



NATIONAL ASSEMBLY

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Bill 149
(2018, chapter 2)

**An Act to enhance the Québec
Pension Plan and to amend various
retirement-related legislative provisions**

**Introduced 2 November 2017
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EXPLANATORY NOTES

This Act amends the Act respecting the Québec Pension Plan mainly to enhance the Québec Pension Plan by adding an additional plan. Starting in 2019, a first additional contribution, shared by the employer and the worker, will be applicable to income that is less than or equal to the worker's maximum pensionable earnings. The contribution rate for that contribution will progressively increase until it reaches 2% per year. As of 2024, a second additional contribution, with a contribution rate of 8% per year, will be applicable to income exceeding the worker's maximum pensionable earnings. Consequently, the Act amends the calculation of benefits to take into account those new contributions to the additional plan.

Various measures are introduced to stabilize the Québec Pension Plan, including a mechanism for adjusting additional plan contributions and benefits and the obligation to finance improvements to the Québec Pension Plan through contribution rate increases.

An additional amendment to the Act respecting Retraite Québec provides for two investment policies for the Québec Pension Plan, one for sums from the base plan and the other for sums from the additional plan.

The Act also amends the Supplemental Pension Plans Act to allow pension plans to set priorities for the appropriation of surplus assets that are different from those established under that Act. Under the Act, the sums an employer pays to reduce a letter of credit and, if the annuity purchasing policy so provides, the sums it pays as a special annuity purchasing payment are now to be recorded to establish the level of surplus assets used.

Finally, the Act proposes various amendments to that Act to simplify administration, including by providing that the degree of solvency for the payment of a member's benefits is the one applicable on the date of the valuation of the benefits, extending the current period for calling the annual meeting from six months to nine, and moving the deadline for sending the notice relating to the financial position of the plan to Retraite Québec from 30 April to 30 September.

LEGISLATION AMENDED BY THIS ACT:

- Act respecting the Québec Pension Plan (chapter R-9);
- Supplemental Pension Plans Act (chapter R-15.1);
- Act respecting retirement plans for the mayors and councillors of municipalities (chapter R-16);
- Act respecting Retraite Québec (chapter R-26.3).

Bill 149

AN ACT TO ENHANCE THE QUÉBEC PENSION PLAN AND TO AMEND VARIOUS RETIREMENT-RELATED LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING THE QUÉBEC PENSION PLAN

1. The Act respecting the Québec Pension Plan (chapter R-9) is amended by inserting the following title before Title I:

“TITLE 0.1

“GENERAL PROVISIONS

“**0.1.** The Québec Pension Plan comprises a base plan and an additional plan.

“**0.2.** The base plan is the one under which entitlement to the benefits established by Title IV of this Act is determined. Those benefits are provided for in section 105.

The additional plan is intended to enhance the base plan benefits the amount of which is established according to contributions to that plan.

“**0.3.** These plans are funded respectively by base contributions and additional contributions.”

2. Section 1 of the Act is amended by striking out paragraph *r*.

3. Section 34 of the Act is amended by replacing the second paragraph by the following paragraph:

“Retraite Québec shall deposit with the Caisse de dépôt et placement du Québec, keeping deposits for the base plan separate from those for the additional plan, all the money received under the first paragraph, except whatever is necessary for the current administration of each plan and for the payment of benefits for a prescribed period.”

4. The Act is amended by inserting the following after section 40.3:

“Additional Maximum Pensionable Earnings

“40.4. For the year 2024, the amount of the Additional Maximum Pensionable Earnings is equal to 107% of the Maximum Pensionable Earnings for the year.

For the year 2025 and each subsequent year, the amount of the Additional Maximum Pensionable Earnings is equal to 114% of the Maximum Pensionable Earnings for the year.

When the amount obtained under the first or second paragraph is not a multiple of \$100, the next lowest multiple of \$100 must be substituted therefor.”

5. Section 41 of the Act is amended by replacing “is excluded from his contributory period under subparagraph *a* of the second paragraph” in subparagraph *a* of the third paragraph by “is excluded from his base contributory period under subparagraph *a* of the third paragraph”.

6. The Act is amended by inserting the following after section 41:

“Worker’s Additional Maximum Pensionable Earnings

“41.1. The additional maximum pensionable earnings of a worker for a year are equal to the Additional Maximum Pensionable Earnings for the year.

However, where one of the events mentioned in the second paragraph of section 41 or subparagraph *a* or *d* of the third paragraph of that section occurs, the additional maximum pensionable earnings of a worker are equal to the amount obtained by multiplying the Additional Maximum Pensionable Earnings by the proportion provided for therein.”

7. The Act is amended by inserting “*and Additional Maximum*” after “*Maximum*” in the heading preceding section 44.

8. Section 44 of the Act is amended

(1) by inserting “For the purposes of the base contribution and the first additional contribution,” before “The maximum contributory earnings”;

(2) by adding the following paragraph at the end:

“For the purposes of the second additional contribution, the additional maximum contributory earnings of a worker for a year are equal to his additional maximum pensionable earnings for the year less his maximum pensionable earnings for the year.”

9. Section 44.1 of the Act is amended by replacing all occurrences of “rate of contribution” by “base contribution rate”, except in the expression “steady-state contribution rate”.

10. The Act is amended by inserting the following sections after section 44.1:

“**44.2.** The first additional contribution rate is

(a) 0.3% for the year 2019;

(b) 0.6% for the year 2020;

(c) 1.0% for the year 2021;

(d) 1.5% for the year 2022;

(e) 2.0% for the year 2023; and

(f) for the year 2024 and each subsequent year, the rate determined in accordance with Division V of Title VI.

“**44.3.** The second additional contribution rate is 8% for the year 2024 and each subsequent year or the rate determined in accordance with Division V of Title VI.”

11. The Act is amended

(1) by replacing “is excluded from his contributory period under subparagraph *a* of the second paragraph” in subparagraph *b* of the second paragraph of section 45 by “is excluded from his base contributory period under subparagraph *a* of the third paragraph”;

(2) by replacing “is excluded from his contributory period under subparagraph *a* of the second paragraph” in subparagraph *a* of the third paragraph of section 48 by “is excluded from his base contributory period under subparagraph *a* of the third paragraph”;

(3) by replacing “is excluded from the worker’s contributory period under subparagraph *a* of the second paragraph” in the third paragraph of section 48.1 by “is excluded from the worker’s base contributory period under subparagraph *a* of the third paragraph”.

12. The heading preceding section 50 of the Act is replaced by the following heading:

“*Contributions of Employee*”.

13. Section 50 of the Act is amended

(1) in the first paragraph,

(a) by replacing the introductory clause by the following:

“50. Every employee who is employed in pensionable employment for an employer shall, by deduction at source, make a base contribution equal to the product of one-half of the base contribution rate, established under section 44.1, for the year and the lesser of the following amounts.”;

(b) by replacing “second paragraph” in subparagraph *a* by “fourth paragraph”;

(c) by replacing “all contributions” and “rate of contribution” in subparagraph *b* by “all base contributions” and “base contribution rate”, respectively;

(2) by inserting the following paragraphs after the first paragraph:

“For the year 2019 and each subsequent year, the employee shall, by deduction at source and in addition to the base contribution provided for in the first paragraph, make a first additional contribution equal to the product of one-half of the first additional contribution rate for the year, established under section 44.2, and the lesser of the following amounts:

(a) the amount determined in respect of the employee for the year under subparagraph *a* of the first paragraph; and

(b) the employee’s maximum contributory earnings for the year, less the amount obtained by dividing the aggregate of all first additional contributions the employee was required to make in the year under a similar plan in respect of the employee’s salary and wages by the first additional contribution rate for employees for the year under that plan.

For the year 2024 and each subsequent year, the employee shall, by deduction at source and in addition to the contributions provided for in the first and second paragraphs, make a second additional contribution equal to the product of one-half of the second additional contribution rate, established under section 44.3, for the year and the lesser of the following amounts:

(a) the amount by which the employee’s salary and wages for the year, referred to in subparagraph *a* of the first paragraph, paid by the employer to or in respect of the employee or deemed to be paid by the employer to the employee exceeds the employee’s maximum pensionable earnings for the year; and

(b) the employee’s additional maximum contributory earnings for the year, less the amount obtained by dividing the aggregate of all second additional contributions the employee was required to make in the year under a similar plan in respect of the employee’s salary and wages by the second additional contribution rate for employees for the year under that plan.”;

(3) by replacing “The salary” in the second paragraph by “The amount of the salary”;

(4) by replacing the third paragraph by the following paragraph:

“However, such salary and wages do not include any amount paid to the employee, paid in respect of the employee or deemed to be paid to the employee before the employee reaches 18 years of age or in a month that, because of a disability, is excluded from the employee’s base contributory period under subparagraph *a* of the third paragraph of section 101.”

14. The heading preceding section 51 of the Act in the French text is replaced by the following heading:

“Excédents de cotisation”.

