



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

June 28, 2017

The Honourable Bill Morneau
Minister of Finance
Department of Finance
90 Elgin Street
Ottawa, Ontario
K1A 0G5
Via email: Bill.Morneau@parl.gc.ca

Dear Minister,

Re: Regulations Amending the Pension Benefits Standards Regulations, 1985 and the Pooled Registered Pension Plans Regulations

The purpose of this letter is to respond to the release of regulations to the Pension Benefits Standard Act in April 2017.

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 \$1.8 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's positions on public policy reflect the fiduciary framework in which member funds operate and its commitment to work in the best interests of plan members.

We commend the government on the change to the limit for letters of credit for solvency purposes from 15% of plan assets to 15% of solvency liabilities. We believe this is a positive change that will enhance flexibility in solvency funding for plan sponsors.

However we do not believe that this change fundamentally addresses the urgent need for pension funding reform for federally regulated plans. As mentioned in prior letters to the Department of Finance, we strongly believe that the approach recently adopted in Quebec is the appropriate model for better balancing protection of members with sustainability of funding for plan sponsors. As you are no doubt aware, the government of Ontario has also recently announced its intention to make fundamental changes to its

pension funding regime which will have a material positive impact on sustainability for Ontario regulated plan sponsors. We continue to advocate for leadership from the federal government on this pressing national issue as outlined in our most recent letter to you on December 14, 2016 regarding Bill C-27.

We look forward to your response and would be pleased to meet with the Department of Finance to discuss our comments further.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kevin Fahey". The signature is written in a cursive style with a large, stylized "F" at the end.

Kevin Fahey
Chair