

February 6, 2009

The Honourable Dwight Duncan
Minister of Finance
Government of Ontario
Frost Building South, 7th Floor
Toronto, ON M7A 1Y7

Dear Minister:

The 2009 Provincial Budget and Pension Plan Issues

The Association of Canadian Pension Management is the informed voice of Canadian pension plan sponsors, plan administrators and their allied service providers. First established in 1976, ACPM has over the years gained a solid reputation as being an outspoken advocate for an effective and fully sustainable retirement income system in Canada. ACPM's Individual Members and Institutional Members alike are drawn from all of the various industry sectors. They represent approximately 3 million plan members of more than 300 pension plans with total assets in excess of \$300 billion.

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

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

The ACPM is currently working on a detailed submission to the Ontario Expert Commission on Pensions in response to their recently released Report, *A Fine Balance*. In the meantime, on behalf of the Ontario Regional Council of the ACPM, I would like to take this opportunity to repeat our longstanding views on the following key issues:

1. Solvency relief for pension plan sponsors

We support, for the most part, the government's recent proposal to provide solvency funding relief for pension plans. The ACPM has long held the view that solvency rules need to be carefully reassessed in the context of today's environment, to assess whether they are accomplishing objectives of benefit security or causing undue hardship either to plan sponsors or plan members.

We believe that the proposed relief measures provide the flexibility that is needed for plan sponsors to effectively manage their business and cashflows during these turbulent times.

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While we believe the proposed relief measures will help, linking them to member approval will make it very difficult if not impossible for many employers to actually take advantage of the relief. We therefore strongly urge the Government not to impose such a requirement on a plan sponsor who wishes to take advantage of this relief. We propose instead that a plan sponsor be required to inform the membership of its intention to apply the solvency relief measures to the funding of the pension plan. This communication requirement promotes transparency among stakeholders without unduly tying the plan sponsor's hands.

We urge the Government to adopt proposed solvency relief measures announced on December 16, 2008, subject to our qualifications mentioned in the foregoing paragraph.

2. Pension Harmonization

In January 2004, following three years of internal efforts and collaboration with an industry advisory committee, a Task Force of the Canadian Association of Pension Supervisory Authorities (CAPSA) released draft principles for a Model Pension Law for widespread stakeholder discussion. The ACPM immediately established a national task force which reviewed the proposals and submitted a detailed comment letter on the 46 principles. The Association has been actively involved in advising CAPSA on next steps.

More recently, ACPM has provided detailed comments to the CAPSA Secretariat on the draft Multi-Jurisdictional Agreement (MJA). Such an agreement is very much needed by the pension industry to give certainty to, and in some cases to give sanction to the existing administration of multi-jurisdictional plans.

We trust that efforts towards greater uniformity of pension legislation will not stop with the MJA. We observe the reports of the Expert Commissions in Ontario, Alberta/British Columbia and Nova Scotia. If their respective recommendations are adopted in the jurisdictions to which they relate, there will be further departures from uniform pension legislation across Canada.

We support the efforts of CAPSA to address the existing variances in pension legislation and hope that these efforts will not be derailed by those reports. We remain of the view that many of the minor uniformity irritants could be removed if the various legislatures conferred rule-making power upon their respective regulatory authorities and CAPSA worked together with the industry as it did so effectively with the CAP Guidelines.

ACPM urges the Ontario government to play a proactive role in harmonizing pension legislation across Canada. Of all Canadian provinces, Ontario is home to the largest single concentration of multi-jurisdictional plan sponsors. As such, Ontario has the most interest in achieving harmonized national pension rules.

3 National Pensions Summit

In connection with the harmonization of pension laws across Canada, the ACPM would like to reinforce its long-standing call for a national summit of federal and provincial Cabinet Ministers who are responsible for pensions in Canada. There are a number of issues that must be addressed and, for the sake of uniformity, it makes sense that the process bring together all

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ministers, federal and provincial, who are responsible for pension matters. What better time to form a national pension summit than now, with three other provinces as well as the federal government having commissioned expert panels similar to Ontario's OECP to review the pension system in their respective jurisdictions? The recommendations of these expert bodies could naturally form the basis for meaningful discussions at a national summit of responsible ministers. We urge Ontario to take the lead in such an initiative.

We look forward to discussing these issues further with you and your policy advisors in the coming months.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan D. Hocking', written over a large, faint, circular watermark or stamp.

Bryan D. Hocking
Chief Executive Officer

Scott Perkin, President, ACPM
Dan Markovich, Chair, ACPM Ontario Regional Council
Hugh Kerr, Chair, ACPM Advocacy & Government Relations Committee