

1992 BILL 47

Fourth Session, 22nd Legislature, 41 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 47

PUBLIC SECTOR PENSION PLANS ACT

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 47

1992

PUBLIC SECTOR PENSION PLANS ACT

(Assented to _____, 1992)

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HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

Interpretation 1(1) In this Act,

- (a) “additional contributions” means additional contributions under the applicable section of sections 14 to 17;
- (b) “boards” means the boards established by section 6(1);
- (c) “former Acts” means
 - (i) the *Local Authorities Pension Plan Act*,
 - (ii) the *Public Service Pension Plan Act*,
 - (iii) the *Special Forces Pension Plan Act*, and
 - (iv) the *Universities Academic Pension Plan Act*;
- (d) “Minister” means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of this Act;
- (e) “plan funds” means the pension funds established for the plans under section 9(1);
- (f) “plans” means
 - (i) the Local Authorities Pension Plan,
 - (ii) the Public Service Pension Plan,
 - (iii) the Special Forces Pension Plan, and
 - (iv) the Universities Academic Pension Plancontinued by section 3 and contained in the regulations, and includes the plan funds;
- (g) “prescribed” means prescribed or otherwise provided for by regulations made by the Lieutenant Governor in Council;
- (h) “regulations” means the regulations applicable to the plan in question.

(2) Where regulations define generally an expression used in this Act and not defined in subsection (1), that definition applies with

respect to the interpretation of that expression unless regulations otherwise provide.

Application to
Alberta Crown

2 This Act binds the Government as such.

Continuation
of the plans

3 The pension plans provided for by and under the former Acts are continued, subject to this Act and the regulations, as the respective plans under this Act and the regulations.

Income Tax
Act
registration

4 It is the intent of this Act that the plans be and remain registered pension plans under the *Income Tax Act* (Canada).

Report to the
Legislative
Assembly

5(1) Each board shall prepare and submit to the Minister for laying before the Legislative Assembly a report on the operation of its plan with respect to each fiscal year of the plan.

(2) The report must include an estimate of the actuarial liabilities and cash flows of the plan as reported in the most recent actuarial valuation report and a statement of the assets of the plan as at the end of the fiscal year of the plan.

Boards

6(1) There is hereby established a board for each of the plans consisting of the persons prescribed.

(2) The purposes of a board are

(a) to make regulations to ensure that the plan is funded in accordance with section 8 and, if applicable, to set the amount of additional contributions required for the purposes of whichever of sections 14 to 17 is applicable,

(b) where appropriate, to make recommendations for the making of regulations under section 7(2),

(c) to set general policy guidelines on

(i) the investment of the plan fund's assets in accordance with section 9(3) and the prescribed conditions, and

(ii) the administration of the plan

that it considers should be followed, and

(d) generally to perform the duties prescribed and those set out in this Act.

(3) Members of a board, while acting as such, shall act with a view to the best interests of the persons entitled to benefits under the plan as a whole and they shall comply with, and are bound by, any prescribed provisions respecting conflicts of interest.

(4) A board and its members have the powers, duties and liabilities prescribed and those set out in this Act.

(5) Persons who contravene subsection (3) are liable to the penalties prescribed.

Plan provisions

7(1) The Lieutenant Governor in Council shall by regulation establish those plan provisions that are generally to be included in the plans from the time of their continuation under this Act, including plan provisions respecting

- (a) participation,
- (b) contributions, including the initial employer and employee contribution rates,
- (c) pensionable service,
- (d) benefits, including cost-of-living adjustments to pensions,
- (e) the allowance and charging of interest,
- (f) reciprocal agreements,
- (g) transfers into and out of the plans,
- (h) beneficiaries,
- (i) actuarial tables,
- (j) the disclosure of information concerning the plans,
- (k) the administration of the plans including, subject to section 12, administration costs, and
- (l) the advancing of money from the plan funds to pensioners prior to the commencement of their pensions.

