

# FYI<sup>®</sup>

## For Your Information<sup>®</sup>

### COVID-19: OSFI Freezes Portability Transfers

This *FYI* discusses the Office of the Superintendent of Financial Institutions' March 27, 2020 announcement of its regulatory approach to the COVID-19 crisis for federally regulated pension plans.

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#### OSFI's regulatory response

The Office of the Superintendent of Financial Institutions (OSFI) announced a series of regulatory changes impacting the sectors it regulates. For federally regulated pension plans, these changes entail:

- Freezing all portability transfers and annuity purchases,
- Extending deadlines for various regulatory and statement filings by three months, and
- Freezing all regulatory consultations.

#### Freeze on portability transfers and annuity purchases

Effective March 27, 2020, OSFI has revised the *Directives of the Superintendent pursuant to the Pension Benefits Standards Act, 1985* to temporarily freeze defined benefit (DB) portability transfers and annuity purchases. Despite the freeze, administrators may request the Superintendent's consent to a transfer or annuity purchase in plan-specific circumstances.

The portability freeze impacts:

- The exercise of portability options by members on termination or retirement,
- The exercise of portability options by survivors in relation to death benefits, and
- Transfers of spousal entitlements on marriage breakdown.

The freeze does not impact the payment of pensions to retirees and beneficiaries.

## Extension of filing deadlines

OSFI is also extending the deadlines for certain filing requirements for federally regulated pension plans and pooled registered pension plans. For pension plans, the deadline for filing the following reports, documents, and statements has been extended from six months to nine months after the plan's year-end:

- AIR (OSFI 49), including OSFI 49A and the PPACC;
- Certified financial statements (OSFI 60);
- Auditor's Report Filing Confirmation (ARFC);
- Actuarial report and AIS, and Replicating Portfolio Information Summary (RPIS), if required; and
- Annual statements to members, former members, and spouses.

The annual assessment invoice will be issued after the extended deadline.

## Suspension of consultations and policy development

OSFI also announced the suspension of various consultation initiatives, including consultations on revisions to the instruction guide for DB actuarial reports, until conditions stabilize.

## Implications and next steps

In response to these new measures, administrators of federally regulated plans should:

- Stop all portability transfers and annuity purchase transactions in progress,
- Advise affected members of the measures, and their impact on pending annuity purchases and/or portability transfers,
- Ensure no new annuity purchases or portability transfers are made until OSFI updates its guidance, and
- Notify members, retirees, spouses, and others of any expected delay to receipt of their 2019 statements.

While these measures are temporary, it is not known how long they will be in effect; OSFI will review the measures "in the coming months" as it monitors the impact of COVID-19 on DB pension plans. The regulator has also indicated that it is preparing a series of Q&As to assist with the application of these measures. It is not known whether the Q&As will provide guidance on situations where OSFI may consent to a portability transfer or annuity purchase. We are continuing to monitor developments, and will provide additional information as it becomes available.

For more information on this announcement and its impact on your organization, talk to your Buck consultant or contact the Knowledge Resource Centre at [talktocanada@buck.com](mailto:talktocanada@buck.com) or +1 866 355 6647. For the latest from Buck about the COVID-19 crisis, please refer to: <https://buck.com/ca/expertise/covid-19-key-considerations-for-employers/>

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