



NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 68
(2020, chapter 30)

**An Act mainly to allow the
establishment of target benefit
pension plans**

**Introduced 7 October 2020
Passed in principle 5 November 2020
Passed 11 December 2020
Assented to 11 December 2020**

**Québec Official Publisher
2020**

EXPLANATORY NOTES

This Act amends the Supplemental Pension Plans Act, mainly to allow the establishment of target benefit pension plans.

The Act establishes the characteristics of that new type of pension plan, such as the fact that the employer contribution is limited to that stipulated in the plan. It also establishes that the contributions to be paid, less the employer contribution, are to be borne by the members and beneficiaries and that benefits, including pension benefits in payment, may be reduced due to insufficient contributions.

The Act proposes that target benefit pension plans determine, among other things, the benefit target, the recovery measures applicable in the event of insufficient contributions, and the conditions and procedure for restoring benefits that have been reduced.

Furthermore, the Act establishes the rules applicable to the conversion of certain multi-employer pension plans into target benefit pension plans.

The Act introduces special rules for certain target benefit pension plans in the pulp and paper sector, including the obligation for those plans to be brought into compliance, not later than 31 December 2023, with the new framework applicable to all target benefit pension plans. Special rules are also introduced for target benefit pension plans and member-funded pension plans in the municipal and university sectors.

The Act allows defined benefit or target benefit pension plans to provide that the degree of solvency for the purposes of member benefit payment is established at intervals shorter than the plan's fiscal year.

The Act proposes that, under certain circumstances, the value of a pension benefit in payment may be transferred to a pension plan, such as a life income fund or a locked-in retirement account.

Under the Act, pension plans that include defined contribution provisions and voluntary retirement savings plans are allowed to offer variable payment life pensions.

The Act also proposes amendments to the Act respecting the Québec Pension Plan that make it possible to credit the periods during which a person receives the supplement for handicapped children requiring exceptional care for a child under age 18.

The Act grants Retraite Québec the power to prescribe, by regulation, certain measures to mitigate the consequences of the state of emergency related to the COVID-19 pandemic.

Lastly, the Act contains technical and consequential amendments and a final provision.

LEGISLATION AMENDED BY THIS ACT:

- Act respecting the Québec Pension Plan (chapter R-9);
- Supplemental Pension Plans Act (chapter R-15.1);
- Voluntary Retirement Savings Plans Act (chapter R-17.0.1).

REGULATION AMENDED BY THIS ACT:

- Regulation to provide a framework for settlement of the benefits of members and beneficiaries of plans covered by subdivision 4.0.1 of Division II of Chapter XIII of the Supplemental Pension Plans Act and for administration by Retraite Québec of certain pensions paid out of the assets of the plans (chapter R-15.1, r. 3).

Bill 68

AN ACT MAINLY TO ALLOW THE ESTABLISHMENT OF TARGET BENEFIT PENSION PLANS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

SUPPLEMENTAL PENSION PLANS ACT

1. Section 7 of the Supplemental Pension Plans Act (chapter R-15.1) is amended

(1) by inserting the following paragraph after the first paragraph:

“A target benefit pension plan is a plan under which employer contributions, or the method used for calculating them, and the benefit target are set in advance.”;

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

“A defined benefit pension plan under which employer contributions and, where applicable, member contributions and the normal pension, or the method used for calculating them, are set in advance is said to be a defined benefit-defined contribution pension plan.”

2. The Act is amended by inserting the following section after section 7:

“**7.1.** No pension plan may contain both defined benefit provisions and target benefit provisions.”

3. Section 14 of the Act is amended, in the second paragraph,

(1) by inserting “except for a target benefit plan,” at the beginning of subparagraph 9.1;

(2) by replacing “or a defined benefit-defined contribution pension plan” in subparagraph 10 by “or a target benefit plan”;

(3) by inserting the following subparagraph after subparagraph 10:

“(10.1) in the case of a target benefit plan, that the normal pension and the other benefits provided for in the plan constitute the benefit target and that that pension and those benefits may be reduced due to insufficient contributions;”;

(4) by inserting “and, in the case of a target benefit plan, the conditions on which and the person or persons by whom the plan may be terminated” at the end of subparagraph 15;

(5) by inserting the following subparagraphs after subparagraph 15:

“(15.1) in the case of a target benefit plan, the recovery measures applicable in the event of insufficient contributions, their objective and the conditions and procedure for applying them, in accordance with the rules set out in Division IV of Chapter X.3;

“(15.2) in the case of a target benefit plan, the conditions and procedure for restoring benefits that have been reduced, in accordance with the rules set out in Division V of Chapter X.3;”;

(6) by inserting “except for a target benefit plan,” at the beginning of subparagraph 16;

(7) by inserting “, except a target benefit plan” after “Chapter X applies” in subparagraph 17;

(8) by adding the following subparagraph at the end:

“(19) in the case of a target benefit plan, the conditions and procedure for appropriating all or part of surplus assets referred to in subdivision 2 of Division II of Chapter X.1.”

4. Section 14.1 of the Act is amended by replacing “defined benefit-defined contribution pension plan” in the first paragraph by “target benefit plan”.

5. Section 19 of the Act is amended by inserting “or, in the case of a target benefit plan, not later than the end of the fiscal year in which the bankruptcy occurs” at the end of paragraph 1.1.

6. Section 20 of the Act is amended by replacing “the date of the bankruptcy” in subparagraph 2 of the second paragraph by “set”.

7. Section 22 of the Act is amended

(1) by inserting “or target benefits” after “defined benefits” in the second paragraph;

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

“No defined benefit plan may, however, be converted into a target benefit plan.

If the purpose of the amendment is to convert a defined contribution plan into a target benefit plan or to convert a target benefit plan into another type of plan, the amendment is subject to the rules prescribed by regulation.”

8. Section 24 of the Act is amended by inserting “or 199.1” at the end of subparagraph *c* of subparagraph 3 of the second paragraph.

9. Section 39 of the Act is amended

(1) in the first paragraph,

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

“**39.** The contribution to be paid in each fiscal year of a pension plan is equal to or greater than,”;

(b) by replacing “determined in accordance with sections 128 and 129” in subparagraph *a* of subparagraph 2 by “, which is equal to the sum of the contribution established in accordance with sections 128 and 129 and the contribution established under defined contribution provisions”;

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

“The contribution to be paid, less the member contributions, shall be borne by the employer.

In the case of a target benefit plan, that contribution, less the employer contribution stipulated in the plan, shall be borne by the members. However, it is to be paid taking into account the provisions of Division IV of Chapter X.3.”;

(3) by replacing “cette cotisation patronale” in the second paragraph in the French text by “la cotisation patronale”.

10. Section 39.1 of the Act is amended by inserting “that is a party to a plan other than a target benefit plan” after “authorize an employer” in the first paragraph.

11. Section 41 of the Act is amended

(1) in the second paragraph,

(a) by replacing “or an amortization payment to which members contribute” in the second paragraph by “, an amortization payment to which members contribute or any target benefit plan contribution”;

(b) by inserting “or a target benefit plan” after “in a defined benefit plan”;

(2) by inserting the following paragraph after the second paragraph:

“The monthly payments relating to the current service contribution may vary during a fiscal year of the plan to take into account an amendment to the plan.”;

(3) by inserting “, except a target benefit plan” after “Chapter X applies” in the third paragraph.

12. Section 44 of the Act is amended

(1) by replacing “at the monthly rate of return on personal five-year term deposits with chartered banks” in subparagraph 1 of the first paragraph by “at the weekly rate for personal five-year term deposits published the last week of every month”;

(2) by inserting “or a target benefit plan” after “in a defined benefit plan” in the third paragraph.