(2) Notwithstanding any other law, the Lieutenant Governor in Council may only amend or repeal and replace the regulations made under subsection (1) (as amended, where applicable, under this subsection) on the recommendation of the board of the applicable plan.

(3) Notwithstanding subsection (2), the Lieutenant Governor in Council may make regulations respecting the withdrawal of all those employees of an employer who are participants of a plan from participation in the plan and attaching general terms and conditions to the withdrawal.

Actuarial
valuation
report and
current service
funding

8(1) A board shall have an actuarial valuation of the plan performed, and a report on that valuation prepared, by an actuary at least once every 3 years.

(2) The board shall, if necessary, within a reasonable time after receiving the report, make regulations, following the actuary's recommendations in the report, adjusting employer and employee contribution rates for current service to comply with subsection (3).

(3) The board shall set the employer and employee contribution rates for current service so that together they are sufficient to cover the current service cost and amortization of actuarial gains or losses in respect of service after 1991.

Plan funds

9(1) The Provincial Treasurer shall establish a pension fund for each plan not later than January 1, 1993 and shall hold and administer it in accordance with this Act and the regulations.

(2) All the assets of a plan are to be held in, and all its liabilities to be assumed by, the plan fund.

(3) The Provincial Treasurer shall

(a) invest the assets of each plan fund in accordance with Part 5 of the *Financial Administration Act*, and

(b) manage those assets

for the sole benefit, and for the purposes of promoting the interests, of the persons entitled to benefits under the plan.

(4) The Provincial Treasurer shall transfer from the Pension Fund established by the *Pension Fund Act* to each plan fund, as soon as possible after the commencement of this subsection, those assets that are prescribed to be the plan fund's share of that Pension Fund.

Trust relationship to funds

10(1) The Provincial Treasurer shall hold all the assets of a plan fund in trust for the sole purposes of providing benefits pursuant to the plan and meeting costs of the plan under section 12.

(2) Subject to the requirement to meet plan costs, the assets of a plan fund belong beneficially to the persons entitled to benefits under the plan and the Government has no claim to those assets.

(3) The Government shall not apply or allow the diversion of any of the assets of a plan fund for any purpose not permitted by this Act or by the regulations.

Contributions, accretion and benefits

11(1) The Provincial Treasurer shall deposit all contributions received in respect of a plan into the respective plan fund.

(2) All income of and all appreciation and depreciation in the assets of a plan fund accrue to the plan fund.

(3) The Provincial Treasurer shall pay from a plan fund the benefits under the plan and the costs allocated to the plan under section 12.

Pension Plan Administration Fund

12(1) In this section, “costs of the plans” means those costs and expenses that the Minister considers were incurred in the provision of administrative, financial and general management services, and to acquire equipment and supplies, for the plans or any of them.

(2) The revolving fund known as the Pension Plan Administration Fund is continued by this Act.

(3) The Provincial Treasurer shall administer the revolving fund for the purposes described in this section.

(4) The Provincial Treasurer may advance from the General Revenue Fund to the revolving fund sums required to meet the costs or part of the costs of the plans.

(5) The Provincial Treasurer may make payments from the revolving fund to meet the costs or part of the costs of the plans and the interest charges on advances made under subsection (4).

(6) The Provincial Treasurer shall allocate the costs of the plans among the plans.

(7) The Provincial Treasurer shall charge each plan fund for its allocation of the costs of the plans and of the interest on advances under subsection (4) and the proceeds of those charges that were

paid by the revolving fund shall be credited to the revolving fund and used to reduce or eliminate the advances made under subsection (4).

(8) The Provincial Treasurer shall establish the amounts of those costs of each plan that have been paid from the General Revenue Fund and not from the revolving fund and shall transfer those amounts from the plan fund to the General Revenue Fund.

Unfunded liabilities for pre-1992 recognized service - general provisions

13(1) Sections 13 to 17 apply only with respect to the unfunded liabilities of the plans in respect of pensionable service that was recognized as such as at December 31, 1991.

