposit-taking institutions, insurance companies, and federally regulated private pension plans.”¹²

Sections 4(2.1) and 4(3) of the *Office of the Superintendent of Financial Institutions Act*¹³ define the role of the Office of the Superintendent of Financial Institutions with respect to pension plans:

(2.1) The objects of the Office, in respect of pension plans, are

(a) to supervise pension plans in order to determine whether they meet the minimum funding requirements and are complying with the other requirements of the *Pension Benefits Standards Act, 1985* and its regulations and supervisory requirements under that legislation;

(b) to promptly advise the administrator of a pension plan in the event that the plan is not meeting the minimum funding requirements or is not complying with other requirements of the *Pension Benefits Standards Act, 1985* or its regulations or supervisory requirements under that legislation and, in such a case, to take, or require the administrator to take, the necessary corrective measures or series of measures to deal with the situation in an expeditious manner; and

(c) to promote the adoption by administrators of pension plans of policies and procedures designed to control and manage risk.

(3) In pursuing its objects, the Office shall strive

(a) in respect of financial institutions, to protect the rights and interests of depositors, policyholders and creditors of financial institutions, having due regard to the need to allow financial institutions to compete effectively and take reasonable risks; and

(b) in respect of pension plans, to protect the rights and interests of members of pension plans, former members and any other persons who are entitled to pension benefits or refunds under pension plans.

2.2 PURPOSE OF THE ACT (CLAUSE 3)

Clause 3 provides that Bill C-25's purpose:

is to provide a legal framework for the establishment and administration of a type of pension plan that is accessible to employees and self-employed persons and that pools the funds in members' accounts to achieve lower costs in relation to investment management and plan administration.

2.3 APPLICATION (CLAUSE 4)

Clause 4 sets out the application of the bill with reference to the definition of "included employment."

2.4 AGREEMENTS (CLAUSES 5 TO 9)

Clauses 5 to 9 allow the Minister to enter into bilateral or multilateral agreements with one or more provinces. A bilateral agreement (clause 5) may:

- (a) authorize the prescribed supervisory authority of that province to exercise any of the Superintendent's powers under this Act; and
- (b) authorize the Superintendent to exercise any powers of that prescribed supervisory authority.

A multilateral agreement (clauses 6 to 8) may also be entered into by the Minister with the approval of the Governor in Council respecting any matter relating to PRPPs that are subject to the legislation of at least one designated province that is a party to the agreement. Such an agreement may (clause 6(2)):

- limit to a PRPP the application of the legislation of a designated province that is a party to the agreement and adapt that legislation to that PRPP;
- limit the application of the proposed legislation to a PRPP and adapt that legislation to that PRPP;
- exempt a PRPP from the application of the proposed legislation or from the legislation of a designated province that is a party to the agreement;
- provide for the administration and enforcement of the proposed legislation and the legislation of a designated province that is a party to the agreement;
- authorize a prescribed supervisory authority of a designated province that is a party to the agreement or the association referred to in clause 9 to exercise any of the Superintendent's powers under the proposed legislation;
- authorize the Superintendent to exercise any powers of a prescribed supervisory authority of a designated province that is a party to the agreement or the association referred to in clause 9;

- establish requirements – in addition to any other requirements under the proposed legislation and the legislation of a designated province that is a party to the agreement – with respect to a PRPP, an administrator or an employer; and
- confer powers on the Superintendent.

The Minister must also table before Parliament every multilateral agreement (clause 6(3)), and must have the agreement, as well as any amendments or any notice of withdrawal from the multilateral agreement or the termination of the agreement, published in the *Canada Gazette* (clause 6(4)), in addition to making the agreement accessible to the public on the Internet (clause 6(5)).

Clause 7(1) provides that the provisions of a multilateral agreement, other than those exempted from the application of this clause by regulation, have the force of law during the period that the agreement is in effect with respect to PRPPs and are enforceable during that period as if those provisions formed part of the proposed legislation. Clause 7(2) specifies that in the event of any inconsistency or conflict, the provisions of a multilateral agreement that have the force of law prevail over any provision of the Act and regulations.

Clause 8 provides that the Federal Court has authority in matters of a prescribed supervisory authority of a designated province made under the authority of a multilateral agreement and that relates to the application of the proposed legislation (clause 8(1)). However, the Federal Court does not have jurisdiction with respect to judicial review of a decision of the Superintendent (clause 8(2)).

