

Pension Plan Administrators' Guide

Roles and Responsibilities



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Introduction

Employer-sponsored pension plans are voluntary arrangements that provide an important source of retirement income in B.C. for employees and their families. Good pension plan governance and administration are critical to building and maintaining members' confidence in their pension.

Pension plan administrators are responsible for prudently managing risks in their pension plans, acting in a fiduciary capacity in relation to plan beneficiaries, making plan design or investment decisions, complying with pension legislations and plan documents, and communicating plan information.

By serving as a centralized resource that brings together links to previously published resources and offering quick access to relevant materials, this Guide promotes good governance and administration of pension plans to help safeguard the interests of plan members and beneficiaries.

Scope

In Canada, provincial and federal legislation govern registered pension plans. Provincial laws establish the minimum standards, while federal laws, in particular income tax legislation, set the maximum provisions.

BC Financial Services Authority (BCFSA) created this Guide to focus solely on the minimum standards established for B.C. under the [Pension Benefits Standards Act](#) (PBSA) and the [Pension Benefits Standards Regulation](#) (PBSR).

Aspects of the administrators' roles and responsibilities can vary depending on the design of the pension plan: defined benefit, defined contribution, target benefit, multi-employer (either negotiated cost or non-collectively bargained) and jointly sponsored plans. Unless otherwise stated, the roles and responsibilities described in this document apply broadly to all pension plan types.

This Guide is not intended to be a comprehensive reference paraphrasing the entirety of the PBSA and PBSR. Where there is any conflict or inconsistency between this Guide and the legislation, the legislation shall prevail.

BCFSA acknowledges Financial Services Regulatory Authority of Ontario (FSRA) for their permission to reference and incorporate elements of their [Pension Plan Administrator Roles and Responsibilities](#) in the development of this Guide.

Approach

The role of the B.C. Superintendent of Pensions (Superintendent) is to administer pension legislation in a manner consistent with the intent of the PBSA, balancing the security of the benefits promised with the limitations of plan sponsors or participating employers.

This Guide serves as a centralized resource and brings together the [regulatory information](#) issued by BCFSa, guidelines issued by the [Canadian Association of Pension Supervisory Authorities](#) (CAPSA) and other industry resources relevant to the risk management and governance of pension plans.

To support the understanding of this Guide:

- a. The use of the words “**must**” or “**require**” indicate a **mandatory compliance requirement** as per the legislation.
- b. The use of the words “**should**”, “**recommend**” or “**encourage**” indicate **good practices** for administrators to consider. Good practices are widely accepted methods in the industry that effectively support the success, long-term sustainability, resilience, and integrity of the pension plans.

Roles and Responsibilities

Every pension plan must have an administrator¹, at least one participating employer, and a fundholder. The term plan administrator means the *person responsible for administering the plan in accordance with [Section 35](#) (of the PBSA)*.

For a single-employer pension plan, the employer is usually the administrator. For a multi-employer pension plan or a jointly sponsored plan, the administrator is often a board of trustees (or the board).

ROLES AND RESPONSIBILITIES OF ADMINISTRATORS

Under the PBSA, an administrator is responsible for all aspects of the administration of the pension plan and the related pension fund, including but not limited to:

- providing information to plan members and beneficiaries;
- ensuring that appropriate contributions and sufficient funding are made to the pension plan;
- making pension payments to plan members and beneficiaries;
- complying with the plan text document, plan supporting documents and policies, and applicable laws;
- filing required forms and documents with BCFSa and other appropriate regulatory authorities;
- establishing, maintaining, and investing the pension fund in accordance with the plan terms; and
- maintaining and retaining complete and accurate plan records.

An administrator's role includes responsibility for implementing processes to ensure plan risks (investment, funding, operational, legal, etc.) are understood and addressed. Administrators should be able to demonstrate that they have considered applicable BCFSa guidelines and CAPSA guidelines in their administration and investment activities. The administrator's responsibilities also include designing, establishing, amending, and terminating the pension plan.

¹ [Section 27](#) and [Section 5\(a\)](#) (for jointly sponsored plan) of the PBSA outlines the criteria for administrator.



For plans with a defined contribution component, check out CAPSA's [Guideline No. 3: Guideline for Capital Accumulation Plans](#), which outlines and clarifies regulators' views on administrators' fiduciary responsibilities in the maintenance and administration of a defined contribution plan.

