



ACPM/ACARR

Thursday October 30, 2008

Mr. Glenn McAllister
Actuarial Consultant
Private Pension Plans Division
Office of the Superintendent of Financial Institutions

Via email at gmcalli@osfi-bsif.gc.ca

**RE: Draft Instruction Guide
for the Preparation of
Actuarial Reports for Defined Benefit Pension Plans**

Dear Mr. McAllister:

The Association of Canadian Pension Management (ACPM) is the informed voice of Canadian retirement income plan sponsors, administrators and their allied service providers. The Association advocates policies and activities that promote the growth and health of Canada's retirement income system. The ACPM champions the following principles:

- Clarity in pension legislation, regulation and arrangements;
- Good governance and administration; and
- Balanced consideration of stakeholder interests.

The ACPM's 570 corporate and individual members represent plan sponsors, plan administrators and service providers to the Canadian pension industry. We make the following submission to highlight some of the important issues contemplated in the Draft Instruction Guide. Our submission focuses on what ACPM considers to be some key issues.

We appreciate the greater clarity provided by the proposed Instruction Guide. However, we note that the Instruction Guide would require presenting additional information elements in actuarial valuation reports. Some of these elements would not be very useful for the understanding of valuation results by plan administrators and plan sponsors. Consequently, we are concerned that the fees for the preparation of actuarial valuation reports would increase without additional value for the main users of these reports. Non-essential additional information elements might include:

- asset mix ranges or target asset mix stipulated in the plan's investment policy;
- the actuary's intentions for future valuations* with respect to the asset valuation method and the actuarial cost method used for the going concern valuation;
- quantification of the components making up the going concern liability discount rate; and
- where more than one going concern actuarial assumption is being changed, separate disclosure of the impact of each change.

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- * We observe that the value of this information is minimal where the plan actuary's mandate is valid only for the current valuation.

With the objective of avoiding undue increases in defined benefit plans' costs we urge OSFI to impose disclosure requirements for actuarial valuation reports that focus on providing relevant and essential information to plan administrators and plan sponsors.

Please feel free to contact me at your convenience if I can be of further assistance in this process.

Sincerely,

Bryan Hocking
Chief Executive Officer
Association of Canadian Pension Management