July 30, 2010

Pension and Employee Benefits Law Briefing Note

CHANGES TO INVESTMENT RULES

by Megan Kaneen

A recent change to the federal investment rules in the *Pension Benefits Standards Regulations, 1985* (Canada) came into effect on July 1, 2010. In addition to federally regulated pension plans, this change will impact sponsors of provincially regulated pension plans in provinces where the federal investment rules have been incorporated into the provincial pension legislation. These provinces include, among others, British Columbia, Alberta, Saskatchewan and Manitoba.

The change to the investment rules removes the 5, 15 and 25% quantitative investment limits regarding resource and real property investment, which were considered unnecessarily cumbersome. These limits previously set upper boundaries on the amount of resource and real property investments in which pension plans were permitted to invest. Accordingly, pension plan sponsors may wish to amend their statements of investment policies and procedures ("SIPPs") if those SIPPs articulate these now defunct investment limits.

Please note that all other quantitative investment limits, including the 10% rule which provides that a plan administrator may not directly or indirectly lend money of the plan equal to more than 10% of the total book value of the plan's assets in any one person, two or more associated persons or two or more affiliated corporations, <u>are still in place</u>. We will report on any further changes to the investment rules that come into effect.

If you have any questions about the implications of changes to the resource and real property limits on your SIPP, please contact a member of our Pension and Employee Benefits Group.

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