

RADAR

November 23, 2023



Message From the Editor

- There are no key items of concern to highlight this week.

GENERAL

All – 2023 Fall Economic Statement

On November 21, 2023, the federal 2023 Fall Economic Statement was released.

Among other matters, the statement announced that:

All – Employment Insurance (EI)

- **New EI Adoption Benefit** – The federal government will amend the *Employment Insurance Act* to introduce a 15-week shareable EI benefit for adoptive parents.
- **Seasonal Workers** – The federal government announced up to four additional weeks of EI regular benefits to eligible seasonal workers in 13 economic regions. This temporarily enhanced support would be available for claims established between September 10, 2023, to September 7, 2024.

Federal – Canada Labour Code

- **EI Adoption Benefit** – The federal government will also amend the *Canada Labour Code* to provide for a corresponding unpaid leave for workers in

federally regulated sectors who take advantage of the New EI Adoption Benefit.

- **New Leave for Pregnancy Loss** – The federal government will amend the *Canada Labour Code* and *An Act to amend the Criminal Code and the Canada Labour Code* to create a new paid leave for workers in federally-regulated sectors who experience a pregnancy loss.

Source: [2023 Fall Economic Statement](#)

[Backgrounder: Supporting a Strong Middle Class](#)

[Backgrounder: Building an Economy That Works for All Canadians](#)

Federal – Pay Equity

The *Pay Equity Act* (Act) and *Pay Equity Regulations* (Regulations) require that employers in federally regulated workplaces with 10 or more employees proactively examine their compensation practices and ensure that workers in predominantly female job classes receive equal pay for work of equal value. Since the coming into force of the Act and the Regulations in 2021, a number of issues have been identified related to implementation.

On November 18, 2023, proposed *Regulations Amending the Pay Equity Regulations (Administrative Monetary Penalties and Technical Amendments)* were published for consultation.

The proposed Regulations have the following objectives:

- establish the process for updating pay equity plans in workplaces that have determined there are no predominantly male job classes
- ensure alignment between the Regulations and the federal minimum wage requirements under the Code if employers without predominately male job classes use typical job classes as a basis for analysis

- require the submission of additional information to better measure the impact of the pay equity regime on the gender wage gap
- ensure that each employer within a group of employers can comply with the posting deadline for a group of employers' notice of obligations as set out in the Act
- operationalize the AMPs system set out in the Act

Comments can be submitted until December 18, 2023.

Source: [Regulations Amending the Pay Equity Regulations \(Administrative Monetary Penalties and Technical Amendments\)](#)

WEALTH SOLUTIONS

All – 2023 Fall Economic Statement

On November 21, 2023, the federal 2023 Fall Economic Statement was released.

Among other matters, the statement announced that the federal government is look at domestic investments by Canada's pension funds to potentially boost Canada's economy and create good careers for people across the country. As a result, the federal government indicates that it will:

- **Encourage Pension Plan Investment in Canada** – by working collaboratively with Canadian pension funds to create an environment that encourages and identifies more opportunities for investments in Canada by pension funds and by other responsible investment pools, while helping to deliver secure pensions for Canadians
- **Eliminate the “30% rule” from Investments in Canada** – by exploring the removal of the “30% rule” from investments in Canada to enable pension funds to more fully participate in Canada's economic growth (the 30% rule restricts Canadian pension funds from holding more than 30% of the voting shares of most corporations)

- **Improve Transparency Around Pension Plan Investments** - by requiring large federally-regulated pension plans to disclose the distribution of their investments, both by jurisdiction and asset-type per jurisdiction, to the Office of the Superintendent of Financial Institutions (OSFI); this information will be made publicly available [Note: The federal government also intends to engage with the provinces and territories to discuss similar disclosures by Canada's largest pension plans in a simple and uniform format.]

In addition, the the statement indicated that the federal government continues to advance measures (announced in Budget 2023) to require disclosures of **crypto-asset exposures** from federally regulated pension plans. As most of Canada's largest pension plans are provincially regulated, the government is also engaging provinces in this ongoing work and encouraging them to protect Canadians' pensions by requiring these plans to disclose their crypto-asset risk.

Source: [2023 Fall Economic Statement](#)

[Backgrounder: Supporting a Strong Middle Class](#)

[Backgrounder: Building an Economy That Works for All Canadians](#)

Federal -Actuarial

On November 24, 2023, the Office of the Superintendent of Financial Institutions (OSFI) published an updated Instruction Guide, *Preparation of Actuarial Reports for Defined Benefit Pension Plans*.