13. Section 47 of the Act is amended

(1) by inserting “or a target benefit plan” after “defined benefit plan” in the text after the second dash;

(2) by inserting “transferred under section 90.2,” after “until such contributions are”.

14. Section 48 of the Act is amended by inserting “or a target benefit plan” after “a defined benefit plan”.

15. Section 57 of the Act is amended

(1) by inserting “or a target benefit plan” after “defined benefit plan” in the text after the first dash;

(2) by striking out “or a defined contribution-defined benefit plan” in the text after the third dash;

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

“In the case of a target benefit plan, the benefit target shall not, with respect to members of the same class of employees and for the same period of credited service, vary according to the number of years of employment or of credited service.”

16. Section 59 of the Act is amended by adding the following paragraph at the end:

“(6) the periodic amounts are payable under a target benefit plan following the application of recovery measures, the restoration of benefits or the appropriation of surplus assets.”

17. Section 60 of the Act is amended, in the third paragraph,

(1) by inserting the following subparagraph after subparagraph 1:

“(1.1) to pension benefits accrued under a target benefit pension plan;”;

(2) by inserting “or a target benefit pension plan” after “a defined benefit pension plan” in subparagraph 2.

18. Section 61 of the Act is amended by adding the following paragraph at the end:

“The value of the benefits accrued under a target benefit pension plan shall be determined at the date of vesting of the benefits, on the basis of the assumptions determined by regulation.”

19. Section 62 of the Act is repealed.

20. Section 63.1 of the Act is amended by inserting “or target benefit provisions” after “defined-benefit provisions”.

21. Section 65 of the Act is amended by replacing “84, 86 and 93” by “84 and 86, section 90.1 with regard to the contributions that must be used to purchase a pension, and section 93”.

22. Section 66 of the Act is amended by adding the following paragraph at the end:

“In the case of a target benefit plan, the benefits may be refunded under the second paragraph only if the value of the benefits accrued to the member at the time of the refund, multiplied by the degree of solvency of the plan, is equal to or greater than the value of the member’s benefits established according to the benefit target.”

23. Section 67.3 of the Act is amended by inserting the following paragraph after the first paragraph:

“In the case of a target benefit plan, the agreement must stipulate that the pension may be reduced in the event of insufficient contributions.”

24. Section 67.4 of the Act is amended by replacing “fourth” in the last paragraph by “fifth”.

25. Section 81 of the Act is amended by adding the following sentence at the end of the second paragraph: “In the case of a target benefit plan, the assumptions to be used are those determined by regulation and applicable at that date.”

26. Section 82.1 of the Act is amended

(1) by inserting “, but, in the case of a target benefit plan, taking into account any adjustment resulting from any recovery measures, restoration of benefits or appropriation of surplus assets between that date and the date on which payment of the disability pension is interrupted” at the end of the definition of “a” in the second paragraph;

(2) by replacing “and used on that date to determine the value of the pension benefits to which section 60 applies” in the third paragraph by “that were applicable on that date”.

27. Section 84 of the Act is amended by adding the following paragraph at the end:

“In the case of a target benefit plan, the additional pension shall be determined on the basis of the assumptions determined by regulation that are applicable at the date of determination of the pension.”

28. Section 86 of the Act is amended, in the first paragraph,

(1) by inserting “or bridging benefit” after “disability pension” in subparagraph 1;

(2) by replacing “a retirement or disability pension” in subparagraph 2 by “such a pension or benefit”.

29. The Act is amended by inserting the following division after section 90.1:

“DIVISION III.2

“VARIABLE PAYMENT LIFE PENSION

“90.2. A pension plan that includes defined contribution provisions may provide that a member who has ceased to be an active member or, on the death of the member, the member’s spouse is entitled to apply, on the conditions and within the time prescribed by regulation, for payment of a variable payment life pension out of all or part of the sums the member or spouse holds under defined contribution provisions.

Such a pension must be paid into a variable payment life pension fund that meets the requirements prescribed by regulation, in particular with respect to establishing the amount of the pension that may be purchased with the sums transferred or to increasing or decreasing that amount.

A plan that pays variable payment life pensions may not be considered a defined benefit plan or a target benefit plan. However, the provisions of this Act regarding the latter plans may, to the extent prescribed by regulation and with the modifications provided for in the regulation, apply to a plan that pays variable payment life pensions.”

30. Section 92 of the Act is amended by inserting “in whole or in part” after “be replaced”.

31. Section 98 of the Act is amended

(1) by replacing “of other pension benefits to which section 60 applies and” in subparagraph *b* of subparagraph 2 of the first paragraph by “of benefits under the plan”;

(2) by replacing “of other pension benefits to which section 60 applies and” in subparagraph 4 of the first paragraph by “of benefits under the plan”;

(3) by inserting the following paragraph after the second paragraph:

“The value of the benefits under a target benefit plan shall be established taking into account, despite the postponement of their effective date, if applicable, the adjustments provided for in an actuarial valuation report of the plan transmitted to Retraite Québec before the date on which that value is determined and that result from recovery measures, the restoration of benefits or the appropriation of surplus assets.”

32. Section 99 of the Act is amended by inserting “or a target benefit plan” after “defined benefit plan” in the third paragraph.

33. Section 105 of the Act is amended by adding the following sentence at the end of the first paragraph: “In the case of a target benefit plan, the assumptions to be used are those determined by regulation.”

34. Section 113.1 of the Act is amended by replacing “the third paragraph of section 196 or the first paragraph of section 230.4” in subparagraph 2 of the first paragraph by “the second paragraph of section 146.33, the second paragraph of section 146.87 or the third paragraph of section 196”.

35. Section 117 of the Act is repealed.

36. Section 118 of the Act is amended by replacing “section 146.8” in subparagraph 5 of the first paragraph by “Division II of Chapter X.1”.

37. Section 119 of the Act is amended

(1) by replacing subparagraphs 1 and 1.1 of the first paragraph by the following subparagraph:

“(1) within nine months after the date of the actuarial valuation in the case of an actuarial valuation required under one of the following provisions of that section:

(a) subparagraph 2 of the first paragraph or the second paragraph;

(b) subparagraph 3 of the first paragraph, for the payment of benefits in accordance with the plan’s annuity purchasing policy;

(c) subparagraph 4 of the first paragraph, in relation to an amendment to the plan; no such report may, however, be required before the expiry of nine months following the date the amendment is made; or

(d) subparagraph 5 of the first paragraph, in the case of an appropriation of surplus assets;”;

(2) by replacing “an actuarial valuation” in the third paragraph by “a complete actuarial valuation”.

38. Section 121 of the Act is amended by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

“(1) the date on which the amendment is made;

“(2) the date on which the amendment becomes effective.”

39. Section 122.1 of the Act is amended

(1) by inserting “or a target benefit plan” after “a defined benefit plan” in subparagraph 2 of the first paragraph;

(2) by striking out the second paragraph.

40. Section 128 of the Act is amended by striking out the second paragraph.

41. Section 134 of the Act is amended by replacing “relatif” in the French text by “relative”.

42. Section 139 of the Act is amended by replacing “qui est relatif” in the French text by “relative”.

43. Section 140 of the Act is amended by replacing “subparagraph 2 of the first paragraph” in paragraph 2 by “paragraph 2”.

44. Section 142.3 of the Act is amended by adding the following paragraph at the end:

“In the case of a target benefit plan, those values are determined according to the rules set out in section 146.89.”

