



July 20, 2015

VIA E-MAIL

Pension Policy Branch
Minister of Finance
5th Floor, Frost Building South
7 Queen's Park Crescent
Toronto, Ontario M7A 1Y7

Email: pension.feedback@ontario.ca

RE: Proposed Amendments to Funding Rules in General Regulation 909 under the Pension Benefits Act: Contribution holidays/Actuarial gains/Benefit improvements (the "Proposed Amendments")

To Whom It May Concern:

The Association of Canadian Pension Management (ACPM) is a national, non-profit organization acting as the informed voice of plan sponsors, administrators and their service providers in advocating for improvement to the Canadian retirement income system. Our membership represents over 400 companies and retirement income plans that cover more than 3 million plan members.

We would like to address an additional issue, which we did not mention in our June 12, 2015, submission relating to the Proposed Amendments.

The Proposed Amendments note that a contribution holiday cannot reduce the transfer ratio of a plan below 1.05. We note that the use of the transfer ratio includes the value of benefits excluded for the purpose of determining solvency liabilities. This condition for taking a contribution holiday is more restrictive than the temporary contribution holiday legislation that was in effect prior to 2013, which was based on solvency liabilities. The difference between the transfer ratio and the solvency ratio could be significant for plans which exclude benefits in their solvency valuation (e.g. escalated adjustments), so the decision as to which measure to use for this purpose could significantly impact plan sponsors.

Using the transfer ratio instead of the ratio of solvency assets to solvency liabilities could result in plans having significant excesses on a going concern and solvency valuation basis, but being unable to take a contribution holiday if the transfer ratio is less than 1.05. Accordingly, if the transfer ratio is going to be used as the measure to determine the right to take contribution holidays it would seem that, at a minimum, pension plans which are currently taking contribution holidays should continue to be entitled to take contribution holidays on the basis of solvency liabilities rather than the transfer ratio.

ACPM appreciates the opportunity to comment on these issues. Should you have any questions about or wish to discuss the content of this letter, please feel free to contact us at any time.

Sincerely,



Bryan D. Hocking
Chief Executive Officer