15. Section 51 of the Act is amended

(1) by replacing the introductory clause of the first paragraph by the following:

“51. An overpayment is established for a year subsequent to the year 2012 where, for the year, the aggregate of the deductions at source by one or more employers, under this Act or under a similar plan, from the salary and wages of an employee who is resident in Québec at the end of 31 December of that year or, if the employee died in the year, was resident in Québec on the date of the employee’s death, exceeds the aggregate of”;

(2) by replacing “rate of contribution” in subparagraphs *a* and *b* of the first paragraph by “base contribution rate”;

(3) by adding the following subparagraphs after subparagraph *b* of the first paragraph:

“(c) an amount equal to the product of the first additional contribution rate for employees for the year under the similar plan and the lesser of the amounts described in subparagraphs i and ii of subparagraph *a*;

“(d) an amount equal to the product of one-half of the first additional contribution rate for the year and the lesser of the amounts described in subparagraphs i and ii of subparagraph *b*;

“(e) an amount equal to the product of the second additional contribution rate for employees for the year under the similar plan and the lesser of the following amounts:

i. the amount by which the aggregate of all amounts each of which is the employee’s pensionable salary and wages for the year in respect of pensionable employment under the similar plan exceeds the proportional share of the

employee's maximum pensionable earnings for the year under the similar plan, and

ii. the amount by which the proportional share of the employee's additional maximum pensionable earnings for the year under the similar plan exceeds the proportional share of the employee's maximum pensionable earnings for the year under the similar plan; and

“(f) an amount equal to the product of one-half of the second additional contribution rate for the year by the lesser of the following amounts:

i. the amount by which the total of the aggregate of all amounts each of which for the year is the employee's pensionable salary and wages, pensionable self-employed earnings and pensionable earnings as a family-type resource or an intermediate resource exceeds the amount by which the employee's maximum pensionable earnings for the year exceed the proportional share of the employee's maximum pensionable earnings for the year under the similar plan, and

ii. the amount by which the employee's additional maximum contributory earnings for the year exceed the lesser of the amounts described in subparagraphs i and ii of subparagraph e.”;

(4) by replacing “in subparagraph a of the first paragraph” in the second paragraph by “in subparagraph i of subparagraph b of the first paragraph”.

16. Section 51.0.1 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

“The proportional share of an employee's personal exemption, maximum contributory earnings, maximum pensionable earnings and additional maximum pensionable earnings for a year under a similar plan is equal to the amount obtained by multiplying, as the case may be, the employee's personal exemption, maximum contributory earnings, maximum pensionable earnings or additional maximum pensionable earnings for the year under the plan by the ratio between

(a) the aggregate of all amounts each of which is the employee's pensionable salary and wages for the year in respect of pensionable employment under the similar plan, up to, for each of those amounts,

i. for a year prior to the year 2024, the employee's maximum pensionable earnings for the year under the plan, or

ii. for a year subsequent to the year 2023, the employee's additional maximum pensionable earnings for the year under the plan; and

(b) the aggregate of all amounts each of which is the employee's pensionable salary and wages for the year in respect of pensionable employment under this Act or the similar plan, up to, for each of those amounts,

- i. for a year prior to the year 2024, the employee’s maximum pensionable earnings for the year under this Act or the similar plan, as the case may be, or
- ii. for a year subsequent to the year 2023, the employee’s additional maximum pensionable earnings for the year under this Act or the similar plan, as the case may be.

For the purposes of subparagraph *b* of the first paragraph, where an employee is employed in a year in pensionable employment under both this Act and a similar plan, the total of the employee’s pensionable salary and wages for the year in respect of the employment may not exceed

(a) for a year prior to the year 2024, the employee’s maximum pensionable earnings for the year under this Act; or

(b) for a year subsequent to the year 2023, the employee’s additional maximum pensionable earnings for the year under this Act.”

17. Section 51.0.2 of the Act is amended by replacing “the employee is deemed to have made an overpayment” by “an overpayment is established”.

18. The heading preceding section 52 of the Act is replaced by the following heading:

“Contributions of Employer”.

19. Section 52 of the Act is amended by replacing “a contribution equal to the contribution” by “contributions equal to the contributions”.

20. The heading preceding section 53 of the Act is replaced by the following heading:

“Contributions of Self-Employed Worker”.

21. Section 53 of the Act is amended by replacing “contribution equal to the product of the rate of contribution” in the introductory clause by “base contribution equal to the product of the base contribution rate”, and all other occurrences of “contribution” by “base contribution”.

22. The Act is amended by inserting the following sections after section 53:

“53.1. For the year 2019 and each subsequent year, a self-employed worker, a family-type resource or an intermediate resource shall make a first additional contribution in addition to the base contribution.

The first additional contribution is equal to the product of the first additional contribution rate for the year and the lesser of the amounts established in accordance with the rules in section 53, substituting “first additional contribution” in those rules for “base contribution”.

“53.2. For the year 2024 and each subsequent year, a self-employed worker, a family-type resource or an intermediate resource shall make a second additional contribution in addition to the base contribution and the first additional contribution.

The second additional contribution is equal to the product of the second additional contribution rate for the year and the lesser of

(a) the amount by which the total of the following amounts exceeds the total of the worker’s maximum pensionable earnings and the amount of his salary and wages on which a second additional contribution has been made for the year under this Act or a similar plan:

i. the aggregate, for the year, of the worker’s pensionable self-employed earnings and pensionable earnings as a family-type resource or an intermediate resource,

ii. the total of the amount of the worker’s salary and wages on which a first additional contribution has been made for the year under this Act or a similar plan and the amount of his salary and wages on which a second additional contribution has been made for the year under this Act or a similar plan, and

iii. the lesser of the following amounts:

(1) the total of the aggregate of all amounts each of which is an amount that an employer has deducted from the worker’s salary and wages as a basic exemption for the year and the aggregate of all amounts each of which is an amount that an employer has deducted from the worker’s salary and wages as a similar exemption for the year under a similar plan, and

(2) the worker’s personal exemption for the year; and

(b) the worker’s additional maximum contributory earnings for the year less his salary and wages on which a second additional contribution has been made for the year under this Act or a similar plan.”

23. Section 54 of the Act is amended by replacing “contribution” in the first paragraph by “base contribution”.

24. The heading preceding section 55 of the Act is replaced by the following heading:

“Optional Contributions”.

25. Section 55 of the Act is amended

(1) by replacing all occurrences of “contribution” by “base contribution”;

(2) by inserting “, for a year prior to 2019,” after “the present section” in the fourth paragraph.

26. The Act is amended by inserting the following sections after section 55:

“55.1. Where an employee makes the election referred to in section 55 for a particular year subsequent to the year 2018, the employee must make a first additional contribution for the particular year, computed under section 53.1, on the amount established under section 55 and on which the employee makes a base contribution under that section.

The amount on which a first additional contribution is made under this section is deemed to be pensionable self-employment earnings.

“55.2. Where an employee makes the election referred to in section 55 for a particular year subsequent to the year 2023, the employee must make a second additional contribution for the particular year, computed under section 53.2, on the amount by which the lesser of the employee’s additional maximum pensionable earnings for the particular year and the employee’s pensionable salary and wages for the particular year to which the prescribed amount for that year is added, where applicable, exceeds the aggregate of the following amounts:

(a) the total of the employee’s salary and wages on which a first additional contribution and, if applicable, a second additional contribution have been made for the particular year and the amount of the employee’s salary and wages on which a first additional contribution and, if applicable, a second additional contribution have been made for the particular year under a similar plan;

(b) the lesser of

i. the total of the aggregate of all amounts each of which is an amount that an employer has deducted from the employee’s salary and wages as a basic exemption for the particular year and the aggregate of all amounts each of which is an amount that an employer has deducted from the employee’s salary and wages as a similar exemption for the particular year under a similar plan, and

ii. the employee’s personal exemption for the particular year; and

(c) the amount computed in accordance with section 55.1.

The amount on which a second additional contribution is made under this section is deemed to be pensionable self-employed earnings.”

27. Section 56 of the Act is amended

(1) in the first paragraph,

(a) by replacing “a contribution” by “a base contribution”;

(b) by replacing “rate of contribution” by “base contribution rate”;

(c) by inserting “on account of the base contribution” after “from the worker’s salary and wages for the year” in subparagraphs *a* and *b*;

(2) in the second paragraph,

(a) by replacing “rate of contribution” and “contribution has” in subparagraph *a* by “base contribution rate” and “base contribution has”, respectively;

(b) by replacing subparagraph *b* by the following subparagraph:

“(b) the amount by which the amount referred to in subparagraph *a* of the first paragraph exceeds the aggregate of the amounts established under subparagraphs *a* and *b* of the first paragraph of section 51.”

28. Section 56.1 of the Act is amended

(1) by replacing “a contribution” and “rate of contribution” by “a base contribution” and “base contribution rate”, respectively;

(2) by inserting “on account of the base contribution” after both occurrences of “worker’s salary and wages for the year” in paragraph *c*.

