

Instructions Registered Pension Plan Annual Information Return

Pension Form 2 (Instructions)

Section A - Filing of Annual Information Return: A Legal Requirement

The Financial Services Regulation Division and Canada Revenue Agency have developed a joint Annual Information Return (AIR) in order to eliminate duplication and reduce the cost of completing separate annual returns. The enclosed AIR is therefore comprised of a main form for the purposes of the Pension Benefits Act and Regulations and of a schedule from Canada Revenue Agency, for the purposes of the Income Tax Act and Regulations.

As an administrator of a registered pension plan (including a plan deemed to be registered) and pursuant to the above mentioned legislation, you must file an AIR with the Superintendent of Pensions no later than six months after the end of the plan year to which it applies. The information you give on the Canada Revenue Agency Schedule will be forwarded to Canada Revenue Agency by the Financial Services Regulation Division and you will have satisfied the requirement to file an annual information return under the Income Tax Act.

Please ensure that the AIR is completed and signed by the plan administrator and is accompanied by a remittance payable to the Newfoundland Exchequer Account, covering the fee specified in the Directive of the Minister of the Department of Government Services and Lands. This fee depends on the number of members in the plan on payroll as of the last day of the plan year with respect to which the Return is being filed, in accordance with the scale shown below:

Number of Plan Members on Payroll*	Fee Payable
0 -19	\$150.00
20 -999	\$7.50 per member
1,000 and over	\$7,500.00

* Number of Plan Members on payroll means the total number of plan members employed in Newfoundland and Labrador, Alberta, Manitoba, Nova Scotia, Ontario, Quebec, Saskatchewan, Northwest Territories, Yukon Territory, Nunavut, Prince Edward Island, New Brunswick and British Columbia.

Section B - Explanation of Items

The numbering of the sections in these instructions corresponds to the numbers on the AIR. Please follow these instructions carefully to avoid having inaccurate or incomplete forms returned. If the space under any item on the Return is insufficient to enter the required information, use additional sheets of paper and attach them to the Return.

2. Name and address of plan administrator

Indicate the official name and address of the plan administrator. If the plan administrator is the employer or an association, their official name is required.

If a certificate of registration has not yet been issued, indicate the official name of the plan administrator in the same way as it was entered on the Application for Registration unless the name has changed.

4. Plan year when applied to a pension plan means a calendar year unless otherwise specified in the pension plan. The period covered by the AIR is normally 12 months. A filing period greater than 12 months must be approved in advance by the Superintendent of Pensions.

7(b). Where a collective agreement or decree has a direct bearing upon the terms or conditions of the pension plan, a copy of any new or revised collective agreement or decree is required to be submitted to the Superintendent of Pensions.

9. Current Service Payments

The contributions reported in this item should be those pertaining to the plan year under review whether actually paid within that year or after the end of the year but within the period permitted by the applicable legislation. Please indicate under "Remarks" the amount of member and net employer contributions paid after the end of the year under review but within the permitted period.

- (a) The amounts of required member contributions and additional voluntary contributions remitted to the fund during the period under review are to be reported.
- (b) The amount of required current service contributions remitted to the fund by the employer(s) during the period under review as well as the amount of surplus assets in a defined benefit plan or unvested forfeitures in a money purchase plan, which have been used to reduce the employer current service contributions is to be reported.

Note: Unvested forfeitures are employer contributions and the interest accrued thereon, which were made on behalf of former members who forfeited their entitlement as a result of terminating employment before their benefit was vested.

10. Amount of "Special Payments": Not applicable to money purchase plans.

Special Payments include those amounts which have been recommended by the actuary as being required annually in order to pay an unfunded liability or solvency deficiency in the prescribed time. Report the total payments for all unfunded liabilities as well as the total payments for any solvency deficiencies as indicated.

11. "Reports" mean Actuarial Valuations which are required at least every 3 years for Defined Benefit Pension Plans, and on the occasion of any plan change affecting liabilities and cost.

12. Please enter the total **net** assets at book value and at market value. Total net assets are determined in financial statements according to generally accepted accounting principles.

Book Value means the acquisition cost of an asset.

Market Value means estimated fair value on a specified date. It is the price, expressed in monetary terms, that would be agreed upon by informed parties dealing at arm's length in an open and unrestricted market.

13. Active Membership

The number of retirements in item 13(d) should include all types of retirements, that is, normal, early, postponed, special or disability retirements.

14. Plan Membership and Employees on Payroll

Plan members on payroll means active members in the plan, the total of male and female plan members on payroll should equal 13(i).

Defined Benefit Plans Complete Questions 15 -17
All others go to Canada Revenue Agency Schedule

15. Number of Non-active Members

Non-active members exclude persons for whom individual annuities have been purchased. Indicate the total number of pensioners and beneficiaries receiving regular payments from the pension fund and the number of vested former members entitled to a deferred pension. Add these two numbers to get the total number of non-active members. If only the total number of non-active members is known, report it and note "not known" on the first two lines.