45. Section 143 of the Act is amended

(1) by inserting “or a target benefit plan” after “defined benefit plan” in subparagraph 2 of the first paragraph;

(2) by striking out the last sentence of the third paragraph;

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

“The degree of solvency applicable on the date referred to in the third paragraph is the most recent of the following degrees:

(1) the degree established in the last actuarial valuation of the plan for which the report was sent to Retraite Québec before that date;

(2) the degree established in the notice referred to in section 119.1 and sent to Retraite Québec before that date;

(3) the degree established in the report referred to in section 202 and sent to Retraite Québec before that date; and

(4) the degree established according to the intervals shorter than a fiscal year provided for in the plan in accordance with the rules prescribed by regulation.”

46. Section 146.1 of the Act is amended

(1) by replacing “benefits” by “contributions”;

(2) by replacing “under subparagraph 17 or 18” by “under subparagraph 17, 18 or 19”.

47. The Act is amended by inserting the following section after section 146.5:

“146.5.1. An employer that is required to send to the members and beneficiaries or publish the notice referred to in section 146.4 must, except where exercising powers delegated to the employer by the pension committee, indicate in the notice that any opposition to the draft amendment on the part of the members and beneficiaries concerned must be filed in writing with Retraite Québec.

In such a case, Retraite Québec shall count the notices of opposition as provided for in section 146.5.”

48. The Act is amended by inserting the following heading after the heading of Division II of Chapter X.1:

“§1. — *Plans other than target benefit plans*”.

49. Section 146.6 of the Act is amended

(1) by replacing “this division” by “this subdivision”;

(2) by inserting “, except a target benefit pension plan” after “Chapter X applies”.

50. Section 146.9.1 of the Act is amended by replacing “on the date of the end of a fiscal year for which an actuarial valuation or a notice referred to in section 119.1 shows” by “on the date of any actuarial valuation or notice referred to in section 119.1 that shows”.

51. The Act is amended by inserting the following subdivision after section 146.9.1:

“§2.—*Target benefit plans*

“**146.9.1.1.** Surplus assets may be determined in respect of a target benefit plan only after benefits have been restored to the target level, in accordance with the rules set out in Division V of Chapter X.3.

“**146.9.1.2.** The appropriation of surplus assets under this subdivision is permitted only if, according to the actuarial valuation of the pension plan, the plan’s assets are equal to or greater than its liabilities on a funding basis, increased by the value of the stabilization provision target level.

The maximum amount of surplus assets that may be used in a fiscal year is equal to 20% of the amount by which the plan’s assets determined on a funding basis exceed the minimum amount set under the first paragraph.

Section 122.1 applies to this subdivision.

“**146.9.1.3.** The amount of surplus assets that may be used in a fiscal year is appropriated, as provided for in the pension plan, according to one or a combination of the following appropriation methods:

(1) the payment of member contributions; and

(2) the payment of the value of the additional obligations arising from an amendment to the plan, increased by the value of the stabilization provision target level in respect of those obligations.

“**146.9.1.4.** The conditions and procedure set out in the plan for appropriating surplus assets must not confer on the pension committee any discretion regarding the election of the applicable measures, the order in which those measures are to be applied and how they are to be distributed among the group of active members and the group of non-active members and beneficiaries.

“**146.9.1.5.** The surplus assets appropriated for the benefit of non-active members and beneficiaries, in proportion to the plan’s liabilities, determined on a funding basis, that relate to their benefits, may not exceed the surplus assets appropriated for the benefit of active members, in proportion to the plan’s liabilities, determined on a funding basis, that relate to their benefits.

In addition, such an appropriation may not result in any disparities between members or beneficiaries of the same group.

“146.9.1.6. No appropriation of surplus assets may become effective before the day following the date of the actuarial valuation. It must, however, become effective not later than one year after that day.”

52. Section 146.11 of the Act is amended

(1) by replacing “first” in the first paragraph by “second”;

(2) by replacing “third” in the second paragraph by “fourth”.

53. Section 146.12 of the Act is amended by replacing “determined in accordance with sections 128 and 129” in paragraph 1 by “, which is equal to the sum of the contribution established in accordance with sections 128 and 129 and the contribution established under defined contribution provisions”.

54. Section 146.15 of the Act is amended by adding the following paragraph at the end:

“However, the assumptions to be used under section 61 are those referred to in that section that would otherwise have been applicable.”

55. The Act is amended by inserting the following section after section 146.17:

“146.17.1. An amendment to the plan allowing for the withdrawal of a bankrupt employer comes into force not later than the end date of the fiscal year in which the bankruptcy occurs.”

56. Section 146.18.1 of the Act is replaced by the following section:

“146.18.1. Section 139 applies where the actuarial valuation referred to in that section shows that the degree of solvency of the plan, established without reference to the amendment, is less than 90%.

The amount of the special improvement payment to be made under that section is equal to the higher of the value of additional obligations that is calculated on a solvency basis and the value of additional obligations that is calculated on a funding basis.”

57. Section 146.20 of the Act is amended by replacing “the degree of solvency of the plan as established in the last actuarial valuation that precedes the date on which the value is established and for which the report has been sent to Retraite Québec” in the first paragraph by “the most recent degree of solvency of the plan referred to in the fourth paragraph of that section that precedes the date on which the value is established”.

58. Section 146.22 of the Act is amended by replacing “the degree of solvency of the plan as established in the last actuarial valuation that precedes the date of their valuation, where the date of their valuation is subsequent to 31 December 2014, and for which the report has been sent to Retraite Québec” in the first paragraph by “the most recent degree of solvency of the plan referred to in the fourth paragraph of section 143 that precedes the date of their valuation, where the date of their valuation is subsequent to 31 December 2014”.

59. The Act is amended by inserting the following section after section 146.42:

“146.42.1. If the plan’s assets do not permit, according to the criteria prescribed by regulation, payment in full of the benefits of the members and beneficiaries affected by the withdrawal of the employer or the termination of the plan, a member or beneficiary whose pension is referred to in section 237 may opt to have his or her benefits transferred to a pension plan referred to in section 98.

The conditions and procedure relating to that option are prescribed by regulation.”

60. The Act is amended by inserting the following division after section 146.44:

“DIVISION VI

“CONVERSION INTO A TARGET BENEFIT PLAN

“146.44.1. Despite the third paragraph of section 22, a plan governed by this chapter may be converted into a target benefit plan, according to the rules and conditions prescribed by regulation.

“146.44.2. Any amendment to the plan that is required to bring the plan into compliance with the provisions of Chapter X.3 and that is referred to in section 20 may be made if, instead of the consents required under subparagraph 2 of the second paragraph of that section, less than 30% of the members and beneficiaries are opposed to it.

Subdivision 3 of Division IV applies, with the necessary modifications, to the consultation process required for the purposes of the first paragraph.

“146.44.3. A plan that, on its conversion into a target benefit plan, includes provisions described in paragraph 1 of section 146.47 may retain them.

In addition, despite paragraph 2 of that section, for any member who, before the conversion of the plan, opted for a pension referred to in subparagraph 2 of the first paragraph of section 93, the periodic increase of that pension is maintained.”

61. Section 146.45 of the Act is replaced by the following chapter:

“CHAPTER X.3

“SPECIAL PROVISIONS RELATING TO TARGET BENEFIT PLANS

“DIVISION I

“CHARACTERISTICS

“146.45. A target benefit plan must have the following characteristics:

(1) the obligations of the plan are borne by the plan’s members and beneficiaries;

(2) the employer contribution is limited to that stipulated in the plan;

(3) the plan determines the benefit target to be used as a basis for determining the current service contribution;

(4) the normal pension, as well as any benefit provided for in the plan, whether or not it is based on the normal pension, may, despite subparagraph 2 of the first paragraph of section 14.1, be reduced due to insufficient contributions;

(5) only the members and beneficiaries are entitled to the surplus assets, unless the fiscal rules require that the employer be relieved from paying the employer contribution through appropriation of all or part of the surplus assets of the plan; and

(6) the plan may not be amended or terminated, directly or indirectly, unilaterally by an employer that is a party to the plan or, in the case of a multi-employer pension plan, even one not considered as such under section 11, by all the employers that are parties to the plan or by one of them.

