



ACPM | ACARR

The Association of Canadian Pension Management
L'Association canadienne des administrateurs de régimes de retraite

March 27, 2013

The Honourable Gail Shea
Minister of National Revenue
7th Floor
555 MacKenzie Avenue
Ottawa ON K1A 0L5

Dear Minister Shea:

Re: Access to Canada Revenue Agency Database For Pension Administration Purposes

I am writing on behalf of the Association of Canadian Pension Management (“ACPM”). ACPM is the informed voice of Canadian retirement income plan sponsors, administrators and their allied service providers. We are a non-profit organization and our objective is to advocate for an effective and sustainable Canadian retirement income system. Our membership represents over 400 retirement income plans consisting of more than 3 million plan members, with assets under management in excess of \$330 billion.

The ACPM has a broad membership consisting of experts that are drawn from different industry segments and all regions of Canada. Its members have a strong interest in retirement income policy.

The ACPM has identified a significant issue of interest to pension plan administrators throughout Canada. Specifically, as the population ages, many pension plans’ retirees and survivors (where the retiree has died and his or her spouse is receiving survivor benefits) are living longer. However, pension plan administrators do not have an accessible and efficient means of performing periodic audits to ensure that only proper beneficiaries are receiving pension benefits payable from registered pension plans. There are many instances in which, despite the best efforts of plan administrators, benefits continued to be paid to illegitimate recipients after the retiree and/or survivor has passed away. Even where audits have been performed and letters are sent requesting confirmation as to the living status of a retiree or survivor, current administration practices rely mainly on the honour system, and pension plans have been adversely affected as a result. This issue raises both fiduciary concerns as well as regulatory considerations. Specifically, registered pension plans are prohibited under the *Income Tax Act* and Regulations from paying out lifetime benefits after the death of the last rightful beneficiary (i.e., the member or the member’s survivor). Failure to comply with the *Income Tax Act* conditions regarding registered pension plans can result in a plan losing its registered status.

In order to minimize potential liability to registered pension plans and to ensure ongoing compliance with the *Income Tax Act* and Regulations regarding permissible benefits, it would be of great assistance if plan administrators could access a central database to confirm whether pension

recipients are living or deceased. After careful consideration, ACPM is requesting that the Canada Revenue Agency permit pension plan administrators to access its records to confirm whether a beneficiary is living or deceased. The Canada Revenue Agency is a body of national scope and upon the death of all Canadian residents the Canada Revenue Agency is informed through the processing of the deceased's final income tax assessment in the year of the death. Therefore, the Canada Revenue Agency has a central archive that if accessible to pension plan administrators would provide an effective and efficient means of performing administrative audits of retirees and survivors in receipt of benefits.

The ACPM is proposing that a system be established whereby pension plan administrators could provide a list of names and Social Insurance Numbers to the Canada Revenue Agency to inquire as to the living or death status of each individual. The pension plan administrator would not be provided with any additional information. As registered pension plans are registered with the Canada Revenue Agency, it can ensure that only qualified plan administrators are making such audit requests. If necessary, a nominal fee, similar to the fee charged for National Search Unit searches performed by the Human Resources and Skills Development Canada, may be reasonable to charge plan administrators seeking to access the Canada Revenue Agency's records.

An arrangement such as the proposal above would be of great assistance to pension plan administrators throughout Canada and would assist in the minimization of the fraudulent receipt of benefits for which pension plans are at risk.

Once you have reviewed the above proposal, representatives of the ACPM would be pleased to meet with any representatives of the Department of National Revenue and the Canada Revenue Agency. We have also provided a copy of this letter to the Privacy Commission of Canada.

We look forward to receiving a response at your earliest convenience.

Yours very truly



Bryan Hocking
Chief Executive Officer, ACPM

cc: Danielle Laflèche, Canada Revenue Agency, Director General, Registered Plans Directorate
Jennifer Stoddart, Privacy Commissioner of Canada