



ACPM/ACARR

The Association of Canadian Pension Management

L'Association canadienne des administrateurs de régimes de retraite

April 23, 2009

Hon. Mark Parent  
Minister of Labour and Workforce Development  
5151 Terminal Road, 6th floor  
Halifax, NS B3J 2T8

Dear Mr. Parent:

**RE: NOVA SCOTIA PENSION REVIEW PANEL'S JANUARY 27, 2009 FINAL REPORT "PROMISES TO KEEP"**

### **About the ACPM**

The ACPM is the informed voice of Canadian pension plan sponsors, administrators and their allied service providers. Established in 1976, the 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.

The 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
- Excellence in governance and administration.

The ACPM regularly advocates and participates in public dialogue on pension issues.

### **ACPM's Interest in the Report**

The ACPM is very pleased that the Pension Review Panel has completed its assigned mandate and has provided the Nova Scotia Government with its report regarding pension reform in the Province. The ACPM has been very committed to this review process, having made submissions, providing the Panel with its perspectives on pension reform.

## 2.

The Panel members are to be commended for their efforts addressing the difficult issues affecting the pension system in Nova Scotia. We encourage the Government to initiate further discussions with stakeholders in order to advance pension reform in the Province. In particular, we note that the Governments of Alberta, British Columbia, and Ontario have each solicited public input on the final reports issued in each of those jurisdictions. We believe that the Nova Scotia Government would benefit from the further input of stakeholders, when considering the final report. We urge you to establish a period for public consultation on the final report.

The ACPM has reviewed the Panel's final report entitled *Promises to Keep* (the "Report") with great interest. In this letter, we offer general comments on the Recommendations contained in the Report.

### **General Comments**

In many ways, the current system of pension regulation in Nova Scotia is strong. In other ways it is lopsided and unfair, and discourages plan sponsors from establishing new pension plans and funding existing plans beyond the minimum regulatory financing requirements. A greater sense of balance and fairness needs to be brought to the legal and regulatory context of pensions in Nova Scotia. That would be an excellent way for the government to encourage the growth and health of defined benefit (DB) pension plans.

Our reaction of the Report's Recommendations can be summarized as follows:

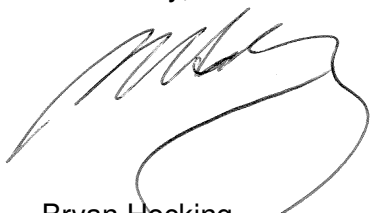
1. Even though they propose some positive measures (e.g. elimination of partial wind-ups), the ACPM believes that the Report's Recommendations will not stem the decline of DB pension plans. The Report does little to encourage new DB plans.
2. The ACPM recommends that the government consider the best ideas of all of the recent expert review panels. In particular, the ACPM supports the package of recommendations proposed by the Alberta/British Columbia Joint Expert Panel on Pension Standards (JEPPS) in its report "*Getting Our Acts Together*", including the JEPPS recommendations regarding pension security funds and "ring fencing" of legacy surplus issues.
3. The proposed Target Benefit Plan holds great promise for increased pension coverage, provided joint governance is optional and not required.
4. Any reform to the legislation must deal with legacy issues and provide a means to transition from existing structures to the new proposals.
5. The impact of traditional trust law needs to be examined. The ACPM believes that traditional trust law rules are inappropriate for workplace pension arrangements.
6. Changes to pension legislation in Nova Scotia should be made as far as possible in harmony with changes in the laws in other Canadian jurisdictions. In particular, we are concerned with the Recommendation that would create a unique commuted value calculation in Nova Scotia, producing inequities between Nova Scotia members and members employed in other provinces.

3.

The ACPM is also very concerned by the new "Accrued Benefit" funding model for DB pension plans in Nova Scotia, as proposed by the Panel in its interim Position Paper late last year. Clearly missing from the proposal was any comparative actuarial analysis that might assist plan sponsors and their advisors to fully understand the implications of this new model, and how it would change the current funding regime in that Province. We reiterate the concerns that were expressed about the new funding basis in our written response (dated November 20, 2008) to the Position Paper. The ACPM also believes that the implementation of a revised funding regime should be considered in harmony with other Canadian jurisdictions.

We urge the government to act quickly and take advantage of this historic opportunity to improve and expand pension coverage in Nova Scotia. We are engaged in discussing the proposed changes to pension law and would be pleased to discuss our comments further as you may require.

Yours truly,

A handwritten signature in black ink, appearing to read "Bryan Hocking", written over a large, faint, oval-shaped watermark or background mark.

Bryan Hocking  
Chief Executive Officer  
Association of Canadian Pension Management