

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 1

**AMENDMENT:**

Replace the first paragraph by:

1. The purpose of this Act is to require the amendment of any defined benefit pension plan governed by the Supplemental Pension Plans Act (chapter R-15.1) and established by a municipal body, as well as of the Régime de retraite des employés municipaux du Québec, with a view to improving the plans' financial health and ensuring their sustainability.

A process and special rules are provided for restructuring the pension plans.

Adopté

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 2.1

**AMENDMENT:**

Insert after section 2:

**2.1.** Despite the first paragraph of section 1, the Régime complémentaire de retraite pour les employés de la Municipalité de la Baie-James is not subject to this Act.

Adopté

AM 3  
s. 3

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 3

**AMENDMENT:**

Add at the end of the third paragraph: "The table may be adjusted to take a pension plan's special characteristics into account. The actuarial report must set out the grounds for any such adjustment."

Adopted  
*[Signature]*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 3.1

**AMENDMENT:**

Add after section 3:

**3.1** For the purpose of calculating the portions of the deficiencies attributable to active members, retired members and municipal bodies under this Act, the gains accumulated in the reserve for service prior to 1 January 2014, the amounts accumulated in the stabilization fund for service subsequent to 31 December 2013 and any amounts accumulated in a stabilization fund referred to in section 52 must be subtracted from the deficiencies identified in the actuarial valuation established on the basis of the data as at 31 December 2013, in the actuarial valuation established on the basis of the data as at 31 December 2014 or in the actuarial valuation established on the basis of the data as at 31 December 2015. However, the stabilization fund established in accordance with subparagraph 3 of the first paragraph of section 5 must not be taken into account in the actuarial valuation established on the basis of the data as at 31 December 2015.

Adopte  




Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 5

**AMENDMENT:**

Replace by:

5. All pension plans must be amended to provide that, from 1 January 2014,

(1) the current service contribution is to be shared equally between the municipal body and the active members;

(2) any related deficiency is to be assumed in equal parts by the municipal body and the active members, except in the case of pension plans that were not accepting new members after 31 December 2013; and

(3) a stabilization fund, funded by a stabilization contribution shared in equal parts between the municipal body and the active members, and aimed at protecting the plan from adverse deviation likely to affect the plan in the future, is to be established.

Despite subparagraph 1 of the first paragraph, if the active members contribute to the current service contribution in a proportion of 35% or less on 31 December 2013, the plan may be amended so that the proportion increases incrementally by 10% of the current service contribution by not later than 1 January 2017 and reaches 50% by not later than 1 January 2020.

*Sam 1*

*Adopte l'él  
95 amendé  
PC*

SAM 1  
AM 5  
s. 5

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 5

**AMENDMENT:**

Replace the second proposed paragraph by:

Despite subparagraph 1 of the first paragraph, if the active members contribute to the current service contribution in a proportion of 35% or less on 31 December 2013, the plan may be amended to provide for an incremental increase of that proportion, which must reach half of the difference between that proportion and 50% of the current service contribution by not later than 1 January 2017, and 50% of the current service contribution by not later than 1 January 2020.

Adopte  


Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 5.1

**AMENDMENT:**

Insert after section 5:

**5.1.** On 1 January 2014, the current service contribution must not exceed 18% of the overall payroll of the active members, as it is defined in the pension plan for the purpose of determining the pension. In the case of police officers and firefighters, the contribution cannot exceed 20%.

However, if the average age of a pensions plan's active members is over 45 on 31 December 2013, the maximum proportion of the payroll that the current service contribution may reach under the first paragraph can be increased by 0.6% for each full year of deviation. In addition, a maximum increase of 0.5% is allowed if women make up more than 50% of the active members. In the latter case, the report required under the second paragraph of section 3 must show that the increase is necessary to allow the payment of benefits equivalent to those that would have been paid had it not been for that characteristic.

