

Draft Pooled Registered Pension Plans Regulations and Related Amendments to *Pension Benefits Regulations*

Consultation

The government is moving forward with the next step in implementing Pooled Registered Pension Plans (PRPPs) in Nova Scotia. Draft PRPP regulations and related amendments to *Pension Benefits Regulations* have been developed and are published at: novascotia.ca/finance

What are PRPPs?

PRPPs are a new type of voluntary retirement savings option. PRPPs will hold assets pooled together from employees and multiple employers across multiple jurisdictions. Once implemented, employers may offer a PRPP to their employees, who may choose to participate or not. Employees whose workplace does not provide them as well as self-employed workers may open a PRPP account and contribute voluntarily. PRPPs are intended to be portable – employees who move to another workplace may opt to continue contributing to their PRPP.

Why are PRPP Regulations Necessary?

Nova Scotia passed a PRPP Act in Fall 2014. The legislation, which has not yet been proclaimed into force, is highly harmonized with the federal PRPP Act. The federal PRPP Act and regulations set out requirements for PRPPs established for workers in federally regulated industries, such as interprovincial communications and transportation.

Since provinces have jurisdiction over pension regulation, it is necessary for Nova Scotia to implement legislation in order to make PRPPs available to Nova Scotian workers. Just as Nova Scotia's legislation is highly harmonized with the federal PRPP Act, the draft regulations are highly harmonized in most respects with the federal PRPP regulations.

What do these Regulations Do?

The draft PRPP regulations incorporate by reference most of the provisions of the federal PRPP regulations. Provisions of the federal PRPP Act and regulations that do not apply in Nova Scotia are identified.

In general, the regulations reflect that federal rules and requirements apply as long as money is held in a PRPP account. It is important to ensure a high degree of harmonization while money is held in a PRPP account to help keep administrative costs low.

When money is transferred or withdrawn from a PRPP account, requirements in Nova Scotia differ from the federal PRPP regulations. Individuals may wish to transfer money out of their PRPP when they retire, are no longer employed by an employer that is participating in the PRPP, terminate their membership in the PRPP, or when the PRPP itself has been terminated.

The draft PRPP regulations intend to provide the same options to transfer money from a PRPP account as would be available to individuals transferring money from a pension plan under the Pension Benefits Act. Individuals will be permitted to transfer money from a PRPP to a Locked-In Retirement Account (LIRA), Life Income Fund (LIF) or life annuity.

The draft PRPP regulations also set out how to divide assets in a PRPP account upon breakdown of a spousal relationship. The method of division is intended to be similar to how pension assets are divided under the Pension Benefits Act.

Why Differ from Federal PRPP Rules for Transferring Money?

The legislative framework for PRPPs adopted in Nova Scotia will permit money from pension plans registered under the Pension Benefits Act to be transferred into PRPPs. The draft regulations are structured to ensure that the locked-in retirement product options under the Pension Benefits Act are maintained under Nova Scotia's PRPP regime, and that rules with respect to unlocking from these products are the same.

This will ensure that consumer entitlements are consistent between registered pension plans and PRPPs. The impact on administrators of PRPPs or financial institutions that offer locked-in retirement products is not anticipated to be significant as systems are currently in place to accommodate the different retirement products across Canada.

Where Can I Find the Draft PRPP Regulations?

The draft PRPP regulations, and the related amendments to the *Pension Benefits Regulations*, are posted on the Department of Finance and Treasury Board's website at: **novascotia.ca/finance**

How Can I Comment?

Stakeholders are invited to submit written comments by October 9, 2015.

Please send your responses to:

PRPP@novascotia.ca

OR

Finance and Treasury Board
Pension Regulation Division
PO Box 2531
Halifax, NS B3J 3N5

