

## RADAR

June 29, 2023



### Message From the Editor

- This week we would like to highlight the release of the following two consultations that will be of interest to pension plan administrators:
  - CAPSA's draft *Guideline for Pension Plan Risk Management*
  - OSFI's draft Advisory - *Technology and Cyber Security Incident Reporting* and its accompanying incident reporting form

### WEALTH SOLUTIONS

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#### All – CAPSA – Risk Management

On June 28, 2023, the Canadian Association of Pension Supervisory Authorities published a draft *CAPSA Guideline for Pension Plan Risk Management* for consultation.

This guideline is intended to cover foundational risk management concepts associated with the good administration of pension plans, regulatory expectations, and risk-specific sections. This guideline includes sections on Environmental, Social and Governance (ESG) considerations, Leverage, and Cyber Security. In addition, it also includes the topics of Investment Risk, Use of Third Parties and Target Benefits.

Comments can be submitted until September 30, 2023.

Source: [Letter](#)

[CAPSA Guideline for Pension Plan Risk Management](#)

#### All – CRA – DC Plans

On June 29, 2023, the Registered Plans Directorate of the Canada Revenue Agency (CRA) published information about Permitted Corrective Contributions (PCC) and Pension Adjustment Corrections (PAC) for money purchase (MP) registered pension plan administrators (RPPs).

PCCs provide more flexibility to plan administrators of MP RPPs to correct for under contributions to a MP RPP. A PAC will restore a member's RRSP deduction limit where over-contributions are returned to the contributor.

Source: [What's New](#)

[PA, PSPA, PAR, PAC, PCC](#)

#### All – OAS – Payment Amounts

The Old Age Security (OAS) payment amounts have been announced for the period July 2023 to September 2023.

Source: [Old Age Security payment amounts](#)

## Federal – Cyber Incident Reporting

On June 30, 2023, the Office of the Superintendent of Financial Institutions (OSFI) issued a draft version of an advisory titled *Technology and Cyber Security Incident Reporting* (Advisory) and its accompanying incident reporting form (Incident Report) for consultation. The Advisory sets out OSFI's expectations for when and how a technology or cyber incident that affects a federally regulated private pension plan (FRPP) should be reported to OSFI.

While the Advisory sets out a number of criteria that may be considered when determining whether to report an incident, it is recommended that plan administrators consult their lead supervisor at OSFI.

The Advisory also provides a few examples (not an exhaustive list) of the types of incidents that would be reportable:

- Cyber Attack
- Service availability and recovery
- Third-party breach
- Extortion threat

The Incident Report form provides a broader breakdown of incident types:

- Technology asset outage
- Technology asset degradation/delay
- Account take-over
- Cyber Crime
- Data breach/leak
- DDoS
- Insider Threat
- Malware – Other
- Malware Campaign
- Online Extortion
- Phishing

- Ransomware
- Unauthorized access
- Loss/theft of equipment
- Other (please specify)

OSFI expects plan administrators to complete and send an Incident Report to OSFI within 24 hours of discovering an incident, or sooner if possible.

The Advisory also indicates that the requirement to notify OSFI should be reflected in a FRPP's risk management framework or resiliency plan.

Comments on the drafts can be submitted until September 30, 2023.

Source: [Letter](#)

[Advisory - Technology and Cyber Security Incident Reporting Incident Report](#)

## Federal - Miscellaneous

On June 24, 2023, draft *Regulations Amending the Pension Benefits Standards Regulations, 1985 (Negotiated Contribution Plans)* and draft *Regulations Amending the Pension Benefits Standards Regulations, 1985 (Persons who Cannot be Located)* were published in the Canada Gazette.

The proposed Regulations would provide for the following:

### Negotiated Contribution Plans (NC plans)

- exempt NC plans from making extra payments if there is a solvency deficiency, instead requiring, NC plans to include a funding buffer for both normal costs and for going concern liabilities as part of enhanced going concern requirements
- the minimum buffer for normal costs would be set at 5% of normal costs and the buffer for going concern liabilities would be determined based on actuarial considerations by the plan administrator
- NC plans would continue to be required to disclose their solvency ratio and describe the implications to plan members and retirees; however, they would no longer be required to describe the measures to

bring the solvency ratio back to an acceptable level

- set a going concern funding threshold for plan amendments, which would prohibit any amendments to improve benefits that would result in a going concern ratio of less than 1.05 (i.e. fully funded with a going concern surplus of 5 %).
- prescribe the elements required in the governance and funding policies of NC plans

#### Unclaimed Pension Balances

- set out the information associated with unclaimed pension balances of unlocatable beneficiaries that the plan administrators must provide to the designated entity at the time of transfer (including name, address, date of birth, and social insurance number of the unlocatable beneficiary)
- set out the information the designated entity can publish on a public database to facilitate the search for unclaimed pension assets

- allow the designated entity to publish the last known name and address of the unlocatable beneficiary, the name and registration number of the pension plan, as well as the market value of the transferred assets
- specify who qualifies as an eligible claimant of unclaimed pension assets, and establish the period for how long the designated entity can administer the unclaimed assets before the funds are transferred to the Crown
- the proposed prescription period for unclaimed pension balances would be 30 years for balances under \$1,000 and 100 years for balances over \$1,000

Comments can be submitted until July 24, 2023.

Source: [Regulations Amending the Pension Benefits Standards Regulations, 1985 \(Negotiated Contribution Plans\)](#)  
[Regulations Amending the Pension Benefits Standards Regulations, 1985 \(Persons who Cannot be Located\)](#)

## Contact Us

If you would like further information on any of these topics, please contact your Aon consultant at [canada.retirement@aon.com](mailto:canada.retirement@aon.com).

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