29. The Act is amended by inserting the following sections after section 56.1:

“**56.2.** A worker’s salary and wages on which a first additional contribution has been made for a year is equal to the amount obtained by dividing, by one-half of the first additional contribution rate for the year, the amount by which the aggregate of the following amounts exceeds the amount described in the second paragraph:

(a) the aggregate of the deductions at source from the worker’s salary and wages for the year on account of the first additional contribution under this Act or a similar plan; and

(b) any amount that an employer has not deducted at source from the worker’s salary and wages for the year on account of the first additional contribution, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year.

The amount to which the first paragraph refers is equal to the aggregate of

(a) an amount equal to the product of the first additional contribution rate for employees for the year under the similar plan and the amount of the worker’s salary and wages on which a first additional contribution has been made for the year under the plan; and

(b) the amount by which the amount described in subparagraph *a* of the first paragraph exceeds the aggregate of the amounts established under subparagraphs *c* and *d* of the first paragraph of section 51.

“56.3. A worker’s salary and wages on which a first additional contribution has been made for a year under a similar plan is equal to the lesser of

(a) the amount by which the aggregate of all amounts each of which is the worker’s pensionable salary and wages for the year in respect of pensionable employment under the similar plan exceeds the proportional share of the worker’s personal exemption for the year under the plan;

(b) the proportional share of the worker’s maximum contributory earnings for the year under the similar plan; and

(c) the amount obtained by dividing, by the first additional contribution rate for employees for the year under the similar plan, the aggregate of the deductions at source from the worker’s salary and wages for the year on account of the first additional contribution under this Act or a similar plan and any amount that an employer has not deducted at source from the worker’s salary and wages for the year on account of the first additional contribution, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year.

“56.4. A worker’s salary and wages on which a second additional contribution has been made for a year is equal to the amount obtained by dividing, by one-half of the second additional contribution rate for the year, the amount by which the aggregate of the following amounts exceeds the amount described in the second paragraph:

(a) the aggregate of the deductions at source from the worker’s salary and wages for the year on account of the second additional contribution under this Act or a similar plan;

(b) any amount that an employer has not deducted at source from the worker’s salary and wages for the year on account of the second additional contribution, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year; and

(c) the aggregate of the amounts established under subparagraph *b* of the second paragraph of section 56 and subparagraph *b* of the second paragraph of section 56.2.

The amount to which the first paragraph refers is equal to the aggregate of

(a) an amount equal to the product of the second additional contribution rate for employees for the year under the similar plan and the amount of the worker's salary and wages on which a second additional contribution has been made for the year under the plan; and

(b) the excess amount established under the first paragraph of section 51.

“56.5. A worker's salary and wages on which a second additional contribution has been made for a year under a similar plan is equal to the lesser of

(a) the amount by which the aggregate of all amounts each of which is the worker's pensionable salary and wages for the year in respect of pensionable employment under the similar plan exceeds the proportional share of the worker's maximum pensionable earnings for the year under the plan;

(b) the amount by which the proportional share of the worker's additional maximum pensionable earnings for the year under the similar plan exceeds the proportional share of the worker's maximum pensionable earnings for the year under the plan; and

(c) the amount obtained by dividing, by the second additional contribution rate for employees for the year under the similar plan, the aggregate of

i. the aggregate of the deductions at source from the worker's salary and wages for the year on account of the second additional contribution under this Act or a similar plan and any amount that an employer has not deducted at source from the worker's salary and wages for the year on account of the second additional contribution, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year, and

ii. the aggregate of the amounts established under subparagraph *b* of the second paragraph of section 56 and subparagraph *b* of the second paragraph of section 56.2.”

30. Section 57 of the Act is replaced by the following section:

“57. Where an employer pays, on account of the employee's base contribution, first additional contribution or second additional contribution, as the case may be, for a year under this Act or a similar plan, an amount that the employer has failed to deduct, that amount is, for the purposes of sections 51 and 56 to 56.5, deemed to have been deducted by the employer on account of that contribution for the year.”

31. Section 58 of the Act is amended

(1) in the first paragraph,

(a) by replacing “a contribution has been made by an employee” by “an employee has made contributions”;

(b) by replacing “section 56 or 56.1” by “sections 56 to 56.5”;

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) for an amount computed under section 56 or 56.1,

i. an amount equal to the product of one-half of the base contribution rate for the year and the amount shown in the return as the salary and wages, less than or equal to the employee’s maximum pensionable earnings, on which the employee has made a base contribution for the year under this Act, and

ii. an amount equal to the product of the base contribution rate for employees for the year under the similar plan and the amount shown in the return as the salary and wages, less than or equal to the employee’s maximum pensionable earnings, on which the employee has made a base contribution for the year under the plan;

“(b) for an amount computed under section 56.2 or 56.3,

i. an amount equal to the product of one-half of the first additional contribution rate for the year and the amount shown in the return as the salary and wages, less than or equal to the employee’s maximum pensionable earnings, on which the employee has made a first additional contribution for the year under this Act, and

ii. an amount equal to the product of the first additional contribution rate for employees for the year under the similar plan and the amount shown in the return as the salary and wages, less than or equal to the employee’s maximum pensionable earnings, on which the employee has made a first additional contribution for the year under the plan; and

“(c) for an amount computed under section 56.4 or 56.5,

i. an amount equal to the product of one-half of the second additional contribution rate for the year and the amount shown in the return as the salary and wages, greater than the employee’s maximum pensionable earnings, on which the employee has made a second additional contribution for the year under this Act, and

ii. an amount equal to the product of the second additional contribution rate for employees for the year under a similar plan and the amount shown in the return as the salary and wages, greater than the employee's maximum pensionable earnings, on which the employee has made a second additional contribution for the year under the plan."

32. Section 59 of the Act is amended by replacing "on account of the employee's contribution" in the first paragraph by "on account of the employee's contributions".

33. Section 63 of the Act is amended by replacing "of the contribution referred to" by "of the contributions referred to".

34. Section 64 of the Act is amended

(1) by replacing "the contribution" in the first paragraph by "the contributions";

(2) by replacing the second paragraph by the following paragraph:

"Upon payment of the contributions by the employer, the employee is deemed, for the purposes of subparagraph *b* of the first paragraph of each of sections 56, 56.2 and 56.4 and of paragraph *c* of each of sections 56.1, 56.3 and 56.5, to have notified the Minister, within the required time, of the employer's failure."

35. Section 72 of the Act is amended by replacing "on the contribution payable" by "on the contributions payable".

36. Section 74 of the Act is amended

(1) by replacing "of the contribution to be made" by "of the contributions to be made";

(2) by replacing "of the contribution payable" by "of the contributions payable".

37. Section 75 of the Act is amended by replacing "his contribution" by "his contributions".

38. Section 77 of the Act is amended by replacing "on the contribution payable" by "on the contributions payable".

39. Section 78 of the Act is amended by replacing "as a contribution exceeding the contribution required" by "as contributions exceeding the contributions required".

40. Section 78.0.1 of the Act is amended

(1) by replacing “as or on account of the contribution referred to” by “as or on account of the contributions referred to”;

(2) by replacing “second paragraph” by “fourth paragraph”;

(3) by replacing “as or on account of a contribution exceeding the contribution required” by “as or on account of contributions exceeding the contributions required”.

41. Section 79 of the Act is amended by replacing all occurrences of “as a contribution under” by “as contributions under”.

42. Section 95.4 of the Act is amended

(1) by replacing “in sections 106 and 106.1” by “in sections 105.0.1, 106 and 106.1”;

(2) by inserting “or an additional amount for disability after retirement” at the end.

43. Section 96 of the Act is amended by replacing “section 106 or 106.1” in subparagraph *e* of the second paragraph by “section 105.0.1, 106 or 106.1”.

44. The Act is amended by inserting the following section before section 98:

“97.1. A contributor’s unadjusted pensionable earnings are his

(a) base unadjusted pensionable earnings;

(b) first additional unadjusted pensionable earnings; and

(c) second additional unadjusted pensionable earnings.”

45. Section 98 of the Act is amended by replacing all occurrences of

(1) “unadjusted pensionable earnings” by “base unadjusted pensionable earnings”;

(2) “a contribution”, “his contribution” and “rate of contribution” by “a base contribution”, “his base contribution” and “base contribution rate”, respectively;

(3) “contributory period” by “base contributory period”; and

(4) “subparagraph *a* or *b* of the first paragraph” by “subparagraph *a* or *b* of the second paragraph”.

46. The Act is amended by inserting the following sections after section 98:

“98.1. The first additional unadjusted pensionable earnings of a contributor for a year are an amount equal to the least of the three following amounts:

(a) the total of

(1) his pensionable salary and wages,

(2) his pensionable earnings from self-employment, and

(3) his pensionable earnings as a family-type resource or an intermediate resource;

(b) the aggregate of the three following amounts:

(1) the total of his salary and wages on which a first additional contribution has been made and the amount obtained by dividing his first additional contribution in respect of his self-employed earnings and earnings as a family-type resource or an intermediate resource by the first additional contribution rate for the year,

(2) the total, determined in prescribed manner, of his salary and wages on which a first additional contribution has been made under a similar plan and the amount obtained by dividing his first additional contribution under such plan in respect of his self-employed earnings by the first additional contribution rate for the year for a self-employed worker determined under such plan, and

(3) the contributor’s personal exemption for the year; and

(c) his maximum pensionable earnings for the year.