*Sam 2*

If the current service contribution established in the actuarial valuation referred to in the second paragraph of section 3 exceeds the maximum proportion of the payroll that the current service contribution may reach under the first paragraph by more than 4%, the percentage by which that current service contribution exceeds that maximum proportion may be reduced by one half on 1 January 2014 and by the remaining half following the subsequent complete actuarial valuation. The average age of the active members and the proportion of women shown in that actuarial valuation must be taken into account and the maximum proportion of the payroll readjusted accordingly, if applicable.

*Sam 1*

*Adopte l'Amendement*

SAM 1  
AM 6  
s. 5.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 5.1

**AMENDMENT:**

Add after the third paragraph introduced by amendment:

The amount representing the difference between the current service contribution paid by the municipal body on 31 December 2013 and the current service contribution payable by the municipal body under this section must be paid as an amortization payment in order to accelerate the reimbursement of the deficiencies described in the second paragraph of section 8.

*Adopte*

SAM 2  
AM 6  
s. 5.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 5.1

**AMENDMENT:**

Insert at the end of the second paragraph introduced by amendment: “For pension plans whose funding level exceeds 100%, an increase of 0.25% is also allowed for each 1% of the assets that exceeds the value of the obligations with respect to the benefits established at the end of the fiscal year covered by the actuarial valuation established as at 31 December 2013.”

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 6

**AMENDMENT:**

In the first paragraph,

- (1) insert “at least” after “represents”;
- (2) insert “from the date of any agreement reached or any decision made by the arbitrator under Chapter III” after “described in that subparagraph”.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 7

**AMENDMENT:**

- (1) Replace “cease by “may cease”;
- (2) Replace “prescribed in section 6” by “calculated under the second paragraph of section 6”;
- (3) Strike out the last sentence.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 7.1

**AMENDMENT:**

Insert after section 7:

**7.1.** No pension plan may provide for automatic indexation of pensions. However, an ad hoc indexation of pension may be provided for in the event that a surplus defined in the second paragraph of section 15 is identified in an actuarial valuation subsequent to that of 31 December 2013.

*Sau 1*

*Sau 2*

*Adopte ll  
qu'on en a  
/*



SAM 1  
AM 9  
s. 7.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 7.1

**AMENDMENT:**

Insert “at retirement” after “automatic indexation of pensions” in the first sentence introduced by amendment.

Accept  


SAM 2  
AM 9  
s. 7.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 7.1

**AMENDMENT:**

Add after the first paragraph introduced by amendment:

Any indexation used to calculate the deferred pension or the normal pension is not subject to the first paragraph.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 8

**AMENDMENT:**

Replace by:

8. All pension plans must be amended on 1 January 2014 to provide that the active members and the municipal body are to assume, in equal parts, the deficiencies attributable to those members for service accumulated prior to 1 January 2014 and identified as at 31 December 2013. *Saw 2*

If a pension plan's membership comprises two or more classes of employees, the deficiencies may be distributed among the classes defined in the pension plan in the manner agreed on by the active members and the municipal body. The pension committee informs the Board of the decision, sends it the data concerning the overall deficiencies and indicates which portion is attributable to each class of employees. *Saw 1*

The portion of the deficiencies attributable to the municipal body must be reimbursed over a maximum period of 15 years and the deficiencies cannot be consolidated.

*Adopted  
11  
9/1/2014*

SAM 1  
AM 10  
s. 8

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 8

**AMENDMENT:**

Insert “already” in the second paragraph introduced by amendment after “the manner” and “as soon as a majority of the classes requests it” after “municipal body”.

*Adopte*

SAM 2  
AM 10  
s. 8

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 8

**AMENDMENT:**

Add at the end of the first paragraph introduced by amendment: "The municipal body and the active members may also agree on an amendment that provides for sharing the deficiencies in a maximum proportion of 55% for the municipal body and a minimum proportion of 45% for the active members."

Adopte

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 9

**AMENDMENT:**

Replace by:

9. No pension plan may provide for automatic indexation of pensions. However, an ad hoc indexation may be provided for in the event that surplus assets defined in the second paragraph of section 15 are identified in an actuarial valuation subsequent to that of 31 December 2013.

