

## 1. Pension reform - Where are we? Pooled Registered Pension Plan (PRPP)

Since Canada's Finance Ministers agreed to a framework for a new PRPP in December 2010, federal, provincial and territorial government representatives have continued to work together to implement the PRPP. In fact, these representatives have been consulting with key stakeholders.

That being said, there are still many procedures to clarify before the PRPP becomes reality.

You'll recall that the PRPP is a new type of defined contribution employer pension plan that will be available to employers, employees and the self-employed.

According to the information document "Framework for Pooled Registered Pension Plans", published by the Federal Ministry of Finance in December 2010, employers contributing directly to the PRPP and their employees will be able to make contributions below the registered pension plan (RPP) ceiling, and this will be accompanied by the declaration of a pension adjustment (PA) for these contributions. In addition, self-employed workers and other employees (of a non-participating employer) will contribute to the plan according to their RRSP contribution room.

For more information on PRPPs, please refer to the January 2011 issue of *Legislation matters*.

### Voluntary Retirement Savings Plan (VRSP)

As we explained in the April 2011 issue of *Legislation matters*, the Quebec Minister of Finance, Raymond Bachand, announced in his March 17, 2011 budget that the Quebec government will make the necessary legislative and regulatory adjustments to allow the creation, in Quebec, of a new VRSP modeled after the PRPP proposed by the federal government in December 2010.

Minister Bachand stated that consultations would be conducted by the Quebec government to spell out the features of the VRSP.

As with the PRPP, there are still many procedures to clarify before the VRSP becomes reality.

For more information on VRSPs, please refer to the April 2011 issue of *Legislation matters*.

We will continue to keep you informed of any developments regarding the PRPP and VRSP.

## 2. Ontario - New rules on marriage breakdown

In June, the Ontario government adopted new laws and regulations applicable to the division of pension assets upon a marriage breakdown, including the dissolution of a spousal relationship.

The new rules come into force on January 1, 2012.

Under the new rules, the division of the member's pension benefits will take place upon the breakdown of the marriage or spousal relationship, whereas under the current rules, the division can only be made on the date the pension benefits start to be paid or the normal retirement date under the pension plan, whichever is earliest.

There are still procedures that remain to be clarified. In addition, the Financial Services Commission of Ontario (FSCO) will require administrators to use the new FSCO family law forms as of January 1, 2012. At the time of this writing, these forms are being developed and should be available on the FSCO website by September 30, 2011.

Please refer to the April 2011 issue of *Legislation matters* for more details about the new rules governing marriage breakdown in Ontario.

You'll also find more information on the FSCO website.

We are revising our current procedures and will keep you informed of any developments in this area.

### 3. Rejection by referendum of the HST in British Columbia

The British Columbia government recently announced it would bow to the will of the people — a majority of voters having rejected, via referendum, the HST.

This means the province will reinstate the federal tax on goods and services (GST) and the Provincial Sales Tax (PST), as they existed before the arrival of the HST, with all the exemptions that existed for the PST.

British Columbia Finance Minister Kevin Falcon presented the province's transition plan, which essentially provides for the following:

- ▶ The transition is expected to take a minimum of 18 months, with March 31, 2013 as the transition date targeted by the province to reinstate the PST, although that date is not yet final.
- ▶ The 12% HST rate will continue to apply during the transition period, until the return of the PST.

- ▶ British Columbians with low incomes, who are currently entitled to a refund under the HST, will continue to receive a refund until the return of the PST, after which it will be replaced by the refund under the PST.
- ▶ The province aims to provide British Columbians with quarterly updates on the transition's progress.

Until further notice, there is no change in how we apply the HST to Investment Management Fees (IMF) and our other charges. As a result, Standard Life will continue to apply the 12% HST rate to our B.C. clients until the return of the PST.

You can find more information on the British Columbia Ministry of Finance website.

We'll keep you posted on any progress in this matter.