

Amendment to The Defined Contribution Pension Plan Bylaw, 2008

ISSUE

An amendment to *The Defined Contribution Pension Plan Bylaw, 2008* (“Bylaw”) is required to ensure the Bylaw is consistent with the federal *Income Tax Regulations*.

RECOMMENDATION

That the Governance and Priorities Committee recommend to City Council:

1. That the proposed amendments to Bylaw No. 8683, *The Defined Contribution Pension Plan Bylaw, 2008*, as outlined in this report, be approved; and
2. That the City Solicitor be requested to draft the approved amendments to Bylaw No. 8683, *The Defined Contribution Pension Plan Bylaw, 2008*.

BACKGROUND

In a letter to the City dated March 13, 2023, the Canada Revenue Agency (CRA) requested an amendment to clause 8.3(e) of the Bylaw to bring this provision in line with paragraph 8506(1)(e) of the federal *Income Tax Regulations*.

Paragraph 8506(1)(e) of the *Income Tax Regulations* reads as follows:

8506 (1) For the purposes of paragraph 8502(c), the following benefits may, subject to the conditions specified in respect of each benefit, be provided under a money purchase provision of a pension plan:

[...]

- (e) retirement benefits provided to a beneficiary of a member who dies before retirement benefits under the provision commence to be paid to the member, and benefits provided to other individuals after the death of the beneficiary, where

(i) the beneficiary is a spouse or common-law partner or former spouse or common-law partner of the member at the time of the member’s death,

(ii) the benefits would be permissible under paragraphs (a) to (c) if the beneficiary were a member of the plan, and

(iii) the retirement benefits are payable to the beneficiary beginning no later than on the later of one year after the day of death of the member and the end of the calendar year in which the beneficiary attains 71 years of age; [emphasis added]

The CRA noted that clause 8.3(e) of the Bylaw, which allows a member’s spouse to transfer a benefit “to an insurance company to purchase an immediate or deferred life

annuity”, is not in compliance with paragraph 8506(1)(e) of the *Income Tax Regulations* because it does not specify by when the deferred annuity must start.

The CRA originally requested that the required amendment be completed within 30 days of the date of their letter, however an extension to end of June was requested and received.

DISCUSSION/ANALYSIS

In addition to the amendment required by the CRA, a minor housekeeping amendment will be made to update references to *The Matrimonial Property Act* to *The Family Property Act*.

The proposed amendments have been approved by CUPE 859 and the Board of Trustees.

As required by the CRA, the amendment bylaw will come into force retroactively on March 13, 2023, the date of the CRA’s letter to the City.

FINANCIAL IMPLICATIONS

OTHER IMPLICATIONS

There are no financial, privacy, legal, social or environmental implications identified.

NEXT STEPS

Should the Governance and Priorities Committee recommend approval of the proposed amendments, the City Solicitor will prepare the proposed amendments and submit them alongside this report to City Council’s June 28, 2023 meeting for consideration. This will ensure the amendments are completed prior to CRA’s end of June deadline.

APPENDICES

1. N/A

Report Approval

Written by: Richard Heusdens, Employee Benefits Supervisor

Reviewed by: Chelsey Mack, Director of HR Shared Services
Marno McInnes, Chief Human Resources Officer

Approved by: Jeff Jorgenson, City Manager