Any indexation used to calculate the deferred pension or the normal pension is not subject to the first paragraph.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 10

**AMENDMENT:**

Replace by:

**10.** The abolition of the automatic indexation provided for in a pension plan reduces the portion of the deficiencies attributable to the active members. If the abolition of the automatic indexation represents more than 50% of the deficiencies attributable to the active members, the surplus amount must be recorded as an actuarial gain in the reserve. Such a gain can only be used for the purpose of an ad hoc pension indexation or, in the absence of such an indexation, for the purposes agreed on by the municipal body and the active members.

If the abolition of the automatic indexation represents less than 50% of the deficiencies attributable to the active members or in the absence of such an indexation, the active members assume the remaining portion through a reduction of their benefits from 1 January 2014, through payment of a contribution representing not more than 3% of their payroll, for a maximum period of 5 years, or through a reduction of their benefits and payment of such a contribution, as provided for in the agreement or by the arbitrator under Chapter III.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 11

**AMENDMENT:**

Replace by:

11. Any new deficiency in relation to service prior to 1 January 2014, identified in an actuarial valuation subsequent to 31 December 2013, is borne by the municipal body.

*Adopte*



AM n  
s. 12

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 12

**AMENDMENT:**

Withdrawn.

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 12.1

**AMENDMENT:**

Insert after section 12:

**12.1.** A municipal body that wishes to avail itself of the first paragraph of section 12 must first inform the retired members of its intention and give them the opportunity to be heard.

To that end, the retired members must be convened to an information meeting organized by the pension committee during which the representatives of the municipal body must report on the pension plan's situation set out in the actuarial valuation as at 31 December 2015 and on the effort the retired members are being asked to make.

The municipal body sends the Board its decision, with reasons, and a summary of the meeting, for information purposes.

Adopte  


AM 16  
s. 13

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 13

**AMENDMENT:**

Strike out.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 14

**AMENDMENT:**

Replace the first paragraph by:

**14.** With respect to active members, a pension plan may provide for the amendment, suspension, abolition or restoration of any benefits, other than the normal pension, from 1 January 2014.

Concerning the normal pension, amendments to the definition of the salary or wages on which that pension is based may be made regarding service prior to 1 January 2014 and service subsequent to 31 December 2013. However, the accrual rate for the normal pension can only be amended for service subsequent to 31 December 2013.

Pensions paid to members who are retired on 31 December 2013 or to their surviving spouse or any other beneficiary under the pension plan cannot be reduced. The same applies to pensions to which spouses and other beneficiaries of members who are retired on 31 December 2013 will be entitled.

Adopte

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 15

**AMENDMENT:**

- (1) Insert "This value is the higher of the value calculated on a solvency basis and that calculated on a funding basis." after the first sentence of the first paragraph;
- (2) In the last sentence of the second paragraph, replace "second paragraph of section 9" by "third paragraph of section 8" and "second paragraph of section 10" by "fourth paragraph of section 12";
- (3) Replace the third paragraph by:

The amount recorded in the reserve under the first paragraph of section 10 is not taken into account in calculating the surplus assets under the second paragraph.

*Adopté*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 16

**AMENDMENT:**

Replace by:

**16.** The surplus assets cannot be allocated to the payment of contributions, unless a fiscal rule so requires. The surplus assets must be used separately with respect to service subsequent to 31 December 2014 and to service ending on that date.

For service ending on 31 December 2013, the surplus assets must first be allocated to resuming indexation of the pensions of the members who are retired on 31 December 2013 in accordance with the third paragraph of section 12. Once such indexation has resumed, the surplus assets must first be used to constitute a provision equal to the value of the suspended indexation in order to pay an indexation of the pension of the same retired members following subsequent actuarial valuations.