The Minister may also enter into an agreement with any province designated by the regulator respecting the establishment and operation in Canada of an association of supervisory authorities (clause 9).

2.5 POWERS OF THE SUPERINTENDENT (CLAUSES 10 AND 11)

Clause 10 specifies that the Superintendent, under the direction of the Minister, is responsible for the control and supervision of the administration of the proposed legislation. Clause 11 assigns the Superintendent the authority to issue a licence authorizing a corporation to be an administrator if the prescribed conditions are satisfied.

2.6 REGISTRATION (CLAUSES 12 AND 13)

The bill provides that the Superintendent may register a plan as a PRPP if the plan complies with the provisions of the Act and regulations. Clause 12 also refers to those existing plans that cannot be registered.

2.7 ADMINISTRATION OF POOLED REGISTERED PENSION PLANS (CLAUSES 14 TO 38)

2.7.1 ADMINISTRATOR (CLAUSES 14 TO 26)

Clauses 14 to 26 specify the role of the administrator and the scope of the administrator's obligations to the Superintendent, employers and members.

Among other things, the administrator of a PRPP must administer the plan and its assets and file the required documents with the Superintendent (clause 16). The administrator must administer the PRPP and its assets as a trustee for the members (clause 22(1)) and must exercise the degree of care that a reasonably prudent person would exercise in dealing with the property of another person; the administrator must exercise the diligence and skill that the administrator possesses, or ought to possess, taking into account the administrator's business (clause 22(2)).

Clause 23 provides that a PRPP may permit a member to make investment choices from among the investment options offered by the administrator (clause 23(1)). In such a case, the administrator must offer investment options of varying degrees of risk and expected return that would allow a reasonable and prudent person to create a portfolio of investments that is appropriate for retirement savings (clause 23(2)).

Clause 26 specifies that an administrator must provide the PRPP to its members at a low cost, a concept which is also discussed in clause 76(1)(j), under which the Governor in Council may make regulations establishing criteria for determining whether a PRPP is low-cost for the purposes of clause 26.

2.7.2 EMPLOYER (CLAUSES 27 TO 33)

The provisions in clauses 27 to 33 cover the role of the employer with respect to a PRPP and that employer's obligations towards the administrator and the members. Clause 28 prevents discrimination by providing that an employer that enters into a contract with an administrator to provide a pooled registered pension plan to a class of employees must provide it to all the members of that class.

2.7.3 DIRECTIONS OF COMPLIANCE (CLAUSES 34 TO 36)

Clauses 34 to 36 provide directions concerning the Superintendent's authority to take certain measures with respect to an administrator, an employer or any other person, when, in the opinion of the Superintendent, there have been practices contrary to safe or sound financial or business practices with respect to a PRPP, or if the Superintendent finds that the PRPP or the management thereof does not comply with the provisions of the Act or regulations.

2.7.4 OBJECTIONS AND APPEALS (CLAUSES 37 AND 38)

Clause 37 states that an administrator may object to the Superintendent's notification of the refusal to register a PRPP, as provided under clause 12(5), or of the revocation or the cancellation of the certificate of registration for the PRPP, as provided in clause 36. Clause 38 allows the administrator to appeal to the Federal Court the Superintendent's decision to refuse the notice of objection.

2.8 GENERAL REQUIREMENTS (CLAUSES 39 TO 60)

2.8.1 MEMBERSHIP (CLAUSES 39 TO 44)

According to the PRPP membership conditions provided particularly in clause 39, an eligible employee is employed in included employment and works on a full-time basis for an employer that provides a PRPP to that class of employee. Moreover, clause 39 provides that this employee is a member of this plan, unless that employee has terminated membership under clause 41(5) or objected to becoming a member of the plan because of religious beliefs.

2.8.2 CONTRIBUTIONS (CLAUSES 45 AND 46)

Clause 45 provides that the contribution rates of members in a PRPP, and increases to those rates, are set by the administrator, who is obliged to inform members of those rates (clause 45(1)). However, subject to the regulations, and after notifying the administrator, a member may set a contribution rate of 0% (clause 45(2)).