Nevertheless, if, for a year, the amount of the contributor’s first additional unadjusted pensionable earnings does not exceed his personal exemption, such amount is deemed to be nil.

“98.2. The second additional unadjusted pensionable earnings of a contributor for a year are an amount equal to the least of the three following amounts:

(a) the amount by which the total of the amounts referred to in subparagraph *a* of the first paragraph of section 98 exceeds his maximum pensionable earnings for the year;

(b) the aggregate of the two following amounts:

(1) the total of his salary and wages on which a second additional contribution has been made and the amount obtained by dividing his second additional

contribution in respect of his self-employed earnings and earnings as a family-type resource or an intermediate resource by the second additional contribution rate for the year, and

(2) the total, determined in prescribed manner, of his salary and wages on which a second additional contribution has been made under a similar plan and the amount obtained by dividing his second additional contribution under such plan in respect of his self-employed earnings by the second additional contribution rate for the year for a self-employed worker determined under such plan; and

(c) the amount by which his additional maximum pensionable earnings for the year exceed his maximum pensionable earnings for the year.”

47. Section 99 of the Act is amended

(1) by replacing the first, second and third paragraphs by the following paragraphs:

“Any base contribution, first additional contribution or second additional contribution paid for a year shall be deemed to have been made for all months in the year and the base unadjusted pensionable earnings, first additional unadjusted pensionable earnings and second additional unadjusted pensionable earnings for each month are calculated by dividing those earnings for the year by 12.

Nevertheless, for a year in which the contributor reaches 18 years of age or in which a disability pension ceases to be payable to him under this Act or under a similar plan, any of the contributions referred to in the first paragraph shall be deemed to have been made for earnings relating to the months following the day preceding his eighteenth birthday or the day on which the disability pension ceased to be payable.

For a year in which one of the events mentioned in subparagraphs *a* to *d* of this paragraph occurs, any of a contributor’s contributions referred to in the first paragraph shall be deemed to have been made for earnings relating to the months in the year which, as the case may be, are prior to

(a) the first month which, by reason of a disability of the contributor, is excluded from his base contributory period under subparagraph *a* of the third paragraph of section 101;

(b) the month in which a retirement pension becomes payable to him under this Act or under a similar plan, unless that month is subsequent to 2011, in which case no adjustment is made;

(c) the month of his seventieth birthday, unless that month is subsequent to 2011, in which case no adjustment is made; or

(d) the month following his death.”;

(2) by replacing all occurrences of “contribution”, “contributory period” and “unadjusted pensionable earnings” in the fifth paragraph by “base contribution”, “base contributory period” and “base unadjusted pensionable earnings”, respectively;

(3) by replacing the six and seventh paragraphs by the following paragraphs:

“Where no base contribution, first additional contribution or second additional contribution has been made for a year, the amount of the base unadjusted pensionable earnings, first additional unadjusted pensionable earnings and second additional unadjusted pensionable earnings for which such a contribution is deemed to have been made for each month in that year is deemed to be nil.

For the purposes of this Title, where, for a year, a contributor’s base unadjusted pensionable earnings or first additional unadjusted pensionable earnings exceed his personal exemption, he is deemed to have made a contribution in respect of such earnings for that year; where his base unadjusted pensionable earnings or first additional unadjusted pensionable earnings do not exceed his personal exemption, he is deemed to have made no contribution in respect of such earnings.”;

(4) by replacing “A contribution” and “a contribution” in the eighth paragraph by “A base contribution or a first additional contribution” and “such a contribution”, respectively.

48. Section 101 of the Act is amended

(1) by replacing the introductory clause of the first paragraph by the following:

“101. The base contributory period, first additional contributory period and second additional contributory period of a person begin on his eighteenth birthday or on the following date, if he reached 18 years of age before that date:

(a) 1 January 1966, for his base contributory period;

(b) 1 January 2019, for his first additional contributory period; or

(c) 1 January 2024, for his second additional contributory period.

Each of those periods terminates at the end of the earliest of the following months.”;

(2) in the second paragraph,

(a) by replacing “contributory period” in the introductory clause by “base contributory period”;

(b) by replacing “unadjusted pensionable earnings” in subparagraphs *b* and *c* by “base unadjusted pensionable earnings”.

49. Section 102.3 of the Act is amended by replacing “the sum of their unadjusted pensionable earnings” in the first paragraph by “the sum of their base unadjusted pensionable earnings, the sum of their first additional unadjusted pensionable earnings and the sum of their second additional unadjusted pensionable earnings”.

50. Section 102.4 of the Act is amended

(1) in the first paragraph,

(a) by replacing subparagraph *c.1* by the following subparagraph:

“(d) solely in respect of the base unadjusted pensionable earnings, months which, by reason of a disability, are excluded from the base contributory period of either of the former spouses under subparagraph *a* of the third paragraph of section 101;”;

(b) by replacing “unadjusted pensionable earnings” in subparagraph *e* by “base unadjusted pensionable earnings”;

(2) by replacing the second paragraph by the following paragraph:

“In addition, where one of the former spouses has paid a base contribution, a first additional contribution or a second additional contribution to a similar plan for a particular month, partition of the base unadjusted pensionable earnings, the first additional unadjusted pensionable earnings and the second additional unadjusted pensionable earnings shall not be effected in respect of that month, unless partition is also effected under the similar plan.”

51. Section 102.10.5 of the Act is amended

(1) by replacing “the sum of their unadjusted pensionable earnings” in the first paragraph by “the sum of their base unadjusted pensionable earnings, the sum of their first additional unadjusted pensionable earnings and the sum of their second additional unadjusted pensionable earnings”;

(2) by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the months for which partition is not effected under section 102.4;”.

52. Section 105.0.1 of the Act is amended

(1) by replacing “contributions” in subparagraph 4 of the first paragraph by “base contributions”;

(2) by replacing “second paragraph of section 101” in the second paragraph by “third paragraph of section 101”;

(3) by replacing all occurrences of “contributory period” by “base contributory period”.

53. Section 105.1 of the Act is amended by replacing “contributory period” in the second paragraph by “base contributory period”.

54. The Act is amended by replacing all occurrences of “contributions” and “contributory period” in sections 106, 106.1 and 107 by “base contributions” and “base contributory period”, respectively.

55. Section 107.0.1 of the Act is amended

(1) by replacing all occurrences of “contributions” by “base contributions”;

(2) by replacing both occurrences of “contributory period” by “base contributory period”;

(3) by replacing “cotisation” in the French text by “cotisation de base”;

(4) by replacing “first paragraph of section 101” by “second paragraph of section 101”;

(5) by replacing “second paragraph of section 101” by “third paragraph of section 101”.

56. Section 107.1 of the Act is amended

(1) by replacing “second paragraph of section 101” in paragraph 1 by “third paragraph of section 101”;

(2) by replacing all occurrences of “contributions” by “base contributions”;

(3) by replacing all occurrences of “contributory period” by “base contributory period”.

57. Section 116.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“For the calculation of a benefit, a contributor’s base pensionable earnings for each month are his base unadjusted pensionable earnings for that month multiplied by the ratio between the average Maximum Pensionable Earnings

relating to the year for which his average base monthly pensionable earnings are established and the Maximum Pensionable Earnings for the year that includes that month.”

58. The Act is amended by inserting the following sections after section 116.1:

“116.1.1. For the calculation of a benefit, a contributor’s first additional pensionable earnings for each month are his first additional unadjusted pensionable earnings for that month multiplied by the ratio between the average Maximum Pensionable Earnings, referred to in the second paragraph of section 116.1, relating to the year for which the contributor’s average first additional monthly pensionable earnings are established and the Maximum Pensionable Earnings for the year that includes that month.

For any month of a year prior to the year 2023, the result obtained under the first paragraph is multiplied by one of the following factors, according to the year of the month concerned:

- (a) 0.15 for the year 2019;
- (b) 0.30 for the year 2020;
- (c) 0.50 for the year 2021; or
- (d) 0.75 for the year 2022.

“116.1.2. For the calculation of a benefit, a contributor’s second additional pensionable earnings for each month are his second additional unadjusted pensionable earnings for that month multiplied by the ratio between the average Maximum Pensionable Earnings, referred to in the second paragraph of section 116.1, relating to the year for which the contributor’s average second additional monthly pensionable earnings are established and the Maximum Pensionable Earnings for the year that includes that month.”

59. Section 116.2 of the Act is amended

(1) by replacing all occurrences of

(a) “average monthly pensionable earnings” and “total pensionable earnings” by “average base monthly pensionable earnings” and “total base pensionable earnings”, respectively;

(b) “contributory period” by “base contributory period”;

(c) “contributory months” by “base contributory months”; and

(d) “second paragraph of section 101” by “third paragraph of section 101”;

(2) by replacing “of the contributory” in paragraph *a* by “of the contributor”.