Sam 1

Then, unless the municipal body and the active members have agreed on a different participation and a different order, the surplus assets must be used for the following purposes and in the following order:

- (1) constituting a provision in order to pay an ad hoc indexation to active members, if such an indexation was agreed on under section 9;
- (2) reimbursing the debts contracted by the pension plan toward the municipal body and the members as at 31 December 2013; and
- (3) funding improvements to the pension plan other than an indexation of the pension.

Unless the municipal body and the active members have agreed on a different distribution and a different order, the surplus assets must, with respect to

1/2

service subsequent to 31 December 2013, be used for the following purposes and in the following order:

- (1) paying into the stabilization fund the amounts required, if an ad hoc indexation of pensions with respect to the members has been agreed on; and
- (2) funding improvements to the pension plan.

*Adopte til gisvænde*

*2/2*

SAM 1  
AM 19  
s. 16

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 16

**AMENDMENT:**

Replace “the third paragraph” in the second paragraph introduced by amendment  
by “the third and fourth paragraphs”.

*Adopte*  
*[Signature]*



Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Sections 17.1 to 17.3 and heading of Chapter II.1

**AMENDMENT:**

Insert after section 17:

**CHAPTER II.1**

**RESTRUCTURING OF THE RÉGIME DE RETRAITE DES EMPLOYÉS  
MUNICIPAUX**

**17.1.** The Régime de retraite des employés municipaux du Québec must be the subject of the actuarial valuation required under section 3.

**17.2.** The Régime de retraite des employés municipaux du Québec must be amended to provide that, from 1 January 2015,

(1) the current service contribution is to be shared equally between the municipal body and the active members;

(2) a stabilization fund, funded by a stabilization contribution shared equally between the municipal body and the active members and aimed at protecting the plan from adverse deviation likely to affect the plan in the future, is to be established.

The stabilization contribution provided for in subparagraph 2 of the first paragraph represents 10% of the current service contribution, established without taking into account any margin for adverse deviation provided for by the Canadian Institute of Actuaries. However, it may represent a higher percentage of the current service contribution if the bodies that must approve the amendments to the plan so agree. The contribution is paid into the fund from 1 January 2015. Actuarial gains generated from 1 January 2014 must also be paid into the fund.

1/2

The required value of the stabilization fund must be calculated in the same manner as the provision for adverse deviation established with respect to the plan's obligations accumulated as at 31 December 2013.

**17.3.** Sections 17, 45 and 55 to 58 of this Act apply to the Régime de retraite des employés municipaux du Québec.

Adopté

2/2

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 18.1

**AMENDMENT:**

Insert after section 18:

**18.1.** Despite section 18, negotiations between municipal bodies and active members must be undertaken not later than 1 January 2016 with respect to any pension plan provided for by an agreement that was in force on 31 December 2013, is still in force on (*insert the date of assent to this Act*) and was entered into between the municipal body and all or some of the plan members, if

(1) the pension plan is fully funded, as shown in the actuarial valuation required under section 3; or

(2) the pension plan's funding rate reaches 80%, as shown in the actuarial valuation required under section 3. Furthermore, the actuarial valuation shows that the current service contribution does not exceed 18% of the active members' payroll or 20% of the payroll of firefighters and police officers, or the agreement provides either that past deficiencies are to be shared equally, that current service contributions or future current service deficiencies are to be shared equally or that a stabilization fund funded by a contribution is to be established.

*Sam 1*

The agreement reached between the parties under Chapter III becomes effective on the expiry of the collective agreement or of any other agreement providing for the pension plan, unless the parties agree that it will become effective on an earlier date.

However, any provision requiring the automatic indexation of pensions with respect to active members is repealed from 1 January 2014 with respect to service subsequent to 31 December 2013 and service prior to 1 January 2014, in accordance with sections 7.1 and 9. Indexation of the pensions of members who are retired on 31 December 2013 may be suspended in accordance with Division III of Chapter II.

*Adopte Hl qu'on en dit*

SAM 1  
AM 21  
s. 18.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 18.1

**AMENDMENT:**

Insert “as increased under the second paragraph of section 5.1” after “police officers” in subparagraph 2 of the first paragraph of section 18.1, as proposed by amendment of the Government.

