

RADAR

February 8, 2024



Message From the Editor

- This issue covers the three-week period from January 19, 2024 to February 8, 2024.
- There are no key items of concern to highlight this week.

GENERAL

New Brunswick – Minimum Wage

On January 29, 2024, New Brunswick announced that the minimum wage would increase to \$15.30/hour (currently \$14.75/hour) effective April 1, 2024.

Source: [News Release](#)

Newfoundland and Labrador – Minimum Wage

On January 1, 2024, Newfoundland and Labrador announced that the minimum wage will increase to \$15.60 (currently \$15.00/hour) effective April 1, 2024.

Source: [News Release](#)

Quebec – Labour Relations – Construction Industry

On February 1, 2024, Bill 51, *An Act to modernize the construction industry* was introduced.

The main purpose of the bill is to modernize the construction industry. It provides for amendments to

the Act respecting labour relations, vocational training and workforce management in the construction industry in order to amend the rules relating to the operation of the collective bargaining system in the construction industry.

Among other matters, the bill addresses issues related to collective bargaining processes, mobility rights and diversity.

Source: [Bill 51, An Act to modernize the construction industry](#)

[Nouvelles](#) (only available in French)

Québec – Minimum Wage

On January 31, 2024, a draft *Regulation to amend the Regulation respecting labour standards* was published in the Gazette Officielle du Québec.

This draft regulation purports to increase the general rate of the minimum wage to \$15.75/hour (currently \$15.25/hour) effective May 1, 2024.

Source: [Regulation to amend the Regulation respecting labour standards](#)

All – Income Tax – Pension Benefits

On February 8, 2024, the Registered Plans Division of the Canada Revenue Agency (CRA) published a new Income Tax Folio S2-F1-C3, *Pension Benefits*.

This new Income Tax Folio discusses the income tax treatment of amounts received from a pension plan. It considers Canadian and foreign plans, as well as registered and unregistered plans.

This new Income Tax Folio replaces and cancels Interpretation Bulletins IT-499R, *Superannuation or Pension Benefits* and IT-76R2, *Exempt Portion of Pension when Employee has been a Non-resident*. In addition to consolidating the content of the former interpretation bulletins, general revisions have been made to improve readability.

Any substantive technical and interpretive changes to the information outlined in the former interpretation bulletins are described in a separate update (link to update also provided below).

Among other matters, the update indicates that the new Income Tax Folio provides additional general information on:

- the following amounts that are not included in income under any provision of the *Income Tax Act*:
 - returns of RPP contributions due to a reasonable error or to avoid revocation
 - certain transfers from an RPP or PRPP
 - annuity acquisitions from an RPP
 - pensions that are expressly exempt from tax
- withholding tax applicable to pension benefits paid to non-residents
- reporting and withholding requirements for pension benefits
- salary deferral arrangements (SDAs), as well as to provide the CRA's views on whether a pension plan constitutes an SDA

- retirement compensation arrangements (RCAs)
- employee benefit plans (EBPs)
- death benefits
- foreign pension plans and foreign retirement plans

Comments on this new Income Tax Folio can be submitted until May 8, 2024. However, this document is not considered a draft during the comment period. It can be relied upon as an accurate summary of the Canada Revenue Agency's (CRA's) interpretation of the law on the date of publication.

Source: [Income Tax Folio S2-F1-C3, Pension Benefits](#)
[Update February 8, 2024](#)

Federal – Regulator

On February 8, 2024, the Office of the Superintendent of Financial Institutions (OSFI) published its new supervisory framework that will be effective April 1, 2024.

The framework will guide OSFI's supervision of federally regulated financial institutions (FRFIs) and private pension plans.

With respect to the supervision of pension plans, OSFI has developed an Overall Risk Rating (ORR) to reflect the level of risk to the security of rights and benefits for pension plan members, retirees, and beneficiaries. It has a 1 to 8 scale (ORR scale).

OSFI will consider a pension plan's ORR using the following categories:

- business risk
- financial resilience
- operational resilience
- risk governance

Source: [News Release](#)
[New Supervisory Framework](#)

Québec – University/Municipal Sectors

On February 5, 2024, the following regulations were published in the *Gazette officielle du Québec*:

- *Regulation respecting the funding of defined-benefit pension plans of the municipal and university sectors*
- *Regulation to amend the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act*

The purpose of these amendments is to overhaul the regulations applying to defined benefit pension plans (DB plans) in the municipal and university sectors (and a few other plans).

These amendments aim to simplify the application of the rules applicable to these plans and to harmonize several provisions with those applying to private sector retirement plans. Although some changes are more administrative in nature or reiterate rules already applicable to these plans, certain others could have a significant impact on the financing and risk management of these plans. These changes apply to actuarial valuations as of December 31, 2023.

Please see Aon's pending information bulletin for a more detailed discussion about these amendments.

Source: [News](#)

[Regulation respecting the funding of defined-benefit pension plans of the municipal and university sectors](#)

[Regulation to amend the Regulation respecting the exemption of certain pension plans from the application of provisions of the Supplemental Pension Plans Act](#)

Contact Us

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

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