60. The Act is amended by inserting the following sections after section 116.2:

“116.2.1. A contributor’s average first additional monthly pensionable earnings are equal to $G'/480$,

where

G' is the contributor’s total first additional pensionable earnings for each month included in his first additional contributory period.

Where the total number of months included in the contributor’s first additional contributory period exceeds 480, only the 480 months for which the first additional pensionable earnings are the highest will be considered.

“116.2.2. A contributor’s average second additional monthly pensionable earnings are equal to $G''/480$,

where

G'' is the contributor’s total second additional pensionable earnings for each month included in his second additional contributory period.

Where the total number of months included in the contributor’s second additional contributory period exceeds 480, only the 480 months for which the second additional pensionable earnings are the highest will be considered.”

61. Sections 116.3 and 116.4 of the Act are amended by replacing

(1) both occurrences of “average monthly pensionable earnings” in the first paragraph of section 116.3 by “average base monthly pensionable earnings” and all other occurrences of “pensionable earnings” in those sections by “base pensionable earnings”; and

(2) all occurrences of “contributory period” by “base contributory period”.

62. Section 116.5 of the Act is amended by replacing the first paragraph by the following paragraph:

“The contributor’s base pensionable earnings for a year subsequent to 1997 but prior to 2008 that relate to months subsequent to the end of his base contributory period, within the meaning of subparagraph *a* or *b* of the second paragraph of section 101, may be substituted, after months are excluded under section 116.3, for the base pensionable earnings relating to months of the base contributory period in which contributory earnings are lower. The substitution shall first be effected in respect of the months for which contributory earnings are the lowest.”

63. Section 116.6 of the Act is amended by replacing “maximum monthly” by “maximum base monthly”.

64. Section 119 of the Act is amended by inserting “, unless a regulation made under section 218.3 prescribes otherwise,” after “first is” in the first paragraph.

65. Section 120 of the Act is replaced by the following section:

“120. The basic monthly amount of a contributor’s retirement pension is equal to the total of the following amounts, calculated as provided in sections 116.1 to 116.5, for the year in which the retirement pension becomes payable:

- (a) 25% of his average base monthly pensionable earnings;
- (b) 8.33% of his average first additional monthly pensionable earnings; and
- (c) 33.33% of his average second additional monthly pensionable earnings.

The amount is adjusted in accordance with sections 120.1 and 120.2.”

66. Section 120.1 of the Act is amended, in the first paragraph,

(1) by replacing “A retirement pension which becomes payable to a contributor on a date other than that of his sixty-fifth birthday is a monthly amount equal to” in the introductory clause by “The monthly amount of a retirement pension which becomes payable to a contributor on a date other than that of his sixty-fifth birthday is equal to”;

(2) by replacing, in subparagraph 1,

(a) “average monthly pensionable earnings” by “average base monthly pensionable earnings”; and

(b) “maximum monthly retirement pension” by “maximum base monthly retirement pension”.

67. Section 120.2 of the Act is amended by replacing, in the second paragraph,

(1) “average monthly pensionable earnings” by “average base monthly pensionable earnings”; and

(2) “maximum monthly retirement pension” by “maximum base monthly retirement pension”.

68. Sections 120.3 and 120.4 of the Act are replaced by the following sections:

“120.3. When, for a year subsequent to 2007, a contributor’s unadjusted pensionable earnings relate to months subsequent to the end of his base

contributory period, first additional contributory period or second additional contributory period, within the meaning of subparagraph *a* or *b* of the second paragraph of section 101, subject to section 120.4, the contributor is entitled to an additional pension from 1 January of the following year. This additional pension is deemed to be a retirement pension. However, section 157.1 does not apply to the payment of the additional pension.

The basic monthly amount of the additional pension is equal to the total of

(*a*) 1/12 of 0.5% of the amount of the contributor's total base unadjusted pensionable earnings for the year concerned less the basic exemption. However, for the year in which the contributor's base contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the base unadjusted pensionable earnings to be used are those deemed to relate to the months of the year that are subsequent to the end of the contributor's base contributory period and the basic exemption is multiplied by the proportion that the number of those months bears to 12;

(*b*) 1/12 of 0.16% of the amount of the contributor's total first additional unadjusted pensionable earnings for the year concerned less the basic exemption, that amount multiplied by 0.15 for the year 2019, by 0.30 for the year 2020, by 0.50 for the year 2021 or by 0.75 for the year 2022. However, for the year in which the contributor's first additional contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the first additional unadjusted pensionable earnings to be used are those deemed to relate to the months of the year that are subsequent to the end of the contributor's first additional contributory period and the basic exemption is multiplied by the proportion that the number of those months bears to 12; and

(*c*) 1/12 of 0.66% of the amount of the contributor's total second additional unadjusted pensionable earnings for the year concerned. However, for the year in which the contributor's second additional contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the second additional unadjusted pensionable earnings to be used are those deemed to relate to the months of the year that are subsequent to the end of his second additional contributory period.

“120.4. From the year 2013, for the calculation of the basic monthly amount of the additional pension under the second paragraph of section 120.3,

(*a*) the amount obtained under subparagraph 2 of subparagraph *b* of the first paragraph of section 98 for each of the years subsequent to the end of the contributor's base contributory period under subparagraph *a* or *b* of the second paragraph of section 101 is excluded from his total base unadjusted pensionable earnings for the year referred to in subparagraph *a* of the second paragraph of section 120.3;

(b) the amount obtained under subparagraph 2 of subparagraph *b* of the first paragraph of section 98.1 for each of the years subsequent to the end of the contributor's first additional contributory period under subparagraph *a* or *b* of the second paragraph of section 101 is excluded from his total first additional unadjusted pensionable earnings for the year referred to in subparagraph *b* of the second paragraph of section 120.3; and

(c) the amount obtained under subparagraph 2 of paragraph *b* of section 98.2 for each of the years subsequent to the end of the contributor's second additional contributory period under subparagraph *a* or *b* of the second paragraph of section 101 is excluded from his total second additional unadjusted pensionable earnings for the year referred to in subparagraph *c* of the second paragraph of section 120.3.

However, for the year in which the contributor's base contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the amount excluded from his total base unadjusted pensionable earnings for the year concerned is the amount obtained under subparagraph 2 of subparagraph *b* of the first paragraph of section 98 multiplied by the proportion that the number of months subsequent to the end of the base contributory period bears to 12 less the number of months referred to in subparagraph *a* of the third paragraph of section 101.

For the year in which the contributor's first additional contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the amount excluded from his total first additional unadjusted pensionable earnings for the year concerned is the amount obtained under subparagraph 2 of subparagraph *b* of the first paragraph of section 98.1 multiplied by the proportion that the number of months subsequent to the end of the first additional contributory period bears to 12 less the number of months referred to in subparagraph *a* of the third paragraph of section 101.

For the year in which the contributor's second additional contributory period ends under subparagraph *a* or *b* of the second paragraph of section 101, the amount excluded from his total second additional unadjusted pensionable earnings for the year concerned is the amount obtained under subparagraph 2 of paragraph *b* of section 98.2 multiplied by the proportion that the number of months subsequent to the end of the second additional contributory period bears to 12 less the number of months referred to in subparagraph *a* of the third paragraph of section 101."

69. Section 123 of the Act is amended

(1) by replacing the introductory clause by the following:

"123. The basic monthly amount of the disability pension payable to a contributor consists in";

(2) by replacing paragraph *b* by the following paragraph:

“(b) 75% of the total of the following amounts, calculated as provided in sections 116.1 to 116.4, for the year in which the disability pension becomes payable:

- (1) 25% of his average base monthly pensionable earnings;
- (2) 8.33% of his average first additional monthly pensionable earnings; and
- (3) 33.33% of his average second additional monthly pensionable earnings.”

70. Section 127 of the Act is amended by replacing “the contributory period of a contributor terminates” by “a contributor’s base contributory period, first additional contributory period and second additional contributory period terminate”.

71. Section 128 of the Act is amended by replacing “contributions” in the third paragraph by “base contributions”.

72. Section 133 of the Act is amended

(1) by replacing the introductory clause of the first paragraph by the following:

“**133.** The basic monthly amount of the surviving spouse’s pension of a spouse under 65 years of age to whom neither a disability pension nor a retirement pension is payable under this Act or under a similar plan is equal to the aggregate of the following four amounts:

- (a) 37.5% of the amount established in accordance with section 137;
- (b) 50% of the amount established in accordance with section 137.1;
- (c) 50% of the amount established in accordance with section 137.2; and
- (d) the amount of the flat benefit applicable as provided in the second paragraph.

The amount of the flat benefit, according to the spouse’s situation, is”;

(2) by replacing both occurrences of “first paragraph” in the second and third paragraphs by “second paragraph”.

73. Section 133.1 of the Act is amended by replacing “of subparagraphs *a* and *b* of the first paragraph of section 133” in the first paragraph by “of subparagraphs *a* and *b* of the second paragraph of section 133”.