Adopte  
/s/

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 27

**AMENDMENT:**

Add “and sends a copy of the agreement to the Minister of Labour and to the parties” after “Act”.

*Adopté*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 26

**AMENDMENT:**

Insert the following paragraph after the first paragraph:

The Minister determines the costs and fees of conciliators.

Adopté

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 28

**AMENDMENT:**

Add “and to the Minister of Labour” after “Act” in the second paragraph.

*Adopté*

AM 25  
s. 42

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 42

**AMENDMENT:**

Replace "28" by "27".

Adopte  




AM 26  
s. 43

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 43

**AMENDMENT:**

Add "at the same time as the amendments to the pension plan under section 42"  
after "Board".

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 44

**AMENDMENT:**

Replace the second paragraph by:

The pension committee notifies the parties to the agreement of the Board's decision and asks them to amend the agreement within 30 days. If the parties fail to come to an agreement, the Minister appoints an arbitrator from the list drawn up under the first paragraph of section 30. The arbitrator must render a decision within three months after being seized of the matter. The second and third paragraphs of section 30 and sections 34, 36, 37, 38, 39, 40 and 41 apply.

If the amendments result from an arbitrator's decision, the pension committee notifies the arbitrator that rendered the decision of the Board's decision and asks the arbitrator to amend his or her decision within 30 days.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 49

**AMENDMENT:**

(1) Add the following subparagraph after subparagraph 8 of the first paragraph:

(9) the value of the indexation of the pension of retired members and active members, if applicable.

(2) Add after the first paragraph:

The municipal body gives public notice of the sitting 14 days before the date on which it is to be held.

Adopte

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 49.1

**AMENDMENT:**

Insert after section 49:

**49.1.** Any new pension plan established by a municipality after 31 December 2013 must comply with Division II of Chapter II.

*Sam 1*

Any pension plan that is the object of a division or merger under Chapter XII of the Supplemental Pension Plans Act is subject to this Act.

*Adopté par  
Quintin*

SAM 1  
AM 29  
s. 49.1

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 49.1

**AMENDMENT:**

Replace “municipality” in the first paragraph introduced by amendment by  
“municipal body”.

Adopte

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 50

**AMENDMENT:**

- (1) Replace “The difference between” in the second paragraph by “The amount by which”;
- (2) Insert “under Chapter III” after “arbitrator’s decision” in the second paragraph;
- (3) Replace “and the contribution” in the second paragraph by “exceeds the contribution”;
- (4) Add at the end:

The amount by which the value of the contributions paid by active members from 1 January 2014 until the date of the agreement or of the arbitrator’s decision exceeds the contribution that should have been paid under section 5 is allocated to the payment of the active members’ current service contribution for the following year and, if applicable, for subsequent years.

This section applies, with the necessary modifications, to the situations described in section 18.1, if applicable.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 51

**AMENDMENT:**

Replace by:

**51.** For the purposes of the negotiations required under section 18.1, the reference actuarial valuation is the valuation prepared on the basis of the data as at 31 December 2014, and the deadlines prescribed in Chapter III apply, with the necessary modifications.

The maximum interest rate applicable to the actuarial valuations referred to in sections 12 and 18.1 is set by the Minister.

For the purposes of the second paragraph of section 5, the increase of the current service contribution to be made by not later than 1 January 2017 is deferred until the expiry of the collective agreement or of any other agreement providing for the pension plan if its expiry is subsequent to 1 January 2017, in the cases described in section 18.1.

In addition, the maximum proportion of the payroll that the current service contribution may reach under the first, second and third paragraphs of section 5.1 must be increased in the same manner as the rate in the fiscal rule that sets the maximum percentage of the salary or wages that can be contributed to a defined contribution pension plan.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 52

**AMENDMENT:**

Replace by:

52. If a stabilization fund is established within a pension plan, the fund described in subparagraph 3 of the first paragraph of section 5 is deemed to have been established. The rules set out in this Act apply to such a fund from the effective date of the agreement between the parties or of the arbitrator's decision under Chapter III.

