

# Instructions

## Form 2

### Registered Pension Plan Annual Information Return



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

The Pension Benefit Standards 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, 1997* and of a schedule from Canada Revenue Agency, for the purposes of the *Income Tax Act (Canada)*.

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 (three months in the case of a terminating plan). Information provided on the AIR, including information provided on the Canada Revenue Agency Schedule, will be forwarded to the Canada Revenue Agency by the Pension Benefit Standards Division and you will have satisfied the requirement to file an annual information return under the *Income Tax Act (Canada)*.

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 Digital Government and Service NL. This fee depends on the number of plan members as of the last day of the plan year with respect to which the AIR is being filed, in accordance with the following:

- \$10.00 for each member of the pension plan (as per Section 13(F) of the AIR); and
- \$5.00 for each former member of the pension plan (as per Sections 15(A) and 15(B) of the AIR).

The fee payable shall not be less than \$200 or more than \$12,500. Late filing results in the fee payable being doubled.

Under the *Pension Benefits Act, 1997*, a “member” means a person who has become a member of the plan and has neither ceased membership in the plan nor retired from the plan, and a “former member” means a person who either ceased membership in the plan or has retired from the plan, and who retains a present or future entitlement to receive a benefit under the plan. Please note that members include those on disability or leave who have not terminated or retired, even if they did not accrue pension benefits during the plan year.

#### 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 AIR is insufficient to enter the required information, use additional sheets of paper and attach them to the AIR.

##### 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 of Pension Plan (Form 1) unless the name has changed.

##### 4. End of plan year under review

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. Plan amendments

- (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 cost

The contributions reported in this section should be those pertaining to the plan year under review.

- (A) The amount of member contributions accrued during the period under review (whether actually remitted within the plan year or not). If it includes member contributions towards past service purchases, identify this amount under 9(I). However, transfers in from registered products / arrangements (e.g., LIRA, RRSP, or RPP) towards past service purchases should not be included but will be accounted for separately under 12(B).
- (B) The amount of additional voluntary contributions during the period under review. Note, transfers in from registered products / arrangements (e.g., LIRA, RRSP, or RPP) as additional voluntary contributions should not be included but will be accounted for separately under 12(B).
- (C) The amount of member contributions that were in transit at the start of the plan year and remitted during the plan year. This should correspond to item 9(D) from the previous year's AIR.
- (D) The amount of member contributions that are in transit at the end of the plan year and will be remitted in the following plan year and within the time frame required by the applicable legislation.
- (E) The amount of employer contributions accrued during the period under review (whether actually remitted within the plan year or not). If it includes employer contributions towards past service purchases, identify this amount under 9(I).
- (F) The amount of surplus assets in a defined benefit plan or forfeitures in a defined contribution plan, which have been used to reduce the employer current service cost. 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.
- (G) The amount of employer contributions that were in transit at the start of the plan year and remitted during the plan year. This should correspond to item 9(H) from the previous year's AIR.
- (H) The amount of employer contributions that are in transit at the end of the plan year and will be remitted in the following plan year and within the time frame required by the applicable legislation.
- (I) Please indicate under "Remarks" any contributions towards past service purchases (from 9(A) or 9(E) above). Please also include any other relevant contribution details in the "Remarks" area.

## 10. Special payments for defined benefit plans

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

## 11. Contribution sufficiency

Actuarial Reports are required at least every 3 years for defined benefit pension plans, and on the occasion of any plan change affecting liabilities and/or cost. In 11(B) please provide details of any discrepancies between the payments shown in sections 9 or 10 and those prescribed in the last actuarial report filed with the department.

## 12. Reconciliation of plan assets

- (B) Amounts transferred in from another registered pension plan or any registered product / arrangement.
- (C) and (D) Amounts remitted (i.e., paid) to the fund during the plan year. Equals amount accrued, adjusted for in transits at the beginning and end of the plan year.
- (F) Include any amount paid from the plan in cash (e.g., pensions, contribution refunds, unlocked lump sums).
- (G) Amounts transferred to another registered pension plan or any registered product / arrangement (e.g., LIRA or RRSP).
- (H) Please enter the total net assets at market value. Total net assets are determined in financial statements according to generally accepted accounting principles. Market value means estimated fair value on a specified date. It is

the price, expressed in monetary terms, which would be agreed upon by informed parties dealing at arm's length in an open and unrestricted market. Please ensure that the sum of items (A) to (G) in this section matches the amount provided in item (H), subject to rounding.