“146.46. A target benefit plan may not be an insured plan, a floor plan or a designated plan within the meaning of section 8515 of the Income Tax Regulations (C.R.C., c. 945).

It may be governed by both this Act and an Act of a legislative body other than the Parliament of Québec only on the conditions and to the extent prescribed by regulation.

“146.47. No target benefit plan may include provisions

(1) establishing that the remuneration used to calculate the member’s pension corresponds to the average salary of the member’s last remunerated years or to the average of the member’s best remunerated years over a specified number of years;

(2) providing for the periodic increase of the member's pension after retirement other than according to a fixed rate specified in the plan;

(3) granting benefits subject to the termination of the plan; or

(4) granting early retirement benefits that depend on the member's number of years of employment or of credited service.

“146.48. Where a target benefit pension plan provides for early retirement benefits or the periodic increase, before retirement, of the pension according to an index or rate specified in the plan, those benefits must be granted to all members who cease to be active members.

“DIVISION II

“PROVISIONS OF GENERAL APPLICATION

“146.49. The provisions of this Act apply to target benefit plans, except to the extent provided for in this chapter. In the event of incompatibility, the provisions of this chapter prevail.

“146.50. For the purposes of this Act, the value of the benefits accrued to a member or a beneficiary under target benefit provisions is established taking into account any benefit adjustments made in relation to the target that result from recovery measures, the restoration of benefits or the appropriation of surplus assets.

“146.51. For the purposes of this chapter, only the target benefit provisions of the plan are considered, unless otherwise specified.

“146.52. The benefits may not be guaranteed by an insurer except for the purposes of the final payment of the benefits of the member or beneficiary concerned.

“146.53. A target benefit plan may not be the subject of a general agreement referred to in section 106.

“146.54. The fiscal year of the plan must correspond to the calendar year unless, for the first fiscal year, Retraite Québec has authorized a period that exceeds one year.

“146.55. A target benefit pension plan may be established only if the eligible employees consent to the obligations incumbent on them under the plan.

Likewise, a plan amendment resulting in an increase in member contributions may be made only if the members subject to the increase consent to it, unless the amendment

(1) results from the application of recovery measures;

(2) is submitted for a consultation pursuant to section 146.3 or 146.87;

(3) is made for the withdrawal of an employer or a cessation of eligibility considered a withdrawal of an employer under section 146.93; or

(4) has been made mandatory by a new legislative or regulatory provision.

Approval in writing of the plan's establishment or amendment, as the case may be, by a certified association constitutes consent of the eligible employees or the members concerned that it represents.

For the employees eligible for membership under the plan or the members concerned who are not represented by such an association, their consent is deemed obtained if less than 30% of them oppose the plan's establishment or amendment, as the case may be. The second and third paragraphs of section 146.87 apply, with the necessary modifications, to the consultation required to obtain the consents.

“146.56. The application for registration referred to in section 24 shall be filed with Retraite Québec by the pension committee. In the absence of a pension committee, the application for registration of the plan is filed by the person or body who establishes the plan, if the application concerns the registration of the plan, or by the person or body who has the authority to amend the plan, if the application concerns the registration of an amendment to the plan.

If consents are required under section 146.55, the application for registration must be accompanied, in addition to the information and documents mentioned in section 24, by an attestation that those consents have been obtained and that they can be provided to Retraite Québec on request.

“146.57. The notice required by section 16 shall be given by the pension committee or, in the absence of a pension committee, by the person or body who establishes the plan.

“DIVISION III

“FUNDING RULES

“§1. — *General provisions*

“146.58. The current service contribution must be established according to the benefit target.

“146.59. The plan's liabilities must be equal to the value of the obligations arising from the plan taking into account the service credited to the members, which are established taking into account any benefit adjustments made in relation to the target that result from recovery measures, the restoration of benefits or the appropriation of surplus assets.

“146.60. An actuarial valuation referred to in subparagraph 2 of the first paragraph of section 118 or the second paragraph of that section must be carried out at the date of the end of a fiscal year of the plan.

The actuarial valuation referred to in subparagraph 3 of the first paragraph of that section must be carried out at the date of the end of the fiscal year of the plan in which the annuity purchasing agreement is made.

The actuarial valuation referred to in subparagraph 4 of that paragraph must be carried out at the date on which the amendment is considered for the first time.

All actuarial valuations must be complete.

“146.61. The report on any actuarial valuation other than those referred to in subparagraphs 1 and 6 of the first paragraph of section 118 must be sent to Retraite Québec within six months after the valuation date.

However, no report on an actuarial valuation referred to in subparagraph 4 of that paragraph may be required before the expiry of six months following the date the amendment referred to in section 121 is made.

“146.62. The time limit for sending the notice referred to in section 119.1 is six months.

“146.63. Any amendment to the pension plan referred to in section 121, including an amendment referred to in the third paragraph of that section, must be considered for the first time at a date that is not later than the latest of the dates referred to in the first paragraph of that section, which is the date of the end of a fiscal year of the plan. However, an amendment concerning the division of the plan must be considered for the first time at the date of the end of the fiscal year during which the division occurs.

“146.64. No stabilization actuarial deficiency or improvement unfunded actuarial liability may be established.

“146.65. The monthly amortization payments may represent an hourly rate or a rate of the remuneration of, or a percentage of the total payroll for, the active members.

“146.66. Despite section 138, the maximum amortization period for a technical actuarial deficiency is five years.

“146.67. Section 139 applies, regardless of the funding level of the plan, to any amendment considered for the first time.

“146.68. The second paragraph of section 142.4 does not apply to a payment of benefits made in accordance with the plan’s annuity purchasing policy.

“§2. — *Conditions governing payment of benefits*

“**146.69.** The value of the benefits accrued to a member or a beneficiary and referred to in the third paragraph of section 143 must be paid in proportion to the degree of solvency of the plan, which may not be capped.

Sections 144, 145 and 146 do not apply.

“**146.70.** A payment made in accordance with section 146.69 constitutes a final payment of the benefits accrued to a member or beneficiary.

“**146.71.** For the purposes of the assignment of a member’s benefits or the seizure of such benefits for non-payment of support, the value of the member’s benefits is determined taking into account the plan’s degree of solvency that is referred to in the fourth paragraph of section 143 and is applicable on the date the value is determined.

“**DIVISION IV**

“**RECOVERY MEASURES**

“§1. — *General provisions*

“**146.72.** The recovery measures applicable in the event of insufficient contributions must be mentioned in the text of the plan.

Such measures must not confer on the pension committee any discretion regarding the election of the applicable measures, the order in which those measures are to be applied or how they are to be distributed among the group made up of active members and the group made up of non-active members and beneficiaries.

“**146.73.** No recovery measure may result in a reduction, on a funding basis, in the value of the benefits of non-active members and beneficiaries in a proportion that is greater than that applicable to the value of active members’ benefits accrued at the date of the actuarial valuation showing insufficient contributions.

Nor may a recovery measure result in any disparities between members or beneficiaries of the same group.

“**146.74.** No recovery measure may become effective before the day following the date of the actuarial valuation regarding which the report showed insufficient contributions. It must, however, become effective not later than one year after that day.

“§2.—*Application of recovery measures*

“**146.75.** Where contributions are shown to be insufficient at the date of an actuarial valuation of the plan, the pension committee must apply the recovery measures provided for in the plan.

