

## Pension Plan Records: Retention and Management

In our July 2010 Employee Benefits Bulletin, the article "Changes Coming to Ontario Registered Pension Plans" mentioned proposed changes to Records Management and Retention rules. The changes include:

- modernizing the terminology from "documents" to "records" in order to broaden the meaning to include electronic/multimedia information,
- retention of pension plan records for a prescribed period of time, and
- the authorization to use electronic transmission to send notices, statements and other plan records to members if the Plan Administrator has permission from the member.

### What are Pension Plan Records?

Pension Plan Records are documents or multimedia materials created to:

- support the pension plan (e.g. plan text/amendments)
- assist in the operation of the pension plan (e.g. governance models)
- provide information related to the investments of the pension plan (e.g. statement of investment policies and procedures)
- document information related to plan members/beneficiaries (e.g. enrolment forms)

### Categories of Plan Records

- Legislative requirements (plan text/amendments, Annual Information Returns, member booklets)
- Individual plan beneficiaries and payment of pension entitlements (enrolment forms, plan waiver forms, payment/transfer information)
- Day-to-day operation of the pension plan (governance models, minutes of meetings)



### How Long Should Records be Retained?

Currently, the Ontario Pension Benefits Act (the Act), the regulations and the proposed amendment do not specify a retention period for plan records. However, the Act does state that certain records must be made available to individuals who are eligible to view them. Records related to legislative requirements or individual plan members/beneficiaries should be retained forever as they are important for regulatory submissions and payment of benefits. Some plan records may fall under other applicable legislation (i.e. Income Tax Act), but plan records must be kept even if other legislation permits their destruction.

### Who is Responsible for Records Management and Retention?

Under the Act (s. 19 and s. 22), the Plan Administrator is ultimately responsible for the management and retention of pension plan records. The Plan Administrator can designate a representative of the Plan Administrator or a service provider to maintain the records, but the Plan Administrator is ultimately responsible.

Cowan recommends that all pension plans have a Records Management and Retention Policy. Having proper practices in place not only helps protect the integrity and accuracy of the information needed to properly administer a plan, but it minimizes or prevents the loss of important information; helps manage and control plan records; provides for accountability for those responsible for plan records; and helps minimize litigation risks.

### Developing a Formal Policy

Currently, the Financial Services Commission of Ontario (FSCO) does not have a standard template or format for developing a formal policy. They believe that, since information varies from plan to plan, the Plan Administrator is in a better position to know what to include in a policy. However, FSCO does have a policy which provides some guidance in the management and retention of records. (Pension Policy A300-200 – Management and Retention of Pension Plan Records by the Administrator)

#### A formal policy should include, but not be limited to:

- who is responsible for managing the records (training requirements)
- records retention schedule
- storage of records - in-house or off-site? Paper or electronic?
- accessibility of records – who has permission to access?
- private and confidential records – how are they handled?
- policy review – how often?
- a list of processes for:
  - back up of records
  - monitoring records
  - communicating with plan members

Cowan can assist Plan Administrators in the development of a formal Records Management and Retention Policy. Plan Administrators may also rely on the policies of the insurance carrier for the management and retention of such records as payment of benefits to plan members, but remember to ask for a copy of the Records Management and Retention Policy as it may not reflect your philosophy of records management. Also take note that an insurance carrier's policy will not cover all pension plan records.

Ultimately, by formalizing a pension plan Records Management and Retention Policy, the Plan Administrator is able to take control of the plan records, meet the requirements of the Act, prevent loss of important records, as well as avoid the potential risk of future litigation.

*Call your Cowan consultant if you would like assistance in developing your policy.*