



ACPM/ACARR

The Association of Canadian Pension Management

L'Association canadienne des administrateurs de régimes de retraite

April 15, 2009

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

Dear Mr. Parent:

### **SOLVENCY RELIEF FOR NOVA SCOTIA PENSION PLANS**

The current economic crisis is creating tremendous challenges for Defined Benefit (DB) pension plans. It can be expected that plan sponsors and administrators who need to file an actuarial valuation at December 31, 2008 will face huge increases in required contributions. The Association of Canadian Pension Management (ACPM) has noted with satisfaction that almost all jurisdictions in Canada have announced over the last few months that special solvency relief measures are being implemented to help pension plans deal with this crisis and mitigate the contribution increases. However the ACPM is concerned about the fact that Nova Scotia has not yet announced any such relief measures. The ACPM respectfully recommends that your government rapidly analyze this matter and consider implementing similar relief measures for pension plans registered in Nova Scotia.

The ACPM is aware that your government has recently obtained final recommendations from the Pension Review Panel, chaired by Mr. Bill Black, and is concerned about the Panel's recommendation (reference page 66), that temporary solvency relief measures should not be implemented. Their suggestion to perform an unscheduled actuarial valuation at an interim date, such as June 30, 2008, does not represent, from ACPM's point of view, a reasonable approach in most cases. The Panel also explains that their recommendations for permanent changes will provide some form of relief and could be implemented as early as the beginning of 2010.

We are aware that in recent testimony to the NS Public Accounts committee of the legislature, the Superintendent of Pensions indicated that many of Nova Scotia's pension plans had filed a valuation report at December 31, 2007 and that another assessment will not be required until 2010. While this may provide a potential solution for those plans, it affords no protection to those plans that did not file at December 31, 2007. Of those plans that are in deficit another solution is required in the near term.

We respectfully submit that following the Panel's recommendation to perform an unscheduled valuation is not sufficient to allow Nova Scotia's DB plan sponsors to face the repercussions of the current economic crisis. Furthermore, not allowing them temporary financial relief that is similar to other jurisdictions may have the effect of imposing a competitive disadvantage.

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We urge your government to act quickly and announce temporary solvency relief measures that are similar to most other jurisdictions. If this is not done, there may be a risk that the Panel's recommendations, which in theory are intended to improve and expand pension coverage in Nova Scotia, would come too late for some pension plans, or possibly even employers, which might find the short term financial burden too heavy to survive until your permanent reform.

We would be pleased to discuss our comments further as you may require.

### **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.

Sincerely,



Bryan D. Hocking  
Chief Executive Officer