“**146.76.** The sufficiency of contributions shall be determined separately for service after the valuation date and for service credited at that date.

Separate recovery measures must be established for an insufficiency relating to service after the valuation date and an insufficiency relating to service credited at that date.

“**146.77.** Contributions for service after the valuation date are sufficient if the contributions provided for in the plan allow payment of the current service contributions determined in accordance with section 128 for the three fiscal years following the valuation date.

Failing that, the insufficiency of contributions relating to such service is equal to the difference between the amount of those current service contributions and the amount of the contributions provided for in the plan for that same period.

“**146.78.** An insufficiency of contributions relating to service after the valuation date must be offset by the application, as provided for in the plan, of one or a combination of the following recovery measures:

- (1) an increase in member contributions or the establishment of such contributions, in the case of a non-contributory plan;
- (2) an increase in the employer contribution;
- (3) a reduction in the benefit target relating to such service.

A recovery measure referred to in subparagraph 2 of the first paragraph must comply with the following limits, set by the plan:

- (1) the maximum employer contribution; and
- (2) the maximum increase in employer contributions in respect of the recovery measures.

Those limits must be expressed in the form of an hourly rate or a rate of the remuneration of, or a percentage of the total payroll for, the active members.

“146.79. Contributions for service credited at the valuation date are sufficient if the contributions provided for in the plan for the three fiscal years following that date, less the current service contributions established in accordance with section 128 and, if applicable, taking into account the recovery measures referred to in section 146.78, are sufficient to pay the technical amortization payments for that period.

Failing that, the insufficiency of contributions relating to such service is equal to the amount by which, after application of the recovery measures referred to in section 146.78, if applicable, the technical amortization payments exceed the amount of the contributions provided for in the plan less the current service contributions for that same period.

“146.80. An insufficiency of contributions relating to service credited at the valuation date must be offset by the application, as provided for in the plan, of one or a combination of the following recovery measures:

(1) an increase in member contributions or the establishment of such contributions in the case of a non-contributory plan;

(2) an increase in the employer contribution;

(3) a reduction in the benefits related to service credited at the valuation date.

The second and third paragraphs of section 146.78 apply to the recovery measure referred to in subparagraph 2 of the first paragraph.

The measure referred to in subparagraph 3 of the first paragraph must not cause the plan’s assets to exceed, on a funding basis, its liabilities increased by the value of the stabilization provision target level.

“146.81. A recovery measure may reduce a pension benefit the payment of which began prior to the measure’s effective date.

No recovery measure may, however, have an effect on amounts or benefits already paid at the date on which the report on the actuarial valuation showing insufficient contributions is sent to Retraite Québec.

“146.82. The application of a recovery measure that consists in reducing benefits related to service credited at the valuation date does not constitute an amendment to the plan.

“DIVISION V

“RESTORATION OF BENEFITS

“146.83. Benefits that have been reduced may be restored if, at the date of an actuarial valuation of the plan, the plan’s assets are both greater than 105% of its liabilities and greater than its liabilities increased by 50% of the value of the stabilization provision target level, on a funding basis.

No such restoration may, however, result in the plan's assets being less than the greater of 105% of its liabilities and its liabilities increased by 50% of the value of the stabilization provision target level.

“146.84. The plan must set out the conditions and procedure for restoring benefits.

The conditions and procedure must not confer on the pension committee any discretion as to whether or not to restore benefits, which benefits may be restored or the method for restoring them.

“146.85. A restoration of benefits does not constitute an amendment to the plan.

“146.86. A restoration of benefits may not become effective before the day following the date of the actuarial valuation regarding which the report showed the conditions allowing such a restoration. It must, however, become effective not later than one year after that day.

“DIVISION VI

“AMENDMENT TO RECOVERY MEASURES AND TO BENEFIT RESTORATION CONDITIONS OR PROCEDURE

“146.87. An amendment to the plan regarding the recovery measures applicable in the event of insufficient contributions or regarding the conditions or procedure for restoring benefits may be made only if, at the end of the consultation process set out in this section, less than 30% of the members and beneficiaries are opposed to it.

For the purposes of the consultation, the pension committee shall send every member and beneficiary of the pension plan a written notice which, in addition to containing the information mentioned in subparagraph 1 of the first paragraph of section 26, indicates

- (1) the plan provisions being amended that are in force on the date of the notice; and
- (2) the text of the plan provisions arising from the amendment.

The rules set out in the second, third and fourth paragraphs of section 146.4 apply, with the necessary modifications.

“DIVISION VII

“BENEFITS OF MEMBERS AND BENEFICIARIES ON WINDING-UP

“§1. — *General provisions*

“**146.88.** Only the members and beneficiaries whose benefits have not been paid before the date of withdrawal of an employer or the date of termination of the pension plan are affected by the withdrawal or termination.

“**146.89.** The value of the benefits of the members and beneficiaries affected by the withdrawal of an employer or the termination of a plan shall be determined at either of the following dates, using the assumptions referred to in section 61 that are applicable at that date:

(1) the date the member ceased to be an active member, if the benefits whose value is being determined are those accrued to a member whose active membership ended before the date of the withdrawal or termination and who, at that date, had already opted, within the time limit set out in subparagraph 1 of the second paragraph of section 99, for the payment of his or her benefits under the plan or still had time to exercise such an option, or those accrued to a beneficiary whose benefits under the plan derive from the service credited to such a member; or

(2) the date of the withdrawal or termination, if the benefits whose value is being determined are those accrued to any other member or beneficiary affected by the withdrawal or termination, including any member or beneficiary whose pension is not in payment on that date.

The benefits accrued to the members and the beneficiaries referred to in subparagraph 1 of the first paragraph bear interest from the date their value is determined to the date of the withdrawal or termination, at the rate used for the purposes of the determination.

“§2. — *Withdrawal of employer*

“**146.90.** The notice to be sent by the pension committee under section 200 shall specify, instead of the information indicated in paragraphs 2 to 4 of that section, the following information:

(1) that the benefits of members and beneficiaries affected by the withdrawal will be paid based on the degree of solvency of the plan;

(2) if the plan does not allow the benefits of the members and beneficiaries to be maintained in the plan,

(a) that the benefits of members and beneficiaries to whom a pension is in payment on the date of the withdrawal will be paid by the purchase, from an insurer selected by the pension committee, of an annuity established using the value of their benefits that is adjusted according to the degree of solvency of the plan or, if they so request, by means of a transfer under subparagraph *b*;

(b) that the benefits of the other members and the beneficiaries will be paid by means of a transfer under section 98, which applies with the necessary modifications, or, as applicable, by means of the payment in a lump sum or the transfer to a registered retirement savings plan of the portion of their benefits that is refundable; and

(3) if the plan provides that the benefits of members and beneficiaries may be maintained in the plan,

(a) that the benefits of members and beneficiaries to whom a pension is in payment on the date of the withdrawal will be maintained in the plan, unless they request payment of their benefits by the purchase, from an insurer selected by the pension committee, of an annuity established using the value of their benefits that is adjusted according to the degree of solvency of the plan or by means of a transfer under subparagraph *b* of paragraph 2;

(b) that the benefits of the other members and the beneficiaries will be maintained in the plan unless they request payment of their benefits according to one of the methods mentioned in subparagraph *b* of paragraph 2.

“146.91. The pension committee must send, within the time limit and in the manner prescribed by regulation, to each member or beneficiary affected by the withdrawal a statement of his or her benefits and of the value thereof as well as the information necessary to choose a benefit payment method.

“146.92. Where an employer withdraws from a pension plan, all the benefits accrued under a target benefit plan by a member who has worked for two or more employers who are parties to the plan must be considered in the value of his or her benefits regardless of the employer under which the benefits were accrued.