(2) The unfunded liability of a plan is to be met or partly met, in accordance with whichever of sections 14 to 17 is applicable, by the imposition of additional contributions under that section.

(3) The Provincial Treasurer shall ensure that a separate accounting is made and maintained in respect of the unfunded liability of each plan, including the application of the additional contributions.

(4) The initial amount of the unfunded liability of a plan is the difference between

- (a) the actuarial present value, as determined by an actuary, of the total liabilities of the plan arising from pensionable service that was recognized as such as at December 31, 1991, and
- (b) the amount prescribed as constituting the assets of the plan as at December 31, 1991.

Local Authorities Pension Plan - additional contributions and unfunded liability

14(1) The additional contributions to be paid annually in respect of the Local Authorities Pension Plan are as follows:

- (a) by the Government, additional contributions in the aggregate amount of 90/300 of the total required;
- (b) by the employers, additional contributions, based as between different employers proportionately on the salaries of all persons referred to in clause (c) who are or were employees of that employer, in the aggregate amount of 105/300 of the total required;
- (c) by the participants of that plan and any other prescribed persons, additional contributions, based as between individual participants and other such

persons proportionately on each person's salary, in the aggregate amount of 105/300 of the total required.

(2) The board for the Local Authorities Pension Plan shall have

- (a) the unfunded liability of the plan, and
- (b) the aggregate amount of the annual additional contributions required in the years before the next actuarial valuation in order to ensure the elimination of the plan's unfunded liability on or before December 31, 2036,

re-determined by the plan actuary at each actuarial valuation under the plan and that board shall make regulations establishing the amount referred to in clause (b).

(3) In subsection (1), "total required" means the aggregate amount of the annual additional contributions required, as established by regulations under subsection (2).

(4) Subject to this section and section 13, the Government as such has no liability in respect of the unfunded liability of the Local Authorities Pension Plan.

Public Service Pension Plan - additional contributions and unfunded liability

15(1) The additional contributions to be paid annually in respect of the Public Service Pension Plan are as follows:

- (a) by the Government, additional contributions in the amount of 10/16 of the total required;
- (b) by the employers, additional contributions, based as between different employers proportionately on the salaries of all persons referred to in clause (c) who are or were employees of that employer, in the aggregate amount of 3/16 of the total required;
- (c) by the participants of that plan and any other prescribed persons, additional contributions, based as between individual participants and other such persons proportionately on each person's salary, in the aggregate amount of 3/16 of the total required.

(2) Section 14(2) to (4) apply with respect to the Public Service Pension Plan and its board.

Special Forces Pension Plan - additional contributions and unfunded liability

16(1) The additional contributions to be paid in respect of the Special Forces Pension Plan are as follows:

- (a) by the Government, additional contributions at the rate of 1.25% of the salaries of all participants of that plan and any other prescribed persons;
- (b) by each employer, additional contributions at the rate of .75% of the salaries of all persons referred to in clause (a) who are or were employees of that employer;
- (c) by each participant of that plan and any other prescribed person, additional contributions at the rate of .75% of that person's salary.

(2) Subject to this section and section 13, the payment of all benefits under the Special Forces Pension Plan

- (a) arising from service before 1992, and
- (b) arising from service between January 1, 1992 and December 31, 1993, but excluding any cost-of-living adjustments for benefits earned between those dates,

is guaranteed by the Government.

Universities Academic Pension Plan - additional contributions and unfunded liability

17(1) The additional contributions to be paid in respect of the Universities Academic Pension Plan are as follows:

- (a) by the Government, additional contributions at the rate of 1.25% of the salaries of all participants of that plan and any other prescribed persons;
- (b) by each employer, additional contributions, based as between different employers proportionately on the salaries of all persons referred to in clause (a) who are or were employees of that employer, in the aggregate annual amount of 50% of the total required;
- (c) by the participants of that plan and any other prescribed persons, additional contributions, based as between individual participants and other such persons proportionately on each person's salary, in the annual amount of 50% of the total required.