- (I) Please enter the total net assets at book value. Total net assets are determined in financial statements according to generally accepted accounting principles. Book value means the acquisition cost of an asset.

### 13. Reconciliation of plan members

The definition of “member” is provided on the first page of these instructions.

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

### 14. Plan membership by area of employment

The total of male and female plan members should equal 13(F).

“Included Employment” means employment upon or in connection with the operation of any work, undertaking or business that is within the legislative authority of the Parliament of Canada. In general, the following types of employment fall into the category of included employment:

- a. any work, undertaking or business operated or carried on for or in connection with navigation and shipping, whether inland or maritime, including the operation of a ship and transportation by ship anywhere in Canada;
- b. any railway, canal, telegraph or other work or undertaking connecting a province with another province or extending beyond the limits of a province;
- c. any line of steam or other ships connecting a province with another province or extending beyond the limits of a province;
- d. any ferry between a province and another province or between any province and a country other than Canada;
- e. any aerodrome, aircraft or line of air transportation;
- f. any radio broadcasting station;
- g. any bank or authorized foreign bank within the meaning of section 2 of the Bank Act;
- h. any work, undertaking or business that, although wholly situated within a province, is before or after its execution declared by the Parliament of Canada to be for the general advantage of Canada or for the advantage of two or more provinces, e.g., grain elevators, flour mills, feed mills, feed warehouses, seed cleaning mills, undertakings for the production, use and application of atomic energy and for the production, refining or treatment of prescribed substances in connection with atomic energy; and
- i. any work, undertaking or business outside the exclusive legislative authority of provincial legislatures, and any work, undertaking or business of a local or private nature in Yukon, the Northwest Territories or Nunavut.

### 15. Former members

The definition of “former member” is provided on the first page of these instructions. Former 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.

### **Defined benefit plans - complete questions 16 – 17. All other plans - go to Canada Revenue Agency Schedule**

### 16. Adjustments to pension benefits

Indicate if, during the plan year under review, adjustments were made to pension benefits under the plan. To answer “yes,” adjustments must have applied to at least 25% of plan members.

If an adjustment to pension benefits was made as specified and required in the plan text, check item (B).

If an adjustment to pension benefits was made pursuant to a collective agreement negotiated by a union, check item (C).

If an adjustment to pension benefits was offered voluntarily by the employer, check item (D).

If none of the above applies and yet pension benefits 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) under question 16, complete the following question:**

**17. Basis for adjustment**

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

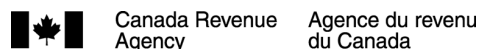
If the adjustment was based on the full increase in the CPI, check (A). If the adjustment was based on the increase in CPI but with limits, check (B).

If the adjustment was based on excess interest earnings, i.e., pension benefits 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, please 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 if the adjustment is expressed as being an increase of \$1,500.00 over the next 18 months, it would be equal to  $(\$1,500.00 \times 12)/18$ , which is \$1,000.00, on an annual basis.

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



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.**

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## 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* (Canada).

## Problems Completing the Information Return or Schedule

If you are encountering problems completing the Annual Information Return, please write to our office at the address below or by email at [PensionRegulation@gov.nl.ca](mailto:PensionRegulation@gov.nl.ca), or you may call a member of our staff at (709) 729-1039. We will be pleased to assist you.

Government of Newfoundland and Labrador  
Digital Government and Service NL  
Pension Benefit Standards Division  
2<sup>nd</sup> Floor, West Block, Confederation Bldg  
P. O. Box 8700  
St. John's, NL A1B 4J6

If you are having problems completing the Canada Revenue Agency Schedule, please contact the Canada Revenue Agency Registered Plans Directorate, General Enquiries Section at 1-800-267-3100 (in English) or 1-800-267-5565 (in French) or write to:

Regular Mail:  
Registered Plans Directorate  
Canada Revenue Agency  
Ottawa, ON K1A 0L5

Courier:  
Information Holdings Operation Section – Registered Plans  
Registered Plans Directorate  
Canada Revenue Agency  
875 Heron Road, A-200  
Ottawa, ON K1A 1A2

The legislation, forms, and directives are available on our website at <https://www.gov.nl.ca/dgsnl/pension-regulation/>. 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 King's Printer  
P.O. Box 8700  
St. John's, NL A1B 4J6  
Telephone: (709) 729-3649