“146.93. The cessation of members’ eligibility under the plan that results from a decision concerning the certification of an association of employees is considered to be a withdrawal of an employer.

The following are then considered to be affected by the withdrawal:

(1) active members who cease to be eligible employees under the plan as a result of the decision;

(2) non-active members who would have ceased to be eligible employees if they had been active on the date of the decision; and

(3) beneficiaries whose benefits derive from the service credited to a member who, were it not for his or her death, would have been referred to in subparagraph 1 or 2.

“§3. — *Termination*

“**146.94.** The notice of termination of the plan referred to in section 204 is sent by the person or body who may amend the plan.

“**146.95.** The value of the benefits of members and beneficiaries that are in payment or suspended on the date of the termination must be paid according to one of the following methods:

(1) by the purchase, from an insurer selected by the pension committee, of an annuity established using the value granted to their benefits under section 218, which applies with the modifications provided for in paragraph 1 of section 146.96 and section 146.98; or

(2) at the member’s or beneficiary’s request, by means of a transfer of the value of his or her benefits established under subparagraph 1 into a plan referred to in section 98, which applies with the necessary modifications.

If a member or a beneficiary does not communicate his or her choices to the pension committee before the expiry of the time limit provided for in the first paragraph of section 207.2, the value of his or her benefits must be paid by the purchase of an annuity referred to in subparagraph 1 of the first paragraph.

“§4. — *Winding-up*

“**146.96.** The following provisions of Division II of Chapter XIII, which relates to winding-up, do not apply:

(1) sections 210.1 and 211, the second and third paragraphs of section 212.1, section 216 and subparagraphs 3 and 4 of the first paragraph of section 218;

(2) subdivision 3, which relates to the distribution of the assets;

(3) subdivision 4, which relates to the debts of the employer;

(4) subdivision 4.0.1, which relates to the payment options in the event of insufficient assets; and

(5) subdivision 4.1, which relates to the distribution of surplus assets in the event of termination.

“**146.97.** In the event of the withdrawal of an employer, the benefits referred to in subparagraph 2 of the first paragraph of section 218 are paid in proportion to the degree of solvency of the plan as established in the report referred to in section 202 that is sent to Retraite Québec.

“146.98. If, in the event of the termination of a pension plan, there remains a balance following payment of the benefits referred to in subparagraph 2 of the first paragraph of section 218, the balance must be appropriated to the restoration of benefits that were reduced, if applicable, up to the benefits target. If there are insufficient assets to restore all the reduced benefits, benefits are restored proportionately to the value of the reduced benefits.

If there are sufficient assets to pay all the benefits according to the benefit target and there remains a balance, the balance must be allocated to the members and beneficiaries proportionately to the value of their benefits restored in accordance with the first paragraph.

“146.99. Any amount paid by an employer, including any amount recovered after the date of termination, in respect of contributions outstanding and unpaid at the date of termination, shall be applied to the payment of benefits of members and beneficiaries in the order of priority established under section 218, which applies taking into account paragraph 1 of section 146.96 and section 146.98.

“146.100. Sections 239, 240 and 240.2 do not apply for the purposes of the settlement of the pension benefits of the members and beneficiaries.

“DIVISION VIII

“SPECIAL MEASURES RELATING TO CERTAIN PLANS

“146.101. The employer contribution to a target benefit plan established for members whose employer is, as the case may be,

(1) a municipality, a body referred to in section 18 of the Act respecting the Pension Plan of Elected Municipal Officers (chapter R-9.3) or a municipal housing bureau, within the meaning of the Act respecting the Société d’habitation du Québec (chapter S-8), or

(2) an educational institution at the university level referred to in any of paragraphs 1 to 11 of section 1 of the Act respecting educational institutions at the university level (chapter E-14.1),

may not, for any class of members covered by the plan and whose employer is referred to in paragraph 1 or 2, exceed 55% of the total of the employer and member contributions provided for in the plan for that class of members.

“146.102. For the purposes of section 146.101, the contributions include those paid for by the appropriation of surplus assets.”

62. Section 149 of the Act is amended by adding the following paragraph at the end:

“In the case of a target benefit plan, the pension plan shall be administered by the person or body who establishes the plan.”

63. Section 151.2 of the Act is amended by striking out “quantify and” in subparagraph 6 of the first paragraph.

64. Section 182.2 of the Act is amended by adding the following paragraph at the end:

“This section does not apply to target benefit pension plans.”

65. The Act is amended by inserting the following section after section 194:

“194.1. Despite section 194, merging all or part of the assets and liabilities of several target benefit pension plans into a single plan is prohibited.”

66. Section 195 of the Act is amended by inserting “other than a target benefit pension plan” after “of a pension plan” in the first paragraph.

67. The Act is amended by inserting the following section after section 195:

“195.0.0.1. In the case of a target benefit pension plan, Retraite Québec shall not authorize a division unless the value of the assets to be transferred is equal to the market value of the assets which, assuming that the plan is terminated on the effective date of the division, are allocated to the group of benefits to which the members and beneficiaries affected by the division are entitled.

The value of the assets to be transferred that is referred to in the first paragraph is established taking into account sections 220 and 222 to 224 as if they were applicable to target benefit pension plans, as well as section 146.89 and the first paragraph of section 212.1.

For establishing the assets to be allocated to the group affected by the division, section 218 applies taking into account the rules set out in paragraph 1 of section 146.96 and in section 146.98.

The third paragraph of section 195 applies for the purpose of establishing the value of the assets to be transferred.

Furthermore, Retraite Québec may not authorize such a division unless the plan into which a portion of the assets to be divided is to be transferred includes provisions which, in respect of the conditions and procedure for appropriating surplus assets, the recovery measures in the event of insufficient contributions and the conditions and procedure for restoring benefits, are identical to the provisions of the plan from which such assets are to be transferred.”

68. Section 196 of the Act is amended by replacing “In other cases” in the third paragraph by “If the conditions set out in the second paragraph are not met”.

69. Section 198 of the Act is amended by replacing “the date of the bankruptcy” in the second paragraph by “the date referred to in paragraph 1.1 of section 19”.

70. The Act is amended by inserting the following section after section 199.1:

199.2. If the benefits accrued to all the members and beneficiaries affected by the withdrawal of an employer that is a party to a multi-employer pension plan derive only from defined contribution benefits, the amendment to the plan allowing for the withdrawal of the employer is not subject to the authorization of Retraite Québec.

The members’ and beneficiaries’ benefits affected by the withdrawal of the employer may be maintained in the plan if the plan so provides. In such a case, the notice referred to in section 200 must mention that option, allow the member or beneficiary at least 10 days to communicate his or her choice, and specify that if no choice is made, his or her benefits will, as provided for in the plan, either be paid or be maintained in the plan.

Furthermore, the plan is exempted from the application of sections 202 and 203. However, the pension committee must include the attestation referred to in paragraph 2 of section 203 with the application for registration of the amendment allowing for the withdrawal of the employer.

The pension committee must, within 30 days after the expiry of the time limit for exercising choices and options, pay the benefits to which the members and beneficiaries affected by the withdrawal of the employer are entitled. Section 217 applies to the payment.”

71. Section 200 of the Act is amended by replacing paragraph 1 by the following paragraph:

“(1) of the most recent degree of solvency as referred to in the fourth paragraph of section 143 that is applicable to the plan;”.

72. Section 202 of the Act is amended

(1) by striking out “; in the case of a plan referred to in paragraph 2 of section 116, it can be prepared by the pension committee” in the second paragraph;

(2) by adding the following sentence at the end of the third paragraph: “The exemption does not apply to target benefit pension plans.”

