

## Chapter 31

# Finance—Public Employees Benefits Agency: Effectively Informing Certain Pension Plan Members

### 1.0 MAIN POINTS

By June 2020, the Ministry of Finance, through its division called the Public Employees Benefits Agency, improved its process to keep members of the Municipal Employees' Pension Plan sufficiently informed.

The Agency implemented a recommendation we first made in 2019 by providing retiring and terminating members of the Municipal Employees' Pension Plan information within 90 days as legally required.

Providing pension plan members with timely pension information helps members make informed decisions. It also helps strengthen member trust in the pension plan in which they participate.

### 2.0 INTRODUCTION

#### 2.1 Background

The Ministry of Finance operates and provides administration services to various government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments through its division called the Public Employees Benefits Agency.<sup>1</sup>

The Agency, in its administration role under an agreement with the Municipal Employees' Pension Commission, must inform the approximately 16,000 active pension plan members about key information relating to the Plan (e.g., contributions, years of service, investment options and related risks, amendments, entitlements, and obligations).<sup>2,3</sup>

Failure to provide information required by law, or failure to provide certain information timely to members may lead to potential litigation. This can also limit the members' ability to make effective decisions. Effective and timely communication processes improve members' understanding of the pension plan and assist in facilitating informed decision-making.

#### 2.2 Focus of Follow-Up Audit

This chapter describes our follow-up audit of management's actions on the recommendation we made in 2019.

In 2019, we assessed the Ministry of Finance—Public Employees Benefits Agency's processes to effectively inform members of certain pension plans. Our *2019 Report* –

<sup>1</sup> The Agency has agreements with Boards of each of the pension plans to operate, administer, and manage the plan. Each of these agreements include specific services relating to communications with members and participating employers.

<sup>2</sup> *Government of Saskatchewan Public Accounts 2019-20*, p.54.

<sup>3</sup> *The Pension Benefits Act, 1992*, s.13(1).



*Volume 1*, Chapter 5, concluded for the 12-month period ending December 31, 2018, the Agency had, other than the recommendation, effective processes to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed.

We recommended the Agency give retiring and terminating members of the Municipal Employee's Pension Plan all required information within 90 days as required by law.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Agency's progress toward meeting our recommendation, we used the relevant criteria from the original audit. The Agency's management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with management and reviewed key documents provided by management.

## 3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 30, 2020, and the Agency's actions up to that date.

### 3.1 Retirement and Termination Information Issued Timely

***We recommended the Ministry of Finance—Public Employees Benefits Agency provide Municipal Employees' Pension Plan terminating and retiring members with all legally required information within timeframes required by law.*** (2019 Report – Volume 1, p. 69, Recommendation 1; Public Accounts Committee agreement February 26, 2020)

**Status**—Implemented

The Agency consistently gave terminating and retiring members legally required information within 90 days of its receipt of retirement and termination notifications as Sections 14 and 15 of the *Pension Benefits Regulations, 1993* require.

For each of the 15 retirements we tested, members received the expected pension benefit information (i.e., amount of contributions, years of service, investment options, pension calculations, death and survivor benefits, entitlements and obligations) within 90 days of the Agency's receipt of the member application.

For 13 of 15 terminations we tested, members received relevant information on account balances and options available (e.g., transfer money to another pension plan, transfer some amount to a Registered Retirement Savings Plan, or withdraw money) within the regulated timeframe of 90 days of the Agency's receipt of the member termination notice. For the other two members, additional information was not required as each member communicated with the Agency at the time of termination.

Providing pension plan members with relevant and timely information helps members make informed decisions. It also helps strengthen their trust in the pension plan.