Although administrators may delegate certain tasks to service providers (such as third-party administrators, investment consultants, actuaries, etc.), the administrators retain fiduciary responsibility.

FIDUCIARY DUTIES

Administrators owe fiduciary duties under common law and as defined under [Section 35](#) of the PBA. Key fiduciary duties for all administrators include, but are not limited to:

- **Duty to comply** – An administrator must comply with the plan's governing documentation (such as plan text, policies, trust and service agreements) and the applicable legislation.
- **Duty of care** – An administrator is responsible for investing plan assets and making plan-related decisions with care, diligence, and skill, and in the best interest of plan beneficiaries.
- **Duty to act personally** – An administrator is not expected to handle all responsibilities on their own or to be completely knowledgeable. When delegation is used, individuals carrying out administrative functions must be knowledgeable about their responsibilities and the standard of care they must meet. The administrator must exercise oversight and ensure due diligence.
- **Duty to be loyal** – An administrator must act in the best interests of plan members and beneficiaries. This includes avoiding conflicts of interest and refraining from using plan assets or information for personal gain.
- **Duty to act in good faith** – An administrator must act with honesty and integrity. It includes consideration of even-handedness when making discretionary decisions related to pension benefit adjustments, restructuring or allocation of surplus.
- **Duty to disclose** – An administrator must disclose relevant and accurate information to plan members and beneficiaries in a timely manner.

An administrator must also establish in the plan's governance policy:

- A code of conduct and a procedure to disclose and address conflicts of interest of the administrator. This should include the procedures to identify, monitor and address material conflicts of interest, both actual and perceived; and
- An ongoing process to identify the educational requirements and skills necessary for the administrator to perform their duties in relation to the plan.

MULTI-JURISDICTIONAL PLANS

For plans with members in multiple jurisdictions (e.g. members working in more than one province in Canada), the [Agreement Respecting Multi-Jurisdictional Pension Plans](#) must apply, pursuant to [Section 129](#) of the PBA.

Plan Governance



Please refer to BCFSAs [Multi-Employer Pension Plans - Best Practices Guide-line](#), which contains principles relevant to all plan types.

PENSION PLAN TEXT DOCUMENT

Every pension plan must have a pension plan text document. The plan text document outlines the benefits and entitlements under the pension plan, and the rules and provisions that govern the administration of the plan. It is a critical legal document and administrative resource for the plan administrator. It must be a stand-alone document separate from any collective agreement, and must not be part of or subject to another document. It must be available to plan members upon request, as provided under [Section 43\(1\)\(b\)](#) of the PBSR.

Part 3 of the PBSA, including [Section 8\(1\)](#), outlines the information a plan text document must contain. Plan administrators are responsible to ensure that the plan text document and administrative practice reflect current legislative requirements. If there is a conflict between the plan text document and the legislation, the PBSA and PBSR requirements apply.

GOVERNANCE POLICY

Administrators must ensure that a written governance policy is established with further details set out in [Section 50](#) of the PBSR.

The governance policy sets out the structures and processes in place for the effective administration of the pension plan to ensure the fiduciary and other responsibilities of the administrators are met. Specifically, the governance policy must identify the material risks that apply to the plan and establish internal controls to manage those risks. While the governance policy is not required to be filed with BCFSAs, it must be available to the Superintendent upon request.



Review BCFSAs [Best Practices Guideline \(see section 2.1\)](#), CAPSAs [Guideline No. 4: Pension Plan Governance Guideline](#), including the [Self-Assessment Questionnaire](#) and [FAQ](#), when developing and reviewing the governance policy.

SERVICE PROVIDERS

The operation and administration of a pension plan requires collaboration with various professionals, especially for benefit formula plans. Administrators may use delegates to help carry out governance responsibilities, which may include employees of the administrator and service providers.

Service providers may provide advice as consultants or perform administration and investment activities for the pension plan. Such activities include the preparation of an actuarial valuation report and investment advice for the plan fund or for members' investment options.

Administrators must identify, in the governance policy, all participants (including service providers) who have authority to make decisions in respect of the structures and processes for overseeing and managing a plan, and describe the roles, responsibilities, and accountabilities of those participants. Administrators should establish contracts for all material functions performed by service providers and ensure that policies and procedures for the oversight of outsourcing arrangements are documented.