(2) The Government's liability to pay additional contributions under subsection (1)(a) expires on December 31, 2043 unless the unfunded liability of the plan has been previously extinguished.

(3) The board for the Universities Academic Pension Plan shall have

- (a) the unfunded liability of the plan, and
- (b) the aggregate amount of the annual additional contributions required from persons referred to in subsection (1)(b) and (c) in the years before the next actuarial valuation in order to ensure the elimination of the plan's unfunded liability on or before December 31, 2043, after taking into account the annual amount of additional contributions payable by the Government under subsections (1)(a) and (2),

re-determined by the plan actuary at each actuarial valuation under the plan and the board shall make regulations establishing the amount referred to in clause (b).

(4) In subsection (1), "total required" means the aggregate amount of the annual additional contributions required, as established by regulations under subsection (3).

(5) Section 14(4) applies with respect to the Universities Academic Pension Plan.

Meetings
within 5 years

18 Within 5 years after the commencement of this section, the Minister shall meet with the board and other representatives of participants of each plan and discuss the arrangements for the administration of the plan and the investment of the plan's assets.

Regulations
establishing
other than
plan
provisions

19(1) The Lieutenant Governor in Council may make regulations establishing provisions that do not form part of the plans

- (a) regulating the calculation of the unfunded liabilities of the plans for pre-1992 service;
- (b) exempting interests in benefits from garnishee proceedings, attachment, seizure or legal process;
- (c) respecting boards and their members;
- (d) respecting the plan funds, including, subject to section 9(3), the management and investment of their assets;

- (e) respecting the Pension Plan Administration Fund;
- (f) prescribing any matter or thing that by this Act may or is to be prescribed;
- (g) establishing such provisions of a legislative nature as are considered requisite or advisable so as to give full effect to the plans or to be sound law in the field of pensions;
- (h) imposing obligations on employers to facilitate the administration of the plans;
- (i) respecting the auditing of the plans.

(2) Regulations made by the Lieutenant Governor in Council under this Act may make different provision for different plans.

Regulations generally

20 Notwithstanding anything in this Act, the Lieutenant Governor in Council has no authority to make regulations on a matter respecting which the regulation-making authority is given by this Act to the boards.

Transitional provisions

21 *The aggregate amount of annual additional contributions referred to in or for the purposes of section 14(2)(b), 15(2) or 17(3)(b) as at the commencement of that enactment is deemed to be the amount determined by the plan's actuary to be required as at December 31, 1991.*

Consequential amendments

22(1) *Section 50 of the Financial Administration Act is amended*

(a) *in subsection (1.2) by adding the following after clause (d):*

(d.1) *the pension funds established under section 9(1) of the Public Sector Pension Plans Act;*

(b) *in subsection (6) by adding the following after clause (e):*

(e.01) *the pension funds established under section 9(1) of the Public Sector Pension Plans Act;*

(2) *The Pension Fund Act is amended by repealing section 5(1)(a), (d), (e) and (f).*

(3) *The Pension Statutes Amendment and Miscellaneous Provisions Act, 1992 is amended*

(a) by repealing section 1(1)(b), (e), (f) and (g), section 1(2), section 1(5)(a), (d), (e), (f), (g), (j), (k) and (l), section 1(6) and section 2;

(b) in section 1(5)(m) by striking out "39/92, 40/92, 41/92," and "43/92, 45/92 and 46/92".

Repeals **23** *The following Acts are repealed:*

(a) the Local Authorities Pension Plan Act;

(b) the Public Service Pension Plan Act;

(c) the Special Forces Pension Plan Act;

(d) the Universities Academic Pension Plan Act.

**Commence-
ment** **24(1)** *Subject to subsection (2), this Act comes into force on Proclamation.*

(2) *Sections 1, 2, 9(1), (3) and (4) and 10 come into force on Assent.*