Service prior to the establishment of the fund is deemed to be the prior service under that plan for the purposes of this Act.

Adopte



Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 53.1

**AMENDMENT:**

Insert after section 53:

**53.1.** Any indexation paid between 31 December 2013 and the date of a suspension under section 12 is deemed to have been validly paid.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 53.3

**AMENDMENT:**

Insert after section 53.2:

**53.3.** Any redemption of service entirely paid by the member and made on or after 1 January 2014 must be revised by the pension committee following the coming into force of the agreement between the municipal body and the active members or of the arbitrator's decision in order to ensure that the member benefits from the conditions set at the time of the transaction. The same applies to any agreement for a transfer of service entered into during the same period.

*Adopté*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 54

**AMENDMENT:**

Add at the end:

However, the present value of amortization payments relating to the deficiencies must, from the actuarial valuation subsequent to 1 January 2017, be included in calculating the value of the assets under the second paragraph of section 15 for the sole purpose of determining whether an ad hoc indexation of retired members' pensions can be paid.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 54.1

**AMENDMENT:**

Insert after section 54:

**54.1.** The amounts paid by a municipal body in excess of the amortization payments required by law, without taking into account funding relief measures, during the three fiscal years preceding the tabling of this bill, must be subtracted from the pension plan's assets for the purpose of determining its deficiency as at 31 December 2013. These amounts are deemed to have been paid to cover the portion of the deficit borne by the municipal body. They do not constitute a debt contracted by the pension plan towards the municipal body within the meaning of subparagraph 2 of the second paragraph of section 16.

*Adopte*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 53.2

**AMENDMENT:**

Insert after section 53.1:

**53.2.** Any pension plan subject to this Act must be amended to provide that the group composed of active members and the group composed of retired members and of beneficiaries can each designate a member in addition to the one provided for in the first paragraph of section 147.1 of the Supplemental Pension Plans Act. These members may be replaced at an annual meeting held under section 166 of that Act.

*Adopte  
mc*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 55.1

**AMENDMENT:**

Insert after section 55:

**55.1.** For the exercise of the functions assigned to it under this Act, the Board may, in addition to the other powers conferred on it by this Act, the Act respecting the Québec Pension Plan (chapter R-9) and the Supplemental Pension Plans Act (chapter R-15.1), require any document or information it considers necessary for the purposes of this Act from any pension committee or municipal body.

In addition, sections 183 to 193, 246, 247 and 248 of the Supplemental Pension Plans Act apply to this Act, with the necessary modifications.

*Adopté*

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 55.2

**AMENDMENT:**

Insert after section 55.1:

**55.2.** The report on the actuarial valuation required under section 3 is deemed to be the report mentioned in the section 119 that is applicable under section 8 of the Regulation respecting the funding of pension plans of the municipal and university sectors (chapter R-15.1, r. 2), when such a report on a complete actuarial valuation established on the basis of the data as at 31 December 2013 is required. If the latter report was sent to the Board, a version of that report amended under the third, fourth and fifth paragraphs of section 3 is deemed to be the report required under section 3.

If a report must be produced under section 12 or 18.1, the report mentioned in the section 119 that is applicable under section 8 of the Regulation respecting the funding of pension plans of the municipal and university sectors is not required.

In a case of failure to produce the report required under the second paragraph of section 3 or section 12 or 18.1, fees equal to 20% of the fees calculated in the manner prescribed by section 13.0.1 of the Regulation respecting supplemental pension plans (Chapter R-15.1, r. 6), taking into account the number of members and beneficiaries indicated in the annual information statement for the last fiscal year of the plan ended on the date of the actuarial valuation, must be paid to the Board for each full month of delay, up to the amount of those fees.