73. Section 207.6 of the Act is amended by inserting “, in the case of a plan other than a target benefit pension plan,” after “allow” in the first paragraph.

74. Section 217 of the Act is amended by replacing “in a defined benefit plan” in paragraph 3 by “in a defined benefit plan or target benefit plan”.

75. Section 228.1 of the Act is amended by striking out “or defined benefit-defined contribution pension plan”.

76. Section 230.0.0.3 of the Act is amended by replacing “or choose a pension paid out of the assets administered by Retraite Québec under section 230.0.0.4” by the following: “or opt for one of the following payment methods:

(1) the transfer of his or her benefits to a pension plan contemplated in section 98; or

(2) the payment of a pension out of the assets administered by Retraite Québec under section 230.0.0.4”.

77. Section 230.0.0.4 of the Act is amended by replacing “provided for in section 230.0.0.3” in the first paragraph by “provided for in paragraph 2 of section 230.0.0.3”.

78. Section 236 of the Act is amended by striking out “, except any entitlement to surplus assets,” in the first paragraph.

79. Section 237 of the Act is amended, in the first paragraph,

(1) by replacing “affected by the termination of the pension plan” by “affected by the withdrawal of an employer or the termination of the plan”;

(2) by inserting “withdrawal or” after “the date of the”.

80. Section 243 of the Act is amended by replacing “of notification of the decision or order” by “after the decision or order is sent”.

81. Section 244 of the Act is amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph 1:

“(1.1) determine, for the purposes of section 22, the rules to which the conversion of a target benefit pension plan into another type of plan and the conversion of any type of plan into a target benefit pension plan are subject;”;

(2) by inserting the following subparagraph after subparagraph 3.1.1:

“(3.1.2) determine, for the purposes of section 90.2,

(a) the conditions and time limit for transferring sums held under defined contribution provisions into a variable payment life pension fund;

(b) the requirements that a variable payment life pension fund must meet, particularly with respect to establishing the amount of the pension that may be purchased with the sums transferred or to increasing or decreasing that amount;”;

(3) by inserting the following subparagraphs after subparagraph 8.0.4:

“(8.0.5) for the purposes of section 146.42.1, determine the criteria according to which the plan’s assets do not permit payment in full of the benefits of the members and beneficiaries, and the conditions and procedure relating to the option provided for in that section;

“(8.0.6) prescribe the rules referred to in the fourth paragraph of section 143 for establishing the degree of solvency of the pension plan according to intervals shorter than a fiscal year;

“(8.0.7) set out, for the purposes of section 146.44.1, the rules and conditions for converting a negotiated contribution plan referred to in Chapter X.2 into a target benefit pension plan referred to in Chapter X.3;

“(8.0.8) determine, for the purposes of the second paragraph of section 146.46, on what conditions and to what extent a target benefit pension plan may be a multi-jurisdictional pension plan;

“(8.0.9) prescribe, for the purposes of the provisions it specifies, in relation to target benefit pension plans, the use of a degree other than the degree of solvency;

“(8.0.10) set the time limit and procedure for sending the statement referred to in section 146.91 in the event of the withdrawal of an employer that is a party to a target benefit pension plan;”.

82. Section 257 of the Act is amended

(1) by striking out “17,” in paragraph 1;

(2) in paragraph 5,

(a) by inserting the following subparagraph after subparagraph *a*:

“(a.1) a variable payment life pension provided for in section 90.2;”;

(b) by replacing “third” in subparagraph *c* by “fourth”.

83. Section 258 of the Act is amended by striking out “the second paragraph of section 310.1 and sections” in paragraph 1.

84. Section 288.1.2 of the Act is amended by replacing “A pension plan that” in the first paragraph by “A pension plan to which Chapter X applies and”.

85. Sections 297 and 308.2 to 310.2 of the Act are repealed.

86. The Act is amended by inserting the following sections after section 318.8:

“**318.9.** A target benefit pension plan may be established as of 11 December 2020.

“**318.10.** A target benefit pension plan that is subject to the Regulation respecting target-benefit pension plans in certain pulp and paper sector enterprises (chapter R-15.1, r. 6.1.01) must be brought into compliance with the provisions of this Act that relate to target benefit pension plans not later than 31 December 2023.

Section 146.44.2 applies to any amendment to the plan required for that purpose.

If, on 7 October 2020, the plan includes provisions referred to in paragraph 1 of section 146.47 or provisions allowing the termination, on the cessation of active membership, of the periodic increase of the pension referred to in section 146.48, those provisions may be maintained.

“**318.11.** A pension plan referred to in the first paragraph of section 318.10 must, at the date of the end of the fiscal year in which the plan is brought into compliance with this Act, but not later than 31 December 2023, be the subject of an actuarial valuation that complies with the provisions of Chapter X.3.

“**318.12.** If, on 31 December 2023, the pension plan has not been brought into compliance with this Act, an actuarial valuation of the plan at that date must be carried out according to the rules set out in Chapter X.3.

An insufficiency in contributions shown in that actuarial valuation must be offset as follows:

(1) if the insufficiency relates to service subsequent to the date of the actuarial valuation, by a reduction in the benefit target relating to that service; or

(2) if the insufficiency relates to service credited at the date of the actuarial valuation, by a reduction in the benefits related to that service.

A measure provided for in the second paragraph becomes effective one year after the day following the date of the actuarial valuation.

In addition, no restoration of benefits or appropriation of surplus assets may be carried out following that actuarial valuation.

This section applies to any subsequent actuarial valuation of the plan until the text of the plan is brought into compliance with this Act.

“318.13. Section 7.1 does not apply in respect of a target benefit pension plan that is referred to in the first paragraph of section 318.10 and includes components established in accordance with the Regulation concerning certain Papiers White Birch pension plans (chapter R-15.1, r. 6.1.1) on 7 October 2020.

Despite any inconsistent provision of this Act or that Regulation, where an actuarial valuation is required in respect of one component of the pension plan, every component of the plan must be the subject of an actuarial valuation at the date of that actuarial valuation, in accordance with the rules applicable to it.

“318.14. Sections 318.10 to 318.12 apply even with respect to a pension plan referred to in the second paragraph of section 146.46.

“318.15. A target benefit pension plan may be established in respect of members whose employer is referred to in section 146.101 only if the plan governed by the applicable Act according to the sector concerned and to which the members covered by the target benefit pension plan are parties has been restructured in accordance with the Act respecting the restructuring of university-sector defined benefit pension plans (chapter R-26.2.1) or the Act to foster the financial health and sustainability of municipal defined benefit pension plans (chapter S-2.2.1) and only if, in the case of a municipal sector plan, there remains no contribution to be paid by the members, if applicable, under the second paragraph of section 14 of the latter Act.

“318.16. Section 88 of the Act respecting the restructuring of university-sector defined benefit pension plans (chapter R-26.2.1) and section 58 of the Act to foster the financial health and sustainability of municipal defined benefit pension plans (chapter S-2.2.1), according to the sector concerned, do not apply to a target benefit pension plan established in accordance with section 318.15.

“318.17. The provisions of the Regulation respecting the funding of pension plans of the municipal and university sectors (chapter R-15.1, r. 2) do not apply to a plan referred to in section 318.15.

“318.18. A pension plan referred to in Division X of the Regulation respecting the exemption of certain categories of pension plans from the application of provisions of the Supplemental Pension Plans Act (chapter R-15.1, r. 7) may be established in respect of members whose employer is referred to in section 146.101, on the conditions set out in that section and sections 146.102 and 318.15.