74. Section 134 of the Act is amended by replacing “is equal to 60% of the amount established in accordance with section 137” by “is equal to the aggregate of the following three amounts:

- (a) 60% of the amount established in accordance with section 137;
- (b) 50% of the amount established in accordance with section 137.1; and
- (c) 50% of the amount established in accordance with section 137.2”.

75. Section 135 of the Act is amended

(1) by replacing the introductory clause of the first paragraph by the following:

“135. The basic monthly amount of the surviving spouse’s pension of a spouse to whom a disability pension is payable under this Act or under a similar plan is equal to the aggregate of the following three amounts:

(a) the lesser of D and E, calculated as follows:

$$a \times 37.5\% = D$$

$$b - c = E;$$

- (b) 50% of the amount established in accordance with section 137.1; and
- (c) 50% of the amount established in accordance with section 137.2.

In the formulas in subparagraph *a* of the first paragraph,”;

(2) by replacing “maximum monthly” in the definition of “b” in the first paragraph by “maximum base monthly”;

(3) by replacing the definition of “c” in the first paragraph by the following definition:

““c” is the amount of the disability pension payable to the surviving spouse for the month for which the basic monthly amount is established, reduced by 75% of the amounts calculated under subparagraphs 2 and 3 of paragraph *b* of section 123, adjusted as provided in section 119, and by the amount of the flat benefit included in the disability pension for that month.”

76. Section 136 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) in the case of a spouse who is under 65 years of age, to the amount of the flat benefit which, if no retirement pension were payable to him, would be included in his surviving spouse’s pension for the month for which the basic monthly amount is established, to which the aggregate of the following three amounts is added:

(1) the lesser of E and F, calculated as follows:

$$a \times 37.5\% = E$$

$$c - d = F;$$

(2) 50% of the amount established in accordance with section 137.1; and

(3) 50% of the amount established in accordance with section 137.2;

“(b) in the case of a spouse who is 65 years of age or over, to the aggregate of the three following amounts:

(1) the lesser of the following amounts:

i. $c - d$; and

ii. the greater of G and H, calculated as follows:

$$a \times 37.5\% = G$$

$$(a \times 60\%) - (d \times 40\%) = H;$$

(2) 50% of the amount established in accordance with section 137.1; and

(3) 50% of the amount established in accordance with section 137.2;”;

(2) by replacing “maximum monthly” in the definition of “c” by “maximum base monthly”;

(3) by inserting “, calculated as provided in subparagraph *a* of the first paragraph of section 120 and adjusted in accordance with section 119,” in the definition of “d” after “the amount of the retirement pension”.

77. Section 137 of the Act is amended

(1) in the first paragraph,

(a) by replacing “basic monthly amount” by “base portion of the basic monthly amount”;

(b) by replacing subparagraph 1 by the following subparagraph:

“(1) in the case of a contributor to whom a retirement pension was payable, the amount of that pension for the month of his death, established without taking account of the amounts calculated as provided in subparagraphs *b* and *c* of the first paragraph of section 120 and adjusted in accordance with section 119, any partition effected under sections 158.3 to 158.8 or a similar plan, any adjustments provided for in sections 120.1 and 120.2, or any additional pension established under section 120.3. If the basic number of months established in accordance with section 116.2 for the calculation of that portion of the amount of the contributor’s retirement pension is higher than the total number of months included in his base contributory period, that portion of the amount of his retirement pension must be multiplied by the proportion that the basic number bears to 36 or the total number of months included in his base contributory period, whichever is higher;”;

(c) by replacing “average monthly pensionable earnings” in subparagraph 2 by “average base monthly pensionable earnings”;

(2) by replacing “the monthly amount of the deceased contributor’s additional pension established as provided in section 120.3” in the second paragraph by “the base portion of the monthly amount of the deceased contributor’s additional pension established under subparagraph *a* of the second paragraph of section 120.3”;

(3) by replacing “monthly basic amount” in the third paragraph by “base portion of the basic monthly amount”.

78. The Act is amended by inserting the following sections after section 137:

“137.1. For the calculation of the first additional portion of the basic monthly amount of the surviving spouse’s pension, the amount to be used is, depending on the contributor’s situation for the month of his death,

(a) in the case of a contributor to whom a retirement pension was payable, the amount of that pension for the month of his death, established without taking account of the amounts calculated as provided in subparagraphs *a* and *c* of the first paragraph of section 120 and adjusted in accordance with section 119, any partition effected under sections 158.3 to 158.8 or a similar plan, any adjustments provided for in sections 120.1 and 120.2, or any additional pension established under subparagraphs *a* and *c* of the second paragraph of section 120.3; and

(b) in other cases, an amount equal to 8.33% of the contributor’s average first additional monthly pensionable earnings, calculated as provided in section 116.2.1, for the year of his death.

The amount obtained is adjusted by multiplying it by the ratio between the Pension Index for the year including the month for which the first additional portion of the basic monthly amount is established and the Pension Index for the year of the contributor's death.

“137.2. For the calculation of the second additional portion of the basic monthly amount of the surviving spouse's pension, the amount to be used is, depending on the contributor's situation for the month of his death,

(a) in the case of a contributor to whom a retirement pension was payable, the amount of that pension for the month of his death, established without taking account of the amounts calculated as provided in subparagraphs *a* and *b* of the first paragraph of section 120 and adjusted in accordance with section 119, any partition effected under sections 158.3 to 158.8 or a similar plan, any adjustments provided for in sections 120.1 and 120.2, or any additional pension established under subparagraphs *a* and *b* of the second paragraph of section 120.3; and

(b) in other cases, an amount equal to 33.33% of the contributor's average second additional monthly pensionable earnings, calculated as provided in section 116.2.2, for the year of his death.

The amount obtained is adjusted by multiplying it by the ratio between the Pension Index for the year including the month for which the second additional portion of the basic monthly amount is established and the Pension Index for the year of the contributor's death.”

79. Section 145 of the Act is amended by inserting “, additional amounts for disability after retirement” after “except retirement pensions” in the first paragraph.

80. Section 145.1 of the Act is amended by replacing “whose retirement or disability pension” by “and that”.

81. Section 158.5 of the Act is amended by replacing “combined contributory period” in the definition of “c” by “combined base contributory period”.

82. Section 158.6 of the Act is amended

(1) by replacing all occurrences of

(a) “combined contributory period” by “combined base contributory period”;

(b) “contributory period” by “base contributory period”; and

(c) “périodes cotisables” in the French text by “périodes cotisables de base”;

(2) by replacing “second paragraph of section 101” at the end of subparagraph 1 of the first paragraph by “third paragraph of section 101”.

83. Section 180 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) the aggregate of his earnings on which a base contribution has been made under this Act, calculated as provided in subparagraph 1 of paragraph *b* of section 98, and those on which a second additional contribution has been made under this Act, calculated as provided in subparagraph 1 of paragraph *b* of section 98.2,

is of

(b) the aggregate of his earnings on which a base contribution has been made and those on which a second additional contribution has been made under this Act and under a similar plan, calculated as provided in subparagraphs 1 and 2 of paragraph *b* of sections 98 and 98.2.”

84. Section 180.1 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) the aggregate of his base unadjusted pensionable earnings and his second additional unadjusted pensionable earnings allotted to him as a result of a partition effected under section 102.1 or 102.10.3

is of

(b) the aggregate of his base unadjusted pensionable earnings and his second additional unadjusted pensionable earnings allotted to him as a result of a partition effected under section 102.1 or 102.10.3 and those allotted to him under the similar plan.”

85. Section 186 of the Act is amended by replacing “notified” in the second paragraph by “sent”.

86. Section 188 of the Act is amended by replacing “notification” in the first paragraph by “being sent”.

87. The heading of Division V of Title VI of the Act is replaced by the following:

“FINANCIAL REVIEW OF THE QUÉBEC PENSION PLAN

“§1.—*Actuarial valuation*”.

88. Section 216 of the Act is replaced by the following section:

“**216.** At least once every three years, Retraite Québec shall cause to be prepared an actuarial valuation, for a minimum projection period of at least 50 years, on the operation of this Act and on the state of the base plan’s and

the additional plan's account. The report made after the valuation shall include, in particular,

(a) for each of the 10 subsequent years and for every fifth year within a total period of not less than 40 years thereafter, an estimate of the base plan's and the additional plan's revenues and expenditures;

(b) a study of the long-term effects of the base plan's and the additional plan's revenues and expenditures on the accumulation of their respective reserves;

(c) for the base plan, the steady-state contribution rate; and

(d) for the additional plan, the reference contribution rate.

The steady-state contribution rate referred to in subparagraph *c* of the first paragraph is equal to the contribution rate that meets the following conditions:

(a) from the third year of the minimum projection period, it is the lowest constant rate possible during that period;

(b) it makes the ratio between the reserve at the end of one year and the expenditures of the following year, calculated for the last year of the minimum projection period, at least equal to the ratio calculated for the 20th year preceding the end of the minimum projection period; and

(c) it is established without taking account of the cost of a change in the benefit portions related to the base plan, where that cost is covered by a temporary increase in the base contribution rate.

