

CONSULTATION PAPER

Financial and Consumer Affairs Authority Pensions Division Proposed Fee Increase

Response due by: June 30, 2017

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Purpose

The Financial and Consumer Affairs Authority (FCAA) is responsible for the administration of *The Pension Benefits Act, 1992* (the Act) and *The Pension Benefits Regulations, 1993* (the Regulations). The Pensions Division (the Division) of the FCAA undertakes certain regulatory and supervisory activities with respect to pension plans that are registered under the Act. Many of the activities, such as registering new plans and amendments to plans, are required under the Act.

FCAA currently collects fees at the time of registration of a new plan, and upon the filing of an Annual Information Return (AIR). The intent of the fees is to recover the costs incurred by the Division in undertaking its regulatory and supervisory activities.

The fees, last increased in January 2013, are currently not covering the costs incurred by the Division in undertaking its supervisory and regulatory duties.

FCAA is reviewing the fee structure. Any change to the amount of the fees or the structure of fees would require an amendment to the Regulations.

This document will provide the following information:

- information about the Division
- authority to establish fees;
- an overview of the current fee structure;
- the fee structure being considered;
- a jurisdictional comparison of fees.

Although the exact amount and timing of the fee changes has not been established, FCAA feels it is important to advise you of a potential change at this time.

We are interested in receiving your feedback in regards to a new fee structure suggested in this paper. In particular, we are interested in any comments you may have on the fees being considered for filing amendments, actuarial valuation reports and termination reports, and the fixed annual percentage increase.

The Division

The Act regulates employer-sponsored pension plans with Saskatchewan workers as members. The Act does not apply to certain plans established for employees of the Governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., plans for employees of companies involved in banking, transportation, broadcasting, grain handling).

The Division protects the accrued or accumulated pension entitlements of plan members from undue loss and promotes the equitable treatment of plan members. Standards are established with respect to the structure and administration of pension plans, as well as to the investment and ongoing funding of plans.

The Division identifies and manages risks and problems to bolster public confidence in the pension system, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

Authority to Establish Fees

The Act provides the Lieutenant Governor in Council the authority to “make regulations requiring fees to be paid for the filing of returns, applications for registration and any other purpose and prescribing the amounts of those fees.” The fees are established in the Regulations.

Current Fee Schedule

The current fee for filing an annual information return or filing an application for registration is \$7 for each member of the plan and \$3.50 for each former member of the plan, subject to a minimum fee of \$150 and a maximum fee of \$15,000 for each filing.

Fee Review

Possible Amounts

Fees that might be considered are as follows:

- per member fees which could be in the range of:
 - \$10 – \$12 for active members
 - \$5 – \$7 for former members
- a minimum fee for filing an AIR or an application for registration which could be in the range of \$250 - \$350.
- a maximum fee for filing an AIR or an application for registration which could be in the range of \$25,000 - \$35,000.
- a new flat fee that could be in the range of \$200 - \$500 for filing an amendment or an actuarial valuation report.

As mentioned earlier, the exact amounts have not yet been determined.

Timing

It is anticipated that changes to the fee structure and amounts would become effective mid-2018. However, consideration will be given to changing AIR filing fees effective at a later date, such as January 1, 2019.

Other Considerations

A fixed annual percentage fee increase which would be based on the Division's typical annual increase in operating expenses may also be considered. There are pros and cons to this structure. An annual percentage increase would aid the Division in aligning revenues with expenditures if the Division's current structure remains the same. However, it should not be expected that a set annual increase would establish the fee structure indefinitely. There is no guarantee that there would not be any future changes to the fees. If the Division's operational costs increase or decrease due to structural changes, such as a change to the number of staff, another fee review would be necessary to re-align the cost recovery. This could result in fees being charged that exceed cost recovery for a period of time.

The Division may also consider a fee for the filing of plan termination reports. The Division does spend considerable time reviewing termination reports. However, there is the concern that some members would receive less benefits when taking their money out of a terminated plan, if there is a fee for filing the report, because in many cases fees are paid out of plan member benefits.

Next Steps

After considering any feedback received in response to this paper, a full analysis of the fees will be conducted to determine the final fee structure. In addition, further consideration will be given to an annual percentage increase to fees. This analysis will focus on cost recovery while still encouraging the registration of new plans and ensuring that pension plans are maintained. Therefore, FCAA will seek to keep the minimum threshold affordable and reasonable for small plans and seek to keep the maximum threshold affordable and reasonable for large plans.

This information is being provided to ensure plan sponsors have knowledge that a fee increase is being considered and to obtain feedback regarding the fee structure.

We will advise of the results once the review process is complete.

Jurisdictional Comparison

Below is a summary of the fee structures of comparable jurisdictions¹.

Jurisdiction	Min. Fee	Max. Fee	Formula	Filing Fees ²
Alberta	\$250	\$75,000	\$3.25 per member	No
British Columbia	\$200	\$75,000	\$6.15 per active member; \$4.50 per former member	No
Manitoba	\$120	\$18,000	\$7.20 per member	No
New Brunswick	\$200	\$20,000	DB/DC: \$5 per active member; Shared risk plan: \$10 per active member	Yes
Newfoundland & Labrador	\$200	\$12,500	\$10 per active member; \$5 per former member	No
Nova Scotia	\$116.65	\$8,749.75	\$5.80 per member	No
Saskatchewan (current fees)	\$150	\$15,000	\$7 per active member; \$3.50 per former member	No

Feedback

We are interested in receiving your comments in regards to a revised fee structure as set out in this paper. In particular, we are interested in any comments you may have on the suggested fee for filing amendments, actuarial valuation reports and termination reports, and the fixed annual percentage increase.

Your comments may be disclosed to others who have provided feedback, or any other interested parties, during and after the consultation process. Your personal information will not be disclosed without your express written consent; however, the identity of an organization may be made public in connection with its submission or comments. *The Freedom of Information and Protection of Privacy Act* of Saskatchewan will apply to any submission received by our office.

We look forward to receiving your comments by **June 30, 2017**.

You can email your comments to FCAA at pensions@gov.sk.ca

1 Comparable jurisdictions are those which supervise a similar number of plans or a similar number of plan participants, as compared to FCAA.

2 Filing fees charged for filing an amendment and filing a termination report.

Alternatively, comments can be mailed or faxed to:

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