



ACPM/ACARR

The Association of Canadian Pension Management

L'Association canadienne des administrateurs de régimes de retraite

CAPSA Secretariat
5160 Yonge Street
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Monday, December 12, 2011

Dear Sirs/Mesdames:

Thank you very much for the opportunity to comment on CAPSA's strategic plan for 2012 to 2015.

The Association of Canadian Pension Management (ACPM) is the informed voice of Canadian pension plan sponsors, administrators and their allied service providers. Established in 1976, ACPM advocates for an effective and sustainable Canadian retirement income system. Our members are drawn from all aspects of this industry from one side of this country to the other. They represent over 400 pension plans consisting of more than 3 million plan members, with assets under management in excess of \$330 billion.

ACPM promotes its vision for the development of a world-leading retirement income system in Canada by championing the following Guiding Principles:

- Clarity in legislation, regulations and retirement income arrangements;
- Balanced consideration of other stakeholders' interests; and
- Excellence in governance and administration

ACPM regularly advocates and participates in public dialogue on pension issues. ACPM believes that it is possible for the government and those charged with the responsibility of regulating pension plans to create an environment in which pension plans can flourish and continue to be an important part of retirement income security for Canadians.

Many of our goals are consistent with those of CAPSA. We strongly support CAPSA in its role of promoting "simplification, harmonization and co-ordination" of the regulation of pension plans and congratulate CAPSA in its policy achievements to date.

We note in particular:

- The development of the CAP Guidelines, that was a remarkable example of uniformity not only among pension regulators but also among security and insurance regulators. We also note the valuable consultation process that resulted in industry buy-in.
- The development of the Governance Guidelines, that have been of great assistance in improving standards of pension plan governance, again with a robust consultation process.
- The development of the Guideline on Fund Holder Arrangements.
- The considerable achievement of CAPSA in finalizing the multi-jurisdictional agreement.

We look forward to the investment practices and funding policy guidelines, trusting that CAPSA has taken account of the industry comments made during the consultation process.

We were not aware of the National Pension Compliance Officers' Association, but it would seem to be extremely useful in training regulatory staff.

First, as to initiatives within CAPSA's jurisdiction, we urge that all efforts be made within CAPSA, and using the influence of its members with their governments, in having the multi-jurisdictional agreement adopted by all Canadian jurisdictions. Otherwise the multi-lateral agreement may give rise to even more complexities and uncertainties than the situation as it exists without such an agreement. Further, there are a number of areas not encompassed by the multi-lateral agreement, and there may be issues that arise from new legislation that were not contemplated in the present form of the agreement. We would like to see progress made in the further development of the multi-lateral agreement so that those matters are encompassed to make that agreement even more comprehensive. We also urge that a commitment be made by CAPSA, to review the agreement, after a reasonable period of time, with consultation, to test for problems.

Secondly, we have chosen to interpret your condition that initiatives must be "within the mandate of pension regulators" broadly. We recognize that legislation is not the purview or mandate of the members of CAPSA. We do however recognize the influence its members have on their respective governments.

Many of the ACPM priorities require legislative "fixes". We would like to see legislation enabling target benefit plans; we would like to see the use of letters of credit for solvency funding purposes in all Canadian jurisdictions; we would like to see permanent legislative solutions to the issues as to solvency funding. We would like to see a coherent and realistic solution to deal with members that cannot be located.

At this time, in the fall of 2011, we are looking forward to legislation from all jurisdictions enabling pooled registered pension plans ("PRPPs"). We understand that PRPP legislation will be shortly forthcoming from the federal government, at least in draft form. The ideal would be for the other jurisdictions to simply adopt the federal legislation by reference. However, we recognize that there may be issues respecting PRPPs upon which all governments will not agree.

Such legislation is much less useful, and gives rise to higher administrative costs, when it is not uniform or at least substantially harmonized across Canada. This will be particularly true in the case of PRPPs which must be low cost if they are to maximize the retirement savings of the plan members.

Accordingly we urge that CAPSA members use their influence to persuade their respective governments to harmonize legislation dealing with new developments, and in particular in respect of PRPPs.

We believe, regretfully, that the achievement of the agreement of governments across Canada to adopt a model pension law is highly unlikely. Accordingly in summary we believe CAPSA's efforts should be directed to uniformity in new pension legislation and in expanding the application of and adoption of the multi-lateral agreement.

You have also asked how the foregoing ACPM proposals would advance CAPSA's goals, who would benefit, and how results could be measured. It seems self evident that the harmonization of new legislation and the adoption of the multi-lateral agreement by all jurisdictions would simplify and harmonize regulatory requirements, while protecting member entitlements. The costs of administering pension plans would be decreased; this could be



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readily measured objectively over a period of years. Where costs are decreased, plan sponsors usually directly; plan members either directly or indirectly, depending on how administrative costs are borne in an individual plan.

Again, we thank you for the opportunity to provide input towards CAPSA's upcoming strategic plan, and as always, are most willing to assist CAPSA's efforts in any way through its consultation processes.

Yours sincerely,

Bryan Hocking
Chief Executive Officer