2.8.3 LOCKING-IN (CLAUSE 47)

Clause 47 states what a PRPP must provide with respect to its funds and under what conditions members may withdraw such funds.

2.8.4 VARIABLE PAYMENTS (CLAUSES 48 TO 51)

Clauses 48 to 51 provide that a PRPP may allow a member “who has reached the prescribed age that is fixed for the purposes of this section” to elect to receive variable payments from the funds in that member’s account (clause 48), and it may set conditions for making these variable payments in certain circumstances (clauses 49 to 51).

2.8.5 DEATH OF MEMBER (CLAUSE 52)

Clause 52 explains what becomes of funds held in a member’s account in the event of that member’s death. Generally speaking, the spouse or common-law partner is entitled to the funds in the deceased member’s account. If there is no surviving spouse, the funds will be paid to the designated beneficiary or to the member’s estate or succession.

2.8.6 DIVORCE, ANNULMENT, SEPARATION OR BREAKDOWN OF COMMON-LAW PARTNERSHIP (CLAUSE 53)

Clause 53 sets out what becomes of funds held in a member’s account in the event of divorce, annulment, separation or breakdown of common-law partnership, and subjects the distribution of property to provincial law. This distribution of property is effected either in accordance with a court order, or by agreement between the parties.

2.8.7 TRANSFER OF FUNDS AND PURCHASE OF LIFE ANNUITIES (CLAUSES 54 AND 55)

Clause 54 lists those who can transfer or use funds from their account with a PRPP, whereas clause 55 specifies the conditions under which an administrator may transfer the funds in the member's account with the PRPP to a prescribed account.

2.8.8 SEX DISCRIMINATION PROHIBITED (CLAUSE 56)

Clause 56 prohibits sexual discrimination by providing that the amount of a member's contributions as provided in the plan is determined without regard to that member's sex or that of the member's spouse, former spouse, common-law partner or former common-law partner.

2.8.9 RIGHTS TO INFORMATION (CLAUSE 57)

Clause 57 states that a PRPP must provide that each member and each employer participating in the plan will be given, as prescribed

- a written explanation of the provisions of the plan (and of any amendments); and
- any other information that is prescribed (clause 57(1)(a)).

Once again as prescribed, each member of the plan will be given, within 45 days after the end of each year or any longer period specified by the Superintendent, a written statement showing:

- the value of accumulated contributions made under the plan, expressed in the prescribed manner, by or in respect of the member since the member became a member, and
- any other information that is prescribed (clause 57(1)(b)).

The remaining provisions of this clause provide details about the form and manner in which the administrator must provide documents, including the requirement to provide stipulated documents upon payment of any reasonable fee that the administrator may fix (clause 57(2)).

2.8.10 DUTY TO PROVIDE INFORMATION (CLAUSES 58 TO 60)

Clauses 58 to 60 set out the administrator's and the employer's duty to provide information (clause 60) that may be specified by the Superintendent. For example, the administrator of a PRPP must file with the Superintendent – annually or at any other intervals or times that the Superintendent directs – an information return relating to the plan, containing the prescribed information.

2.9 TERMINATION AND WINDING-UP (CLAUSES 61 AND 62)

Clauses 61 and 62 describe the procedures surrounding the termination of a PRPP. Clause 61 states that only the Superintendent or the administrator may terminate a

PRPP. Clause 62 provides various procedures, including a provision stating that the revocation of registration of a PRPP is deemed to constitute termination of the plan (clause 62(1)).

2.10 GENERAL (CLAUSES 63 TO 74)

Clauses 63 to 74 contain general provisions designed to make the Act consistent with provincial statutes (clause 63), to specify technical details concerning the communication of information (clauses 64 and 65), the procedure for making the Superintendent's directions an order of the Federal Court (clauses 66 and 67), the Superintendent's powers (clauses 68 and 69), and the scope of the PRPP agreements (clauses 71 to 73).

Clause 68 provides that in addition to any other action that the Superintendent may take in respect of a PRPP, the Superintendent may institute against the administrator, employer or any other person, any legal proceedings that a member could institute.

Clause 74 specifies that the *Statutory Instruments Act* does not apply to a direction issued by the Superintendent under the proposed legislation.