16. Adjustments to Pension Benefits

Indicate if, in the year preceding the reference date for membership/contribution data, adjustments were made to pensions in pay. To answer “yes,” adjustments must have applied to at least 25% of plan members.

If an adjustment to pensions in pay was made as specified and required in the plan text, check item (b).

If an adjustment to pensions in pay was made pursuant to a collective agreement negotiated by a union, check item (c).

If an adjustment to pensions in pay was offered voluntarily by the employer, check item (d).

If none of the above applies and yet pensions in pay have been adjusted, check item (e) and describe.

If adjustments made were not specified and required in the plan text, i.e., if you answered items (c), (d) or (e) to question 16, complete the following questions:

17. Basis for Adjustment

If a different formula was used for pensions in pay and deferred pensions, give the formula for pensions in pay.

If the adjustment was based on the full increase in the CPI, check (a). If the adjustment was based on the increase in CPI but with limits, check (b).

If the adjustment was based on excess interest earnings by which pensions in pay are increased each year to the extent that actual fund earnings exceed expected earnings, check (c).

If the adjustment was given as a percentage increase independent of CPI, check (d).

If the adjustment equals a flat dollar amount, check (e). If the increase is not stated on an annual basis, convert. For example, if the adjustment is expressed as being an increase of \$100.00 per month, this would be the same as \$1,200.00 annually. Another example would be that the adjustment is expressed as being an increase of \$1,500.00 over the next 18 months, it would be equal, on an annual basis, to $(\$1,500.00 \times 12)/18$, which is \$1,000.00.

If the adjustment to pension benefits was based on a wage index or any other form of index, check (f) and describe.



Canada Revenue
Agency

Agence du
revenu du Canada

Instructions for Completing the Canada Revenue Agency Schedule

(The numbering of the sections in these instructions corresponds to the numbers on the schedule.)

1. For the purposes of this question, an active member is an employee who accrues benefits in a defined benefit plan, or who makes contributions or on whose behalf the employer makes contributions to a money purchase plan.

A **connected person** is generally one who:

- owns directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the employer or a related corporation;
- does not deal at arm's length with the employer (see section 251 of the Income Tax Act (the Act) for details); or
- is a specified shareholder of the employer by reason of paragraph (d) of the definition of specified shareholder in subsection 248(1) of the Act.

For a complete definition of connected person, refer to subsection 8500(3) of the Income Tax Regulations (the Regulations).

After Question 1, specified multi-employer plans (SMEPs) and multi-employer plans (MEPs) go to Question 5. All other plan types continue with Question 2.

A **SMEP** has the following characteristics:

- the plan is a **MEP**; (see definition below)
- employers participate in the plan under a collective bargaining agreement and contributions are made according to a negotiated formula;
- employer contributions are based on hours worked by employees or some other similar measure;
- all or nearly all (90% is acceptable) of the employers are taxable entities;
- it is expected that at least 15 non-related employers will contribute to the plan in the year, or at least 10% of the active members of the plan will be employed in the year by more than one participating employer; or
- the plan administrator applied and was granted designation as a **SMEP** under paragraph 8510(2)(b) of the Regulations.

For a complete definition of a **SMEP**, please refer to section 8510 of the Regulations.

A **MEP** is a plan for which, at the beginning of the year, it is reasonable to expect that at no time in the year will more than 95% of the active plan members be employed by a single employer or by a related group of participating employers. For a complete definition of a **MEP**, please refer to section 8500(1) of the Regulations.

3. See the definition of connected person in 1 above.

4. If the sponsor providing the plan is a corporation, indicate if the corporation underwent a change of control during the plan year. When the sponsor is not a corporation, check the line for "Not Applicable."

5. Total actuarial liability and current service costs based on a funding method that matches contributions with accrued benefits on a reasonable basis.

6. Date of the last calculation of actuarial liability from plan obligations.

After Question 6, money purchase plans and specified multi-employer plans go to "CERTIFICATION". All other plan types continue with Question 7.

Certification

Complete and sign the certification. This testifies to the accuracy of the information provided and that the plan is administered in accordance with the Newfoundland and Labrador PENSION BENEFITS ACT, 1997 and the Income Tax Act.

Problems Completing the Information Return or Schedule

If you are encountering problems completing the Annual Information Return, please write to our office explaining the problem, or you may call a member of our staff at (709) 729-1039. We will be pleased to assist you. If you are having problems completing the Canada Revenue Agency Schedule, please contact the Canada Revenue Agency Registered Plans Directorate, General Enquiries Section at (613) 954-0419 or write to:

Canada Revenue Agency
Registered Plans Directorate
3rd Floor, 45 Sacre-Coeur Boulevard
Hull, Quebec
K1A0L5

The legislation, forms and directives are available on our website at www.gov.nf.ca/gsl/cca/fsr. Copies of the forms and directives are also available from our office. Requests for a copy of the Pension Benefits Act, 1997 should be directed to:

The Queen's Printer
P.O. Box 8700
St. John's, Newfoundland
A1B4J6
Telephone: (709) 729-3649