



June 25, 2020

**TO: REGIONAL VICE PRESIDENTS
BRANCHES & FACILITIES**

OSFI Update – Commuted Values

Members will recall from previous updates ([April 7](#) and [May 29](#)) that OSFI had placed a temporary portability freeze on transfers from Federally Regulated Private Pension Plans. This had an impact on members ability to transfer the commuted value of their pension if eligible. This measure was taken because of the COVID-19 pandemic effect on the financial and economic environment and the resulting market volatility which in turn placed stress on pension plans.

As the COVID-19 situation has evolved, OSFI has made changes to the freeze which include the ability for individual pension plan administrators to request consent to resume transfers from pension plans. This consent will be given based on the current health of the pension plan and specific conditions to protect the future of the plan. As previously communicated, CATCA enlisted the services of our independent pension legal advisor to provide us with opinions on all of the changes which have occurred. Shortly thereafter, CATCA began a dialogue with NAV Canada on the freeze and the effect it was having on our membership.

On June 1st, NAV Canada, with CATCA's support, submitted an application to OSFI requesting the Superintendent grant consent to transfer commuted values with certain conditions. In response, the Superintendent has granted consent with the following conditions:

- Pay 90% (funded status of NC Pension Plan) with the remaining 10% paid with accrued interest at the earlier of five years after termination date or when the NCPP becomes 100% funded
- Smaller amounts (less than \$28K) will be able to be paid in full;
- While the consent is open-ended, if the solvency ratio falls below 85% or lump sums exceed \$35M, NAV will have to request further approval to continue payments.

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We trust this development is good news for our members who are in a position to take the commuted value of their pension benefit while at the same time protecting the health of the pension plan for the remaining members. We believe OSFI has found the right balance during these unprecedented times.

On Behalf of the Executive Board;

Doug Best
Executive Vice President