2.11 OFFENCES AND PUNISHMENT (CLAUSE 75)

Clause 75 contains the penal provisions that constitute an offence when a person contravenes the proposed legislation, regulations or a direction from the Superintendent under the proposed legislation (clause 75(1)(a)), or when any person who, to avoid compliance with a provision of the proposed legislation or regulations, does any of the things listed in clauses 75(1)(b) to 75(1)(d).

Clause 75(2) allows for the defence of due diligence: "A person is not to be found guilty of an offence under paragraph (1)(a) or (d) if the person establishes that he or she exercised due diligence to prevent the commission of the offence."

Clause 75(3) states the levels of punishment liable on summary conviction. For a natural person, this punishment may take the form of a fine not exceeding \$100,000 or imprisonment for a term not exceeding 12 months, or both (clause 75(3)(a)). A corporation or other body is liable on summary conviction to a fine not exceeding \$500,000 (clause 75(3)(b)). The subsequent clauses specify the details concerning the offences and punishments in question.

2.12 REGULATIONS (CLAUSES 76 AND 77)

Clause 76(1) delegates to the Governor in Council the authority to make regulations

(a) respecting the terms and conditions for issuing a licence, the method for recovering the costs of licensing, and the number and scope of pooled registered pension plans that may be offered by an administrator;

(b) designating any province in which there is in force legislation similar to this Act;

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- (c) respecting the implementation of a multilateral agreement;
- (d) exempting a multilateral agreement or any provision of that agreement from the application of subsection 7(1);
- (e) respecting the management and investment of funds in members' accounts, including the way in which the funds are to be held;
- (f) respecting the process by which investment options are offered by an administrator and choices among those options are made;
- (g) respecting investment options offered by an administrator;
- (h) specifying the circumstances in which an administrator may change an investment choice made by a member;
- (i) specifying the circumstances in which inducements may be given or offered by an administrator or demanded or accepted by an employer, and the types of inducements that may be given, offered, demanded or accepted;
- (j) establishing criteria for determining whether a pooled registered pension plan is low-cost for the purposes of section 26;
- (k) respecting the manner and frequency of remittances from the employer to the administrator;
- (l) specifying the form and content of a notice to be provided under this Act as well as the manner in which and the period within which it is to be provided;
- (m) respecting the setting of a contribution rate of 0% under subsection 45(2);
- (n) respecting the circumstances in which a member or administrator is permitted to withdraw the funds in a member's account;
- (o) defining "disability" for the purposes of paragraph 47(2)(a);
- (p) respecting variable payments;
- (q) respecting the transfer of funds from the account of a member by the administrator;
- (r) respecting the distribution of the funds in members' accounts with a pooled registered pension plan that is being wound up;
- (s) prescribing any measure necessary for the purposes of sections 64 and 65, including the time when and circumstances under which an electronic document is to be considered to have been provided or received and the place where it is considered to have been provided or received;
- (t) exempting from the application of subsections 64(1) and (3) any requirement under this Act to provide a person with information;
- (u) prescribing anything that by this Act is to be prescribed; and
- (v) generally for carrying out the purposes and provisions of this Act.

The Governor in Council may also make regulations to exclude certain types of employment from included employment (clause 76(2)). The regulations in question may be made applicable generally to all PRPPs or more specifically to one or more PRPPs (clause 76(3)).

Clause 77 concerns the incorporation, in a regulation made under the Act, of a document by reference.

2.13 ANNUAL REPORT (CLAUSE 78)

Clause 78 provides that the Superintendent must, as soon as feasible after the end of each fiscal year, submit to the Minister a report on the operation of this Act during that fiscal year, and the Minister must cause the report to be laid before each House of Parliament on any of the first 15 days on which that House is sitting after the day the Minister receives the report.

2.14 RELATED AMENDMENTS (CLAUSES 79 TO 93)

The establishment of PRPPs requires amendments to the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act*, the *Canadian Human Rights Act*, the *Pension Benefits Standards Act, 1985*, and the *Office of the Superintendent of Financial Institutions Act*.

2.14.1 BANKRUPTCY AND INSOLVENCY ACT (CLAUSES 79 TO 81)

Clauses 79 to 81 amend the *Bankruptcy and Insolvency Act* to include the amounts that an employer is required to pay in connection with a PRPP.