The Guide updates the previous one published in November 2022 to reflect:

- updated requirements regarding the maximum going concern discount rate
- updated references to the 2020 Agreement Respecting Multi-Jurisdictional Pension Plans, OSFI instruction guides and Canadian Institute of Actuaries (CIA) educational notes regarding pension plans

The Guide applies to actuarial reports with a valuation date on and after December 31, 2023. Early adoption is permitted.

Source: [Instruction Guide, Preparation of Actuarial Reports for Defined Benefit Pension Plans](#)

Federal – Risk Management

On November 20, 2023, the Office of the Superintendent of Financial Institutions (OSFI) announced that it was updating its model risk management guidance and launching a public consultation.

OSFI has proposed revising the E-23, *Model Risk Management Guideline* so that it applies to all analytical models used by federally regulated private pension plans (FRPPs).

The revised guideline includes forecasting economic conditions, estimating financial risks, pricing products and services, and optimizing business strategies. It now also includes models used for non-financial risks such as climate, cyber and tech and digital innovation risks. E-23: *Model Risk Management Guideline* incorporates input received by during public consultations undertaken in May 2022.

OSFI recognizes that FRPPs also heavily rely on models to support their decision-making. Considering this, OSFI is proposing to extend the applicability of

Guideline E-23 to include FRPPs as well. The intent is that the revised Guideline E-23 will adopt a flexible and principles-based approach, enabling FRPPs to tailor model risk management policies, procedures and processes to their size and complexity.

Comments can be submitted until March 22, 2023.

Source: [News Release](#)

[Draft Guideline E-23 – Model Risk Management](#)

Newfoundland and Labrador – Technical Amendments

On November 16, 2023, Bill 61, *Pension Benefits Act, 1997 (Amdt.)* received royal assent. This Bill would amend the *Pension Benefits Act, 1997* (Act) to:

- authorize the Lieutenant-Governor in Council to exempt additional multi-employer pension plans from the void amendment provisions of the Act (currently, only multi-employer pension plans established under a collective agreement and some other types of plans are exempt)
- replace references to "Trial Division" with the correct reference "Supreme Court"
- incorporate gender-neutral language

Source: [Bill 61, Pension Benefits Act, 1997 \(Amdt.\)](#)

Ontario - Miscellaneous

On November 22, 2023, the Financial Services Regulatory Authority released its most recent Pension eBlast.

Among other matters, the eBlast addresses the following:

- **Annuity Discharge** - FSRA has noticed an increase in the number of employers purchasing buy-out annuities and FSRA has also noticed that some related annuity contracts do not include portability rights for former members at wind-up and the plan terms, including ancillary benefits and indexation provisions (if any), do not always match the terms of the annuity contracts:

- as a result, starting January 1, 2024, to help identify any compliance issues with buy-out annuities ahead of a plan wind-up, FSRA will be requesting a copy of the Request for Proposal (RFP) or Request for Quotation (RFQ) provided to the Insurer (this document, which includes an outline of the plan provisions, should ensure that the annuities purchased provide the same benefits that plan beneficiaries would have received from the plan)
- if the annuity contract filed sets out the plan provisions that must be adhered to, then there is no need to file a separate copy of the RFP or RFQ

- **Commutated Values (CVs) and Interest Rates**

- FSRA has seen a spike in the number of member complaints it has received about decreasing CVs, particularly where:
 - administrators recalculated CVs (e.g., when the plan provisions give former members another opportunity to exercise their portability rights)
 - when administrators provide members with estimated CVs for financial planning purposes and then, upon termination, the actual CV is lower
- FSRA suggests that these complaints highlight the lack of knowledge about the significant impact that interest rates have on CVs
- FSRA recommends that it may be helpful for plan administrators to educate members on how their CVs are calculated and/or any recalculation policies
- earlier this year, FSRA developed a Member Guide about Commuted Values

Source: [Pension update - November 22, 2023](#)

[Member Guide: You terminated employment. What is a Commuted Value?](#)

Québec – QPP – 2024 Rates

On November 21, 2023, Retraite Québec published the Québec Pension Plan (QPP) 2024 Benefit amounts and key data tables.

Among other numbers are the following for 2024:

- Maximum monthly retirement pension starting at 65 - \$1364.60
- Base Plan
 - Employee/Employer Contribution Rates (up to YMPE) - 5.4%
 - Maximum Employer/Employee Contribution - \$3510
- Additional Plan
 - Up to the YMPE
 - Employee/Employer Contribution Rates - 1%
 - Maximum Employer/Employee Contribution - \$650
 - Between the YMPE and YAMPE –
 - Employee/Employer Contribution Rates - 4%
 - Maximum Employer/Employee Contribution - \$188

Source: [2024 Benefit amounts and key data](#)

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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