Check out BCFSAs' [Outsourcing Guideline](#) and CAPSA's [Guideline No. 5: Guideline on Fund Holder Arrangements](#) on managing outsourcing arrangements.

RISK MANAGEMENT

Administrators must ensure that the governance policy identifies the material risks that apply to the plan and establishes internal controls to manage those risks. Plans with benefit formula components are also required to perform stress testing or sensitivity analysis on material risks identified in an actuarial valuation report. Administrators should consider incorporating the stress test results as part of an appropriate risk management strategy for the plan.

Pension risks continue to evolve and emerge. Administrators should regularly review material risks identified in the plan's policies and document any actions or events that either change the status of a risk or present new risks.



Plan administrators are encouraged to follow CAPSA's [Guideline No. 10: Guideline for Risk Management for Plan Administrators](#) when creating or reviewing a plan's risk management framework.

PLAN ASSESSMENT

All administrators are required to self-assess different aspects of the pension plan at least triennially, pursuant to [Section 41\(1\)](#) of PBSA. This includes assessment of the plan's compliance with the legislation and its governance, funding, investment, and performance of the trustees (if applicable), administrative staff, and any agents. Such documents must be available for BCFSAs' review upon request.



Review CAPSA's [Self-Assessment Questionnaire](#) and BCFSAs' presentation on [Pension Plan Governance and Assessment](#) when preparing a written plan assessment.

There is no standardized format to complete the plan assessment—this is not a checkbox exercise, and there is no one-size-fits-all approach.

Funding and Investments

This section primarily focuses on pension plans with a benefit formula component.

Within the overall governance framework of benefit formula pension plans, investment and funding policies—together with actuarial valuations—play a critical role for administrators to:

- determine the level of contributions and/or benefits;
- identify and assess risks; and
- guide the implementation of effective risk management strategies.

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES

Unless the investments of the plan are directed entirely by plan members, the administrator must ensure that a written statement of investment policies and procedures is established and contains the elements set out in [Section 51](#) of the PBSR. For greater clarity, for defined contribution plans where investment decisions are made by the administrator, such policy is required.



Check out CAPSA's [Guideline No. 6: Pension Plan Prudent Investment Practices Guideline](#) when developing or reviewing a plan's Statement of Investment Policies and Procedures.

The administrator must ensure that the pension fund is invested in accordance with the statement of investment policies and procedures and the applicable legislation, including [Section 60](#) of PBSA, [Section 68](#) of PBSR, and [Schedule III - Permitted Investments](#) to the federal [Pension Benefits Standards Regulations, 1985 \(SOR /87-19\)](#).

A signed and dated copy of the policy, if amended in the year, should be provided to BCFSA when the administrator files the Annual Information Return, or upon request. For a plan with a benefit formula component, a copy of the latest version must be provided to the plan actuary engaged to prepare the actuarial valuation report for the plan.

FUNDING POLICY

Administrators of a pension plan containing a benefit formula component must ensure that a written funding policy is established, which includes the elements set out in Section 52 of the PBSR, and is provided to the plan actuary engaged to prepare the actuarial valuation report for the plan.



Review CAPSA's [Guideline No. 7: Pension Plan Funding Policy Guideline](#) when developing or reviewing a plan's funding policy.

For plans with a target benefit component, the term “benefits policy” is often used interchangeably with “funding policy” since the pension benefits are linked to the funds available in the plan (benefits and contributions may be adjusted in response to the plan’s financial position). This policy must include the intended method for determining the provision for adverse deviation (PfAD) for the target benefit component. Furthermore, a copy of the funding policy should be provided to BCFSa when the plan actuary files an actuarial valuation report.



See BCFSa’s [PfAD for Pension Plans with a Target Benefit Provision Guideline](#) for more information on B.C.’s target benefit PfAD framework.

ACTUARIAL VALUATION

Administrators of a pension plan that contains a benefit formula component must ensure that the plan is reviewed at least triennially, with an actuarial valuation report and the Annual Information Summary prepared and filed (by the plan actuary) at the review date ([Sections 45 and 46](#) of the PBSR).

