



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

February 3, 2015

Mr. Mark Prefontaine
ADM Financial Sector Regulation and Policy; Superintendent of Pensions, Insurance,
and Financial Institutions
Alberta Treasury Board and Finance
Pensions
Financial Sector Regulation and Policy (FSRP)
Room 402, Terrace Building
9515 - 107 Street
Edmonton, Alberta, T5K 2C3
Via E-mail: mark.prefontaine@gov.ab.ca

Dear Mr. Prefontaine:

Re: Solvency Reserve Account

This submission is being made by the Pension Investment Association of Canada (PIAC) with respect to Interpretive Guide #07 on Solvency Reserve Accounts.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1.3 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

PIAC is very supportive of this forward-thinking initiative as it will potentially alleviate the surplus asymmetry problem. We congratulate the government on this proposal.

We do, however, have a few comments and suggestions for your consideration, as follows:

- While no negative tax impacts are anticipated, we believe it is important that tax rules are clarified with respect to treatment to contributions on the way in and out. This clarification will encourage corporate adoption of SRA's.

- We suggest that you clarify language around the 105% threshold. Is it your intent to limit withdrawals such that after the withdrawal the solvency position taking into account the main account and the remainder of SRA is at least 105%? As drafted, it appears that a sponsor could, for example, have a 96% solvency position in the pension plan with a 10% SRA and be permitted to take out all of the funds from the SRA to return to a 96% solvency position.
- We believe there is a typo in first sentence of Plan Termination paragraph; there appears to be something missing between “may with”. We suspect it is intended to read “withdraw” as opposed to “with”.

We respectfully submit these comments and would be pleased to discuss with you further at your convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dan Goguen', with a long horizontal flourish extending to the right.

Dan Goguen
Chair