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

[UNOFFICIAL ENGLISH VERSION]

February 10, 2012

Mr. Denys Jean
President and Chief Executive Officer
Régie des rentes du Québec
Place de la Cité
2600 Laurier Boulevard, 5th floor
Québec, QC G1V 4T3

Subject: Regulation providing for temporary relief measures relating to the funding of actuarial solvency deficiencies

Dear Sir,

Established in 1976, The Association of Canadian Pension Management (ACPM) advocates for an effective and sustainable retirement income system in Canada. Individual and executive members of ACPM come from a wide range of industries. They represent approximately three million members of more than 300 pension plans with total assets in excess of $300 billion.

ACPM supports its vision for a world-class retirement income system in Canada by advocating for the following principles:

Clarity in retirement income legislation, regulations and instruments;
Balanced consideration of the interests of all stakeholders;
Excellence in plan management and administration.

ACPM is pleased to provide comments on the draft regulation entitled *Regulation Providing for Temporary Relief Measures Related to the Funding of Actuarial Solvency Deficiencies* (the "Draft Regulation") which was published in the Gazette officielle du Québec on December 28, 2011.

We commend the Government of Québec for its prompt response to the significant increase in solvency contributions that would result from the December 31, 2011 actuarial valuations of defined benefit pension plans if no relief was provided. The combination of lower interest rates and poor investment returns in 2011 will result in significantly higher solvency deficits for many pension plans. The implementation of the relief measures in the Draft Regulation will go a long way to helping plan sponsors overcome these challenges.

We also appreciate the simplicity of application of the measures proposed in the Draft Regulation, including the fact that the complicated base valuation rules that were included in the 2009-2011 mitigation measures are not being repeated.

We believe that it would be important to clarify what will happen at the end of the period of application of the measures proposed in the Draft Regulation, in particular how solvency contributions are to be determined in the December 31, 2013 actuarial valuation. In this regard, we propose to insert in the Draft Regulation specific provisions that are identical to those that would have been applied at the end of the 2009-2011 mitigation measures, i.e. restart the amortization of the entire solvency deficiency of the plan over a new five-year period.

We hope that the government will move quickly to adopt the Draft Regulation in order to eliminate the uncertainty for plan sponsors and pension committees regarding the minimum required contributions in 2012 as soon as possible.

ACPM believes that we need more responsive and pragmatic permanent funding rules. We support the government's establishment of the Expert Panel currently examining the future of pensions. We are confident that the panel's recommendations will aim to establish a new set of rules that will provide plan sponsors with more flexibility and incentives to better fund pension plans, while maintaining a reasonable level of benefit security. ACPM looks forward to participating in the work of the Expert Panel.

Yours sincerely,

Chair of the Québec Regional Council,

Jacques Fontaine

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