

Pension Commission

Update #9

Revised August 2004

Important Notice to Administrators of Defined Benefit Pension Plans Regarding Plan Year Ends

Reference: *The Pension Benefits Act Sections 25(1) and (2), Regulation 230/92 Section 10(4)*

On December 11, 1992, amendments to the Pension Benefits Regulation came into force.

Administrators of defined benefits pension plans should be advised that these amendments clarify the rate of interest applicable to employee required and additional voluntary contributions as a result of the amendment to The Pension Benefits Act enacted on June 24, 1992. These changes bring Manitoba's requirements in this area in line with those of most jurisdictions.

This amendment affects all defined benefit pension plans which are using a rate equal to a rate available on an external account of investment, other than the CANSIM Series V122515.

In a defined benefit pension plan, the rate of interest credited to employee contributions made after 1983, must be within 1% of the gross return earned by the fund each year, based on either a book or market value. Alternatively, effective December 11, 1992, it may be equal to the average yields on 5-year personal fixed term deposits as published in the Bank of Canada Review as CANSIM Series B-V122515 rounded down to the nearest 1/10 of 1%.

Please note that the current rate under a defined benefit plan cannot be changed without the approval of the Superintendent. Such approval may be sought by means of a written request to the Superintendent, or by filing with the Commission, a plan amendment to effect this change.

Consolidations of the Act and Regulation with explanatory notes will be distributed by The Pension Commission in the near future.

This update has no legal authority. The Pension Benefits Act of Manitoba and The Pension Benefits Regulation, 188/87 R amended should be used to determine specific requirements.