If the result of the calculation of the steady-state contribution rate has more than two decimals, it is rounded off to the second, which is rounded up if the third decimal is greater than 4.

The reference contribution rate referred to in subparagraph *d* of the first paragraph is equal to the contribution rate that meets the following conditions:

(a) from the third year of the minimum projection period, it is the lowest constant rate applicable to the income that is less than or equal to the Maximum Pensionable Earnings during that period, considering that the contribution rate applicable to the income that is greater than the Maximum Pensionable Earnings is four times greater;

(b) it makes the reserve at the end of the 20th year of the minimum projection period at least equal to the value of the expenditures subsequent to that year in respect of contributions for the years prior to the 21st year of the minimum projection period; and

(c) it is established without taking account of the cost of a change in the benefit portions related to the additional plan, where that cost is covered by a temporary increase in an additional contribution rate.

Where the third year of the minimum projection period referred to in subparagraph *a* of the fourth paragraph is before the year 2023, the first year to be considered for the purposes of that subparagraph is the year 2023 instead of the third year.

If the result of the calculation of the reference contribution rate has more than two decimals, it is rounded off according to the rules provided in the third paragraph.

An actuarial valuation prepared under the first paragraph shall describe the situation of the plan as at 31 December of a year; the valuation report must be available before the end of the following year.

The valuation shall be prepared by using the contribution rates set under sections 44.1 to 44.3.”

89. Section 217.1 of the Act is repealed.

90. The Act is amended by inserting the following section after section 218:

“**218.0.1.** Retraite Québec shall publish in the *Gazette officielle du Québec*, before 1 July of the year that follows the tabling of the report referred to in section 216, the steady-state contribution rate and the reference contribution rate indicated in the report.”

91. Section 218.1 of the Act is amended

(1) by replacing “the state of the Québec Pension Plan’s account” by “the state of the base plan’s and the additional plan’s account”;

(2) by inserting “of each plan” after “reserve”;

(3) by replacing “the rate of contribution” by “the contribution rates”.

92. The Act is amended by inserting the following subdivision after section 218.1:

“§2.—*Adjustment mechanisms for contributions and benefits*

“**218.2.** From the year 2024, the first additional contribution rate and the second additional contribution rate remain the same as those for the preceding year, unless

(a) on 1 September of the year that follows the tabling of the report referred to in section 216, a difference greater than that provided for by regulation is observed between the most recent reference contribution rate, published by Retraite Québec in the *Gazette officielle du Québec*, and the stated first additional contribution rate for 1 January of the following year, subtracting from the latter the temporary contribution rate related to the first additional contribution and provided for in section 218.4, if applicable; and

(b) the difference referred to in subparagraph *a* is observed in two consecutive reports tabled under section 216.

In that case, the first additional contribution rate and the second additional contribution rate are changed in accordance with the rules prescribed by regulation.

However, the Government may, by order, provide that those contribution rates are to remain unchanged.

“218.3. From the year 2024, if the conditions provided in the first paragraph of section 218.2 are met, the portions of the basic monthly amount of a benefit that are related to a contributor’s first additional unadjusted pensionable earnings and to his second additional unadjusted pensionable earnings are changed in accordance with the rules prescribed by regulation.

However, the Government may, by order, provide that the portions of the basic monthly amount of a benefit are to remain unchanged.

“218.4. Any change to the pension plan that increases the cost of benefits under the base plan or the additional plan must be accompanied by an increase in the contribution rates for those plans to cover the additional cost.

The increase in the contribution rates is permanent if the cost increase is related to participation in the plan after the coming into force of the change.

If the cost increase is related to participation in the plan before the coming into force of the change, a temporary increase must be added for a period of not more than 15 years.

“218.5. An order made by the Government under the third paragraph of section 218.2 or the second paragraph of section 218.3 must be published in the *Gazette officielle du Québec* not later than 15 September preceding the year to which it applies.”

93. Section 219 of the Act is amended by inserting the following paragraphs after paragraph *x*:

“(y) determine the difference, referred to in section 218.2, between the most recent reference contribution rate and the first additional contribution rate that causes the contribution and benefit adjustment mechanisms respectively provided for in that section and section 218.3 to apply;

“(z) determine, for the purposes of section 218.2, the rules applicable to the change in the first additional contribution rate and the second additional contribution rate; and

“(z.1) determine, for the purposes of section 218.3, the rules applicable to the change in the portions of the basic monthly amount of a benefit that are related to the contributor’s first additional unadjusted pensionable earnings and to his second additional unadjusted pensionable earnings.”

SUPPLEMENTAL PENSION PLANS ACT

94. Section 14 of the Supplemental Pension Plans Act (chapter R-15.1) is amended by replacing subparagraph 17 of the second paragraph by the following subparagraph:

“(17) in the case of a pension plan to which Chapter X applies, the conditions and procedure for appropriating all or part of the surplus assets referred to in section 146.8 and, if different, the conditions and procedure for appropriating all or part of the balance of surplus assets referred to in the third paragraph of that section, according to one or a combination of the following appropriation methods:

(a) the payment of employer current service contributions;

(b) the payment of member current service contributions;

(c) the payment of the value of the additional obligations arising from an amendment to the plan, in which case the nature of the amendments that may give rise to such an appropriation must be indicated; and

(d) the transfer of amounts to the employer;”.

95. Sections 38.2 and 38.3 of the Act are replaced by the following section:

“38.2. The following are special payments:

(1) the special improvement payment which, in respect of the additional obligations arising from an amendment to the pension plan, is established in accordance with section 139; and

(2) the special annuity purchasing payment which, where it is required on a payment of benefits made in accordance with the annuity purchasing policy, is established in accordance with the provisions of section 142.4.”

96. Section 39 of the Act is amended by striking out “improvement” in subparagraph *b* of subparagraph 2 of the first paragraph.

97. Section 41 of the Act is amended

- (1) by striking out “improvement” in the first paragraph;
- (2) by replacing the second paragraph by the following paragraph:

“The monthly payments must be of equal amounts. However, if they relate to the current service contribution or an amortization payment to which members contribute, the monthly payments may represent an hourly rate or a rate of the remuneration of, or a percentage of the total payroll for, the active members. The monthly payments may also, in the case of a defined contribution plan or with respect to contributions paid under terms in a defined benefit plan that are identical to those of a defined contribution plan, represent an amount paid for each of the active members. That rate, percentage or amount must be uniform, unless it is established by reference to a variable authorized by *Retraite Québec*.”

98. Section 42.2 of the Act is replaced by the following section:

“42.2. The amount of employer contributions that are technical amortization payments or stabilization amortization payments, except those paid by letter of credit, must be the subject of special monitoring. The amount of the following sums paid by the employer must also be included:

- (1) payments in excess of the employer contributions required, excluding interest payable due to a delay in a contribution payment or as the balance of the value of the benefits referred to in section 146;
- (2) payments to reduce a letter of credit, provided that, in the case of a letter of credit relating to a contribution payable before 1 January 2016, the contribution would have been recorded in accordance with section 288.3 had the employer not been relieved of paying it by such a letter of credit; and
- (3) if provided for in the annuity purchasing policy, special annuity purchasing payments.

The amount of member contributions that are technical amortization payments or stabilization amortization payments must also be the subject of special monitoring.

Interest on those amounts, at the rate of return obtained on the investment of the plan assets, reduced by the investment and administration fees, must also be included.

Any surplus assets appropriated to the payment of employer current service contributions or transferred to the employer, in accordance with section 146.8, must be deducted from the amounts recorded under the first paragraph. Likewise, any surplus assets appropriated, in accordance with that section, to the payment of member current service contributions or to the payment of the

value of the additional obligations arising from an amendment to the plan must be deducted from the amounts recorded, if applicable, under the second paragraph.

An employer may apply to the pension committee to have the amounts recorded under the first paragraph reduced by the amount the employer indicates.”

99. Section 48 of the Act is amended

(1) by replacing “les cotisations qui ne sont pas versées à la caisse de retraite ou à l’assureur portent intérêt” in the French text by “toute cotisation qui n’est pas versée à la caisse de retraite ou à l’assureur porte intérêt”;

(2) by adding the following sentence at the end: “However, in the case of a special payment, interest accrues from the day that follows the date on which it becomes payable.”

100. Section 103 of the Act is amended by striking out “or 45”.

101. Section 112.1 of the Act is repealed.

102. Section 118 of the Act is amended by striking out “to the payment of employer contributions” in subparagraph 5 of the first paragraph.

103. Section 119.1 of the Act is amended, in the first paragraph,

(1) by inserting “or under the second paragraph” after “under subparagraph 2 of the first paragraph”;

(2) by replacing “four” by “nine”;

(3) by adding the following sentence at the end: “The notice is no longer required, however, if the report on an actuarial valuation that establishes the degree of solvency of the plan as at a date included in the period from the end date of that fiscal year to the deadline for sending the notice has been sent to Retraite Québec.”