Such a pension plan in force on 7 October 2020 is subject to the conditions referred to in the first paragraph. However, if the contribution of an employer that is a party to the plan is, at that date, greater than 55% of the sum of the employer and member contributions prescribed by the plan, including those referred to in section 146.102, for a class of members, the plan is not subject to the requirement set out in section 146.101 with regard to that class of members. The proportion of the contributions that is paid by the employer may not, however, be increased as of that date.

The second paragraph does not apply to a plan referred to in section 318.19.

“318.19. A pension plan referred to in the first paragraph of section 318.18 the establishment of which was the subject of an agreement before 7 October 2020 may come into force, as regards the classes of members covered by the agreement, on a date prior to 11 December 2020, but not prior to 1 January 2016. For the purposes of sections 318.20 and 318.21, such a plan is said to be the “new plan” and the defined benefit plan in force before the date of coming into force of the new plan is said to be the “former plan”.

A plan referred to in the first paragraph must be brought into conformity with the rule set out in section 146.101 not later than 31 December 2023.

“318.20. Amendments to the former plan may, if they are required for the new plan to come into force as regards the classes of members covered by the agreement, become effective, despite sections 20 and 21, on the date of coming into force of the new plan.

“318.21. Contributions paid into the former plan for service accumulated from the date of coming into force of the new plan by the members belonging to the classes covered by the agreement are deemed to be paid under the new plan.

“318.22. Sections 318.16 and 318.17 apply, with the necessary modifications, to a plan referred to in section 318.18.”

ACT RESPECTING THE QUÉBEC PENSION PLAN

87. Section 1 of the Act respecting the Québec Pension Plan (chapter R-9) is amended by replacing paragraph *v* by the following paragraph:

“(v) “recipient of family benefits”: the person who,

(1) for a child under seven years of age,

i. receives a family allowance or benefit under the statutes of Québec or Canada, other than an allowance or benefit paid for the month of the child’s birth;

ii. would, had it not been for the person’s income, have received benefits under the Act respecting family benefits (chapter P-19.1);

iii. receives an amount in respect of a family allowance under Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3); this subparagraph applies only if no person receives, in respect of the child, an amount referred to in subparagraph 2;

iv. is considered to be an eligible individual for the purposes of the child tax benefit or Canada child benefit provided for in the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)), or could have been so considered had the person filed the notice for that purpose, provided, in the latter case, that no other person is considered to be an eligible individual in respect of the same child; this subparagraph applies only if no person receives, in respect of the child, any family benefits within the meaning of subparagraphs i to iii;

(2) for a child under 18 years of age, receives an amount referred to as the “supplement for handicapped children requiring exceptional care” under subparagraph *c* of the second paragraph of section 1029.8.61.18 of the Taxation Act;”.

VOLUNTARY RETIREMENT SAVINGS PLANS ACT

88. The Voluntary Retirement Savings Plans Act (chapter R-17.0.1) is amended by inserting the following division after section 70:

“DIVISION V

“VARIABLE PAYMENT LIFE PENSION

“**70.1.** The voluntary retirement savings plan may provide that a member referred to in Division III of Chapter IV or the member’s spouse, as defined in section 71, is entitled to apply, on the conditions and within the time prescribed by regulation, for payment of a variable payment life pension out of all or part of the sums in his or her accounts.

Such a pension must be paid into a variable payment life pension fund that must meet the requirements prescribed by regulation, in particular with respect to establishing the amount of the pension that may be purchased with the sums transferred or to increasing or decreasing that amount.”

89. Section 113 of the Act is amended by inserting the following paragraph after paragraph 22:

“(22.1) for the purposes of section 70.1, regulate variable payment life pensions;”.

REGULATION TO PROVIDE A FRAMEWORK FOR SETTLEMENT OF THE BENEFITS OF MEMBERS AND BENEFICIARIES OF PLANS COVERED BY SUBDIVISION 4.0.1 OF DIVISION II OF CHAPTER XIII OF THE SUPPLEMENTAL PENSION PLANS ACT AND FOR ADMINISTRATION BY RETRAITE QUÉBEC OF CERTAIN PENSIONS PAID OUT OF THE ASSETS OF THE PLANS

90. Section 6 of the Regulation to provide a framework for settlement of the benefits of members and beneficiaries of plans covered by subdivision 4.0.1 of Division II of Chapter XIII of the Supplemental Pension Plans Act and for administration by Retraite Québec of certain pensions paid out of the assets of the plans (chapter R-15.1, r. 3) is amended by replacing “provided” by “provided for in section 27.1 of this Regulation or”.

91. Section 16 of the Regulation is amended, in the first paragraph,

(1) by replacing “that his or her pension be paid out of the assets” in subparagraph 4 by “to have his or her benefits transferred to a pension plan referred to in section 98 of the Act, or to have his or her pension paid out of the assets”;

(2) by replacing “that his or her pension be paid out of the assets” in subparagraph 5.1 by “to have his or her benefits transferred to a pension plan referred to in section 98 of the Act, or to have his or her pension paid out of the assets”.

92. Section 17 of the Regulation is amended by replacing “that his or her pension be paid” in paragraph 3 by “to have his or her benefits transferred to a pension plan referred to in section 98 of the Act, or to have his or her pension paid”.

93. Section 19 of the Regulation is amended by replacing paragraph 1 by the following paragraph:

“(1) the estimated value of the pension reduced to take into account insufficient assets with a statement that that value may be transferred to a pension plan referred to in section 98 of the Act;”.

94. The Regulation is amended by inserting the following section after section 27:

“27.1. Where a member or beneficiary whose pension has been guaranteed opts, in accordance with paragraph 1 of section 230.0.0.3 of the Act, to have his or her benefits transferred to a pension plan referred to in section 98 of the Act, the insurer must, at the request of the pension committee, allocate the guarantee to non-guaranteed benefits of other members or beneficiaries in the same account or, if the insurer is unable to make such an allocation, pay into the pension fund the commuted value of the guaranteed pension at the date the

benefits are transferred or, where the contract does not provide for a commuted value, the fair market value of the guaranteed pension determined on the basis of reasonable assumptions and cancellation fees.

The value of the guaranteed pension to be transferred by the pension committee to the pension plan specified by the member or beneficiary must be equal to the value of the pension to which the member or beneficiary is entitled, reduced to take into account insufficient assets. That value is determined in accordance with the first and third paragraphs of section 24.”

MISCELLANEOUS AND FINAL PROVISIONS

95. Until the date of coming into force of a regulation made for the purposes of the third paragraph of section 61 and the second paragraph of section 81 of the Supplemental Pension Plans Act (chapter R-15.1), amended by sections 18 and 25, respectively, the assumptions to be used in the case of a target benefit plan are those described in section 67.4 of the Regulation respecting supplemental pension plans (chapter R-15.1, r. 6).

96. The first regulation made for the purposes of section 146.42.1 of the Supplemental Pension Plans Act may, if it so provides, apply as of any date not prior to 11 December 2020.

97. To mitigate the consequences of the public health emergency declared on 13 March 2020 due to the COVID-19 pandemic, Retraite Québec may, by regulation, take measures concerning

(1) life income funds referred to in Division III of the Regulation respecting supplemental pension plans (chapter R-15.1, r. 6); and

(2) time limits applicable to the formalities prescribed by the Voluntary Retirement Savings Plans Act (chapter R-17.0.1).

Such a regulation may take effect on any date not prior to 13 March 2020. It may also have a shorter publication period than that required under section 11 of the Regulations Act (chapter R-18.1), but not shorter than 10 days.

Such a regulation is not subject to the requirement of section 17 of that Act as regards its date of coming into force.

98. A regulation made by Retraite Québec under section 97 must be submitted to the Government for approval.

99. This Act comes into force on 11 December 2020, except section 87, which has effect from 1 January 2020.

