

Independent Trustee Requirement

If the IPP is set up under an "individual trustee" arrangement (i.e. NOT under an insurance contract or with a corporate trustee), there is a requirement in some provincial legislation that at least one of the trustees is an "Independent Trustee" as defined below.

The provinces whose legislation has this requirement (for IPPs registered with the province) are as follows:

- Alberta
- Saskatchewan
- Ontario
- New Brunswick
- Nova Scotia
- Newfoundland

The legislation in all other provinces and the Federal Pension Benefits Standards Act does not contain this requirement.

Definition of Independent Trustee

A person who is not a significant shareholder, partner or employee of the employer or a proprietor of the business of the employer.

Significant shareholder means, in relation to an employer that is a corporation, an individual who, alone or in combination with the individual's parent, brother, sister, pension partner or child, owns or has a beneficial interest, directly or indirectly, in shares that represent 10% or more of the voting entitlement attached to all the shares of the employer.