



[UNOFFICIAL ENGLISH VERSION]

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BY E-MAIL

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Subject: Draft Regulation to amend the *Regulation respecting supplemental pension plans* published on December 27, 2023

Mr. Dufresne,

The Association of Canadian Pension Management (“**ACPM**”) is the leading advocacy organization for a balanced, effective and sustainable retirement income system in Canada. Our private and public sector retirement plan sponsors and administrators manage retirement plans for millions of plan members, including both active plan members and retirees.

We are pleased to provide you with the ACPM’s comments on the draft *Regulation to amend the Regulation respecting supplemental pension plans* (“**Draft Regulation**”) published on December 27, 2023.

First, the ACPM welcomes the initiative to give Quebecers more flexibility in the unlocking of savings, which will allow those with other assets to integrate them more fully in their retirement decumulation strategy and in the deferral of their Québec Pension Plan (“**QPP**”) retirement pension. We believe that deferring the QPP retirement pension is a highly attractive strategy for Quebecers, and the additional flexibility in the unlocking of savings adds a useful tool to take full advantage of it.

We understand that the Draft Regulation follows consultations with various industry stakeholders in 2022 with a view to modernizing Québec’s rules for the unlocking of savings. The ACPM participated in those consultations and was in favour of greater flexibility and simplicity in the unlocking rules but supported a scenario that provided for more gradual unlocking of savings. We understand that Retraite Québec did not favour that scenario. As a result, we will not revisit the various scenarios suggested in 2022, but rather focus our comments on the scenario presented in the Draft Regulation.

We had also suggested clear and consistent communication to help savings-holders understand the potential benefits of deferring their QPP retirement pension, as well as the impact of the new unlocking rules. We understand that Retraite Québec has already begun work on improving communications, and we welcome this initiative.

Our comments on the Draft Regulation can be summarized as follows:

- The flexibility introduced by the new rules is, in our opinion, a major change in decumulation strategies, and will enable retirement savings-holders and their financial planners to develop a plan that is better suited to individual circumstances. To ensure cautious use of these new rules, we suggest:
 - That Retraite Québec recommend that the *Institut québécois de planification financière* (IQPF) review its standards of practice to adequately reflect the new rules and ensure clear communication to Quebecers of the benefits and risks associated with the various strategies.
 - That Retraite Québec set up a mechanism to conduct an analysis of the experience after an initial period of three to five years, to assess whether participants have disbursed their now-unlocked retirement savings too aggressively.
- In today's retirement system, the purpose of locking-in is to provide a lifetime income and to protect spouses. We understand that a purchaser over age 55 could withdraw 100% of his or her Life Income Fund (“LIF”) savings without the consent of his or her spouse. We see this change as potentially risky in certain situations, as it could leave spouses unprotected from one day to the next. We wonder whether it might be appropriate to require spousal consent when the withdrawal exceeds the estimated lifetime income.
- The deletion of subsection 7.1 of section 19 of the *Regulation respecting supplemental pension plans* results in preventing non-residents of at least two years, who are under the age of 55, from having their LIF entitlements repaid. Is this really the purpose of this amendment?
- Pursuant to section 264 of the *Supplemental Pension Plans Act*, amounts accumulated in a LIF are unseizable. We wonder about the impact of lifting the cap on withdrawals from LIFs on future seizure orders. For example, could a judge order the withdrawal of amounts held in a LIF to pay creditors?
- Since amounts accumulated in locked-in retirement accounts (“LIRA”) can be transferred to a LIF and, upon request, will be able to be withdrawn in full, we believe that the LIRA designation could be reviewed to avoid any confusion.
- In section 8 of the Draft Regulation (French and English versions), it appears that quotation marks are missing at the end of the paragraph that begins with 2.1 and at the beginning of the next paragraph.

Although the ACPM encourages harmonization between Canadian jurisdictions wherever possible, it understands and supports the objectives of the Draft Regulation, which aim to simplify and make the applicable rules more flexible. If experience with these new rules is positive, we encourage Retraite Québec to share and encourage legislators in other Canadian jurisdictions to adopt similar rules.

We remain available to discuss this at your convenience.

Your sincerely,



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Chair, Québec Regional Council
ACPM



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