2.14.2 COMPANIES' CREDITORS ARRANGEMENT ACT (CLAUSE 82)

Similarly, clause 82 amends the *Companies' Creditors Arrangement Act* to take into account the amounts that an employer is required to pay in connection with a PRPP.

2.14.3 CANADIAN HUMAN RIGHTS ACT (CLAUSE 83)

Clause 83 prevents the fact that the terms and conditions of a PRPP provide the payment of variable payments or the transfer of funds only at a fixed age from being considered discriminatory practices within the meaning of the *Canadian Human Rights Act*.

2.14.4 PENSION BENEFITS STANDARDS ACT, 1985 (CLAUSES 84 TO 89)

Clauses 84 to 89 amend the *Pension Benefits Standards Act, 1985* to take into account the introduction of PRPPs.

2.14.5 *OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS ACT*
(CLAUSES 90 TO 93)

Clauses 90 to 93 amend the *Office of the Superintendent of Financial Institutions Act* to take into consideration the role assigned by the proposed legislation to the Superintendent and to the Office of the Superintendent of Financial Institutions in connection with PRPPs.

2.15 COORDINATING AMENDMENT (CLAUSE 94)

Clause 94 sets out, for coordination purposes, amendments to the *Office of the Superintendent of Financial Institutions Act* that will take effect when other provisions come into force.

2.16 COMING INTO FORCE (CLAUSE 95)

Clause 95 provides that the proposed legislation comes into force on a day to be fixed by order of the Governor in Council.

3 COMMENTARY

Bill C-25 has been described by the media as innocuous¹⁴ and uncontroversial.¹⁵ The opposition parties have said that the bill was missing the mark,¹⁶ that it was redundant,¹⁷ and that it was a “band-aid” solution.¹⁸ Some feel that it represents a modest attempt to reform pension plans,¹⁹ but that people would benefit more from increased payments and benefits under the CPP and the QPP.²⁰

Keith Ambachtsheer and Edward Waitzer of the C.D. Howe Institute have said that, in their current form, PRPPs would not achieve their goal, which is to increase contributions by employers to pension plans for workers who do not have any.²¹ They commented on three issues pertaining to the pension plan proposed under the bill. In their view:

- employers will not contribute in large numbers, because participation is voluntary;
- Bill C-25 will not be a solution to the need to provide participants with a well designed default option; and
- the bill would tie PRPP oversight to a cumbersome regulatory process.²²

According to economist Rhys Kesselman of Simon Fraser University, the main shortcoming of the bill is that the plan is voluntary, and workers can opt out. Kesselman affirms that, consequently, the new pension product does not truly force savings in the same way as do the CPP and the QPP.²³

A Léger Marketing survey revealed another point of view: two thirds of Canadian small businesses had expressed an interest in PRPPs. The federal government’s plan also received support from financial institutions, which could increase their presence in the lucrative retirement savings market by administering PRPPs.²⁴

In another report, the C.D. Howe Institute also recommended that the pension plan for parliamentarians be changed from a defined benefit plan to a defined contribution plan similar to the PRPPs proposed by the government in Bill C-25.²⁵

Other commentators in favour of PRPPs feel that at the very least they would have a positive impact on improving pension plan coverage, particularly for small- and medium-sized businesses that would never consider becoming involved in the administrative intricacies and obligations stemming from the traditional registered pension plans.²⁶

It remains to be seen what the actual impact of PRPPs will be on the Canadian retirement income system, given that Bill C-25 would largely apply only to workers in federally regulated businesses and that the provinces still need to pass their own enacting legislation to allow full implementation.²⁷ Future bilateral or multilateral agreements between the federal and provincial governments will have to be aligned with other components of the existing Canadian retirement income system.²⁸

NOTES

1. Department of Finance Canada, [Harper government introduces the Pooled Registered Pension Plans Act](#), News release, 17 November 2011.
2. Ibid.
3. Ibid.
4. Department of Finance Canada, [Backgrounder: The retirement income landscape in Canada](#), 17 November 2011.
5. Ibid.
6. Ibid.
7. Ibid.
8. Department of Finance Canada, [Backgrounder: How pooled registered pension plans will address gaps in Canada's retirement income system](#), 17 November 2011.
9. Ibid.
10. Ibid.
11. [Office of the Superintendent of Financial Institutions Act](#), R.S.C., 1985, c. 18 (3rd Supp.), s. 3.1.
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