If an amendment to the plan text document or any change to the plan materially affects the cost of plan benefits, or creates an unfunded liability or a solvency deficiency, the administrator must have an actuarial valuation report revised or file an interim actuarial cost certificate as at the effective date of the amendment.

The actuarial valuation report or cost certificate:

- must be signed by a Fellow of the Canadian Institute of Actuaries (CIA);
- must be prepared in a manner consistent with the CIA’s standards of practice; and
- should be provided to the investment consultant if it impacts the investment strategies of the plan; and
- if it identifies using available actuarial excess to take a “contribution holiday”, the administrator must have submitted written notice to the Superintendent and the fundholder prior to using such excess, pursuant to [Section 71\(3\)\(e\)](#) of the PBSR.

Administration Processes

While the governance policy outlines the overarching structure and framework for pension plan administration, written internal procedures should be developed for key administrative processes, particularly where major activities may involve multiple parties.

This section covers key administrative activities and processes.

REGULATORY FILINGS

BCFSA's [online pension resources section](#) has a summary of key filing requirements and legislative timelines. Please also review [regulatory requirements](#) when amending a plan text document or a supporting plan document.

Electronic Filing System

Annually, each administrator must file an Annual Information Return (AIR) through BCFSA's [web-based electronic filing system](#). While the administrator may ask the plan's service providers for help completing the AIR, it is the responsibility of the administrator to review all the information and ensure that the answers provided are complete, accurate, and consistent with their plan's records (such as the plan's financial statements and the employer's membership record, etc.) before they submit the report.

Benefit formula plans (i.e., defined benefit or target benefit) must also file an Actuarial Information Summary (AIS) through this system.



MEMBER ENGAGEMENT

The illustration below outlines key activities of a day-to-day pension plan administration, from member enrolment to benefit calculations.



Membership Enrolment

An eligible employee is enrolled in the pension plan promptly in accordance with the plan text provisions and legislation². A copy of the plan summary³ which includes key information about the plan must be provided to eligible employees



Monthly Contribution Remittance

Employer and/or employee contributions are remitted monthly. The fundholder is required to notify BCFSa of unremitted contributions or contributions less than expected⁴.



Annual Statement Processing

Members (active and those receiving pensions) receive annual statements within 180 days after the end of the plan's fiscal year.



Year-end Reconciliation & Audits

Plan data (membership and asset) is reconciled and audited to ensure all information is current and complies with the annual filing requirements and timelines.



Event-based Benefits Calculation

Pension benefits are calculated and election statements provided to members upon events such as retirement, termination, death, or marriage breakdown⁵. Payments are processed promptly and within the prescribed timelines.

² Reference: [Part 5](#) of the PBSA and [Part 4](#) of the PBSR.

³ Reference: [Section 29](#) of the PBSR.

⁴ A [Schedule of Expected Contributions](#) must be completed 30 days after the beginning of each fiscal year of the plan and to be filed with the fundholder.

⁵ The division of pension entitlement on marriage breakdown is subject to Part 6 of the [Family Law Act](#).

PROVIDING INFORMATION TO BENEFICIARIES

It is the administrator's responsibility to ensure that members receive prescribed information in accordance with the legislative requirements and are aware of all relevant plan decisions and the impacts that they may have on the members' rights and benefits.



BCFSA's [advisory](#) has detailed information on the disclosure requirements that administrators must provide to members and beneficiaries of the pension plan and BCFSA's [Best Practices Guideline](#) (Section: Communication Practices) for best practice communication strategies and resources.



Did you know? Electronic delivery of information to members is permissible if it is without charge and if the member has consented to that format ([Section 37\(3\)](#) of the PBSA). See the [Electronic Transactions Act](#) and CAPSA's [Guideline No. 2: Electronic Communication in the Pension Industry](#).

MISSING MEMBERS

Missing or unlocatable members pose a significant challenge to administrators of ongoing pension plans. These situations often arise when members fail to update their contact information or keep in contact with the plan, particularly where they terminated employment with the participating employer many years earlier or moved to a new employer in a different region. Further, members may overlook their pension entitlement, particularly when they earn a small benefit early in their career.



CAPSA's [Guideline No. 9: Searching for Unlocatable Members of a Pension Plan](#) provides steps administrators are encouraged to take to find missing members.