*Adopte*



Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 12

**AMENDMENT:**

Replace by:

**12.** The automatic indexation of the pension of members who are retired on 31 December 2013 may be suspended in whole or in part by the municipal body from 1 January 2017 if it is shown in an actuarial valuation established on the basis of the data as at 31 December 2015 that the pension plan is not fully funded. In such a case, the retired members and the municipal body assume the deficiencies attributable to the retired members in equal parts, except if the municipal body decides to assume a greater portion, up to 55%. If the value of the suspension is greater than the portion of the deficiencies that must be assumed by the retired members, the balance continues to be paid to the retired members in the form of a partial automatic indexation.

If the deficiencies identified in the actuarial valuation established on the basis of the data as at 31 December 2015 are greater than those identified in the actuarial valuation established on the basis of the data as at 31 December 2013, the value of the indexation suspension is based on the latter valuation.

If the automatic indexation of retired members' pensions has been suspended and the surplus assets with respect to service prior to 1 January 2014, defined in the second paragraph of section 15, are identified in an actuarial valuation subsequent to that established on the basis of the data as at 31 December 2015, the pension of the retired members is increased in the year following that actuarial valuation, on the indexation date specified in the pension plan. The increased pension is equal to the pension that would have been paid under the plan had there not been an indexation suspension since the preceding actuarial valuation. If the surplus assets are insufficient to cover the whole increase, the adjustment is to be made on the basis of the surplus available to finance the increase.

If any surplus assets remain after the application of the preceding paragraph, the pension is to be indexed annually, in whole or in part, using the

1/2



formula in the pension plan on 31 December 2013, until the next complete actuarial valuation, taking into account any partial automatic indexation. At no time may the pension be greater than the pension that would have been paid under the plan if the indexation had not been suspended under this Act.

The indexations under the third and fourth paragraphs must be established at each actuarial valuation subsequent to that established on the basis of the data as at 31 December 2015 if surplus assets defined in the second paragraph of section 15 are identified.

The portion of the deficiencies attributable to the municipal body must be reimbursed over a 15-year period and the deficiencies cannot be consolidated.

Any new deficiency attributable to members who are retired on 31 December 2013, identified in an actuarial valuation subsequent to 31 December 2015, is borne by the municipal body.

Adopte  
/

2/2

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 57.1

**AMENDMENT:**

Insert after section 57:

**57.1.** The Minister must, not later than 1 December 2019, report to the Government on the implementation of this Act.

The report is tabled in the National Assembly within 30 days or, if the Assembly is not sitting, within 30 days of resumption.

Adopté  


AM 42  
s. 6

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 6

**AMENDMENT:**

Replace “determined” in the first paragraph by “provided for”.

*Adopte*  


Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Section 29

**AMENDMENT:**

Replace “on receiving the report provided for in section 28 from the conciliator” in the second paragraph by “as soon as they receive the conciliator’s report provided for in section 28”.

Accepte  
/

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Heading of Chapter II.1

**AMENDMENT:**

Insert after section 17:

**CHAPTER II.1**

RESTRUCTURING OF THE RÉGIME DE RETRAITE DES EMPLOYÉS  
MUNICIPAUX

Adopté  
14

AM 45  
Chap. II, Div. III, subdivs. 1 and 2, headings

Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Headings of subdivisions 1 and 2 of Division III of Chapter II

**AMENDMENT:**

Insert “§ 1. — *Members who are active on 1 January 2014*” before section 8 and  
“§ 2. — *Members who are retired on 31 December 2013*” before section 12.

Adopte  


Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Heading of Chapter II

**AMENDMENT:**

Replace by:

RESTRUCTURING OF PENSION PLANS ESTABLISHED BY A  
MUNICIPAL BODY

*Adopte*  


Bill 3

**An Act to foster the financial health and  
sustainability of municipal defined  
benefit pension plans**

Heading of Chapter III

**AMENDMENT:**

Replace by:

RESTRUCTURING PROCESS FOR PENSION PLANS ESTABLISHED BY A  
MUNICIPAL BODY

*Adopte*