104. Section 121 of the Act is amended by inserting “if it concerns service prior to that date” after “effective” in the third paragraph.

105. Section 124 of the Act is amended by striking out “, calculated on the assumption that the effective date of the amendment is the valuation date” in subparagraph 2 of the first paragraph.

106. Section 142.3 of the Act is amended by replacing “The values referred to in subparagraph 2 of the first paragraph of section 142 and in section 142.1” by “The values referred to in this division”.

107. Section 143 of the Act is amended

(1) by replacing “as established in the last actuarial valuation report transmitted to Retraite Québec or, if the degree of solvency is more recent, in the notice prescribed by section 119.1 sent to Retraite Québec” in the third paragraph by “applicable on the date on which the value of the member’s benefits are established”;

(2) by adding the following sentence at the end of the third paragraph: “The degree of solvency of the plan applicable on the date referred to in the third paragraph is the one established in the last actuarial valuation for which the report was sent to Retraite Québec before that date, or the one established in the notice prescribed by section 119.1 sent to Retraite Québec before that date, if that notice is more recent.”

108. Section 146.8 of the Act is replaced by the following section:

“146.8. The amount of surplus assets that may be used over the course of a fiscal year must first be appropriated as provided for in the pension plan in accordance with the second paragraph, up to the following amounts:

(1) the lesser of the amount recorded under the first paragraph of section 42.2 and the amount of the employer current service contributions; and

(2) the lesser of the amount recorded under the second paragraph of that section and the amount of the member current service contributions.

The pension plan shall set out the procedure for appropriating the surplus assets according to one or a combination of the following appropriation methods:

(1) the payment of employer current service contributions;

(2) the payment of member current service contributions;

(3) the payment of the value of the additional obligations arising from an amendment to the plan; and

(4) the transfer of amounts to the employer.

If there is a balance of surplus assets, up to 20% of the balance may, per fiscal year of the plan, be appropriated according to the appropriation method applicable to the amount referred to in the first paragraph or according to another appropriation method provided for in the plan in accordance with the second paragraph.”

109. Section 146.9 of the Act is replaced by the following section:

“146.9. If the pension plan provides that the surplus assets are to be appropriated first to the payment of current service contributions, it may also provide that the appropriation applies, despite the limits established in the first paragraph of section 146.8, beyond the amounts recorded under section 42.2.”

110. Section 146.12 of the Act is amended by striking out paragraph 2.

111. Section 146.20 of the Act is amended by replacing “of the application for transfer” in the first paragraph by “on which the value is established”.

112. Section 146.22 of the Act is amended by inserting “, where the date of their valuation is subsequent to 31 December 2014,” after “the date of their valuation”.

113. Section 151.2 of the Act is amended by replacing “may adopt” in the first paragraph by “shall adopt”.

114. Section 152 of the Act is amended by striking out “, except those conferred by sections 243.3 and 243.7,” in the first paragraph.

115. Section 154.3 of the Act is amended by replacing “with this Act” by “with the law”.

116. Section 161 of the Act is amended by replacing the second paragraph by the following paragraph:

“It shall cause to be prepared, within the same time limit, a financial report containing a statement of the financial position of the plan and a statement of changes in the net assets available for the provision of benefits for the fiscal year just ended. The report need not include a statement of the obligations relating to benefits. The report must be audited by a duly authorized accountant, except in the cases provided for by regulation.”

117. Section 162.1 of the Act is amended by replacing “the fault” in the second paragraph by “the compensation”.

118. Section 166 of the Act is amended by replacing “Within six months after the end of each fiscal year of the plan, or within such additional period as may be granted by Retraite Québec” in the first paragraph by “Within nine months after the end of each fiscal year of the plan”.

119. Section 203 of the Act is amended by inserting “, including interest,” after “the contributions referred to in the first paragraph of section 202” in paragraph 2.

120. Section 204 of the Act is amended, in the second paragraph,

(1) by striking out “and the names of the members and beneficiaries affected”;

(2) by replacing “The date of termination” by “That date”;

(3) by striking out “or after”.

121. Section 209.1 of the Act is amended by striking out “who has applied therefor”.

122. Section 210 of the Act is amended

(1) by inserting “, including the surplus assets to which they are entitled,” after “the benefits of each member and beneficiary affected” in the first paragraph;

(2) by replacing “operation” in the second paragraph by “payment of all or part of the benefits”;

(3) by replacing “or within 30 days after” in the last sentence of the second paragraph by “or the expiry of a 30-day period after”;

(4) by striking out the first sentence of the third paragraph;

(5) by adding the following paragraph at the end:

“The surplus assets to which the employer is entitled may not be allocated before all the benefits of the members and beneficiaries affected by the termination have been paid in full.”

123. Section 230.0.0.1 of the Act is amended by inserting the following paragraph after paragraph 3:

“(3.1) the employer is not exempted from the application of the first paragraph of section 228; and”.

124. Section 230.2 of the Act is amended

(1) by replacing “the amount of the contributions recorded” in the first paragraph by “the amounts recorded”;

(2) in the second paragraph,

(a) by replacing “than the total amount of employer and employee contributions recorded” by “than the total of the amounts recorded”;

(b) by replacing “proportionately to the contributions recorded” by “proportionately to the amounts recorded”.

125. Section 244 of the Act is amended by replacing “la vérification” in subparagraph 8.4 of the first paragraph in the French text by “l’audit”.

126. Section 288.1 of the Act is amended

(1) by striking out “or appropriation”;

(2) by replacing “in subparagraphs 16 and 17” by “in subparagraph 16”.

127. The Act is amended by inserting the following sections after section 288.1:

“288.1.1. The provisions of a defined benefit pension plan that pertain to the appropriation of surplus assets of the plan, in force on 31 December 2015, that appropriate all the surplus assets to payment of the employer contributions are deemed to provide, under section 146.9, that the appropriation applies beyond the amounts recorded under section 42.2.

“288.1.2. A pension plan that does not include provisions pertaining to the appropriation of its surplus assets must, before 22 February 2019, be amended according to the rules set out in Division I of Chapter X.1 to bring it into compliance with section 146.2. The application for registration of such an amendment must be submitted without delay to Retraite Québec.

In the absence of such an amendment, the plan must provide that the amount of surplus assets referred to in the first paragraph of section 146.8 is to be appropriated according to a combination of the methods referred to in subparagraphs 1 and 2 of the second paragraph of that section and that, if that amount is less than the caps established in the first paragraph of that section, the appropriation must be proportional to the employer and member current service contributions. The pension committee must, without delay, amend the text of the plan to include these rules, and inform Retraite Québec in writing of the amendment.”

128. The Act is amended by inserting the following section after section 288.3:

“288.3.1. No payment made before 1 January 2016 to reduce a letter of credit may be recorded under section 42.2.

The sums referred to in subparagraph 2 of the first paragraph of section 42.2 that were paid in 2016 and 2017 may be recorded in the actuarial valuation of the plan as at 31 December 2017.”

129. The Act is amended by inserting the following section after section 288.3.1:

“288.3.2. An actuarial valuation as at 31 December 2017 of a pension plan must take into account the provisions of sections 118, 121, 124 and 146.12 in their version in force from 1 January 2018.”

130. Section 289 of the Act is amended by striking out “or 45”.

131. Section 308.1 of the Act is repealed.

132. Section 318.4 of the Act is amended by adding the following sentence at the end of the second paragraph: “The same applies to special annuity purchasing payments.”

ACT RESPECTING RETIREMENT PLANS FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

133. Section 1 of the Act respecting retirement plans for the mayors and councillors of municipalities (chapter R-16) is amended by striking out paragraph *d*.

ACT RESPECTING RETRAITE QUÉBEC

134. Section 33 of the Act respecting Retraite Québec (chapter R-26.3) is amended by replacing “de la politique de placement” in the first and second paragraphs in the French text by “des politiques de placement”.

135. Section 40.1 of the Act is amended

(1) by replacing “de la politique de placement” in the introductory clause in the French text by “des politiques de placement”;

(2) by replacing “a policy for investing the sums deposited” in paragraph 1 by “policies for investing the sums from the base plan and those from the additional plan, deposited”;

(3) by replacing all occurrences of “the investment policy” in paragraphs 2 and 3 by “those policies”.

MISCELLANEOUS AND FINAL PROVISIONS

136. Sums may be borrowed from the account of the base plan of the Québec Pension Plan, no later than 31 December 2020, to cover the additional plan’s implementation costs.

The sums borrowed bear interest, as of the loan date, at the rate set under the second paragraph of section 28 of the Tax Administration Act (chapter A-6.002). Such interest is capitalized daily.

The sums owed must be repaid to the base plan account no later than 31 March 2021.

137. This Act comes into force on 22 February 2018.

However, sections 94 to 98, 102 to 106, 108 to 110, 123, 124 and 126, section 127 except section 288.1.2 of the Supplemental Pension Plans Act (chapter R-15.1) that it enacts, and sections 128, 129 and 132 have effect from 1 January 2018.