RECORDS RETENTION

[Section 34](#) of the PBSA sets out the requirements for the retention of records for pension plans registered in B.C. Administrators, participating employers, fundholders, and any other prescribed persons who have custody or control of any records relating to the plan are required to retain the records or copies of the records in Canada. This requirement applies not only to the administrator but also to those who participate in the operation of the pension plan. The PBSA does not prescribe timelines for retention of different types of records.

The records may be either in hard copy or in electronic format if they can be easily accessed by any party participating in the operation of the pension plan, and by the Superintendent, upon request.

The administrator should develop a written policy on records management and retention (including the appropriate retention timelines for different types of plan records).



BCFSA's [Records Retention Guideline \(Pensions\)](#) provides the Superintendent's interpretation regarding pension plan records management under the PBSA. Please also see the [Electronic Transactions Act](#) and the [Freedom of Information and Protection of Privacy Act](#) to ensure the requirements of that legislation are met when holding documents electronically.

COMPLAINTS AND INQUIRIES

Administrators must uphold the standard of care by acting with integrity, honesty, good faith, and in the best interests of members and beneficiaries ([Section 35](#) of the PBSA).

The administrator must, in its governance policy, establish a process for resolving disputes involving members or other persons who are entitled to benefits under the plan ([Section 50](#) of the PBSA). For larger plans, administrators may consider implementing a complaint and inquiry handling policy; such a policy should reflect the principles of natural justice, promoting fairness, impartiality, and the right to be heard. Administrators should be able to demonstrate proper adherence to any complaint and inquiry handling policies and procedures developed, and that effective controls and processes are in place for operationalization and oversight. The dispute resolution process may also include an opportunity for further review or appeal within the organization or the board of trustees.

Where internal resolution is not possible, members/beneficiaries should be informed of external avenues for assistance, which could include [filing a complaint](#) with BCFSA, the [Office of the Ombudsperson](#) (for public sector and government agencies), or the courts, depending on the nature of the complaint.

ADMINISTRATIVE EXPENSES

[Section 8\(1\)\(b\)](#) of the PBSA requires that the plan text document provides for who is to pay the administration and investment expenses of the plan. Unless the plan documents specifically provide otherwise, the administration and investment expenses of the plan may be paid from the plan's pension fund ([Section 8\(3\)](#) of the PBSA).

It is generally permissible, subject to the plan documents and the legislation, to pay reasonable expenses for the administration and investment of the pension plan out of the pension fund. Administrative expenses for benefit formula plans typically include custodial, actuarial, auditing, accounting, legal, other professional services (such as third-party pension services administrator, investment managers), and, if applicable, direct costs (such as travel, accommodation, education and training) incurred by the pension committee or the board of trustees that relate to the administration of the plan. Administrators, particularly for the multi-employer or jointly sponsored plans, should develop an expense policy.

Special circumstances defined in the legislation:

- [Section 109](#) of the PBSA – “Despite any contrary provision in the plan documents of a pension plan, if an administrator has been appointed by the Superintendent under [Section 108](#) (of the PBSA), reasonable expenses incurred in relation to the termination and winding-up of the plan may be paid out of the plan in priority to benefits.”
- [Section 115\(10\)](#) of the PBSA – “The reasonable fees and expenses of the designated actuary that are associated with the preparation of the applicable report form part of, and must be paid in the same manner as, administrative costs payable under the plan documents in relation to the

pension plan.”

- [Section 118](#) of the PBSA – “Any expenses associated to an inspection of a pension plan under [Section 110](#) (of the PBSA) **must not** be paid from the pension fund.”
- [Section 63\(16\)\(a\)](#) of the PBSR – “The fees related to the issue and maintenance of the letter of credit (applicable to a defined benefit plan) **must not** be included in the letter of credit or charged as a cost to the plan”.

PLAN TERMINATION

Pension plans can be terminated voluntarily by an authorized person (usually the administrator and/or participating employer).



BCFSA's [plan termination requirements and checklist](#) provides information on the termination process.

Once terminated, if a plan has members who remain unlocatable after a thorough search, the administrator may declare them missing and transfer the member's assets to [BC Unclaimed](#), a registered non-profit organization designated by the province to manage B.C.'s unclaimed property program. Assets of the plan must not be disbursed until the plan administrator secures an approval letter of the termination report from BCFSA.