Pension Investment Association of Canada
Association canadienne des gestionnaires de caisses de retraite

July 24, 2018

CAPSA Secretariat
5160 Yonge Street, 16th Floor
Toronto, Ontario
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Via Email: capsa-acor@fsco.gov.on.ca

Re: Guideline No. 9 Searching for Un-locatable Members of a Pension Plan

The purpose of this letter is to provide comments from the Pension Investment Association of Canada (PIAC) on the recently released Guideline #9 to assist pension plan sponsors in locating members of the pension plan with entitlements under the plan.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over $2 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.

PIAC congratulates CAPSA for taking the initiative to set out these guidelines and while many of the strategies are not new, it is a welcome addition to the information accessible to plan sponsors.

However, we believe that the real solution to the issue of un-locatable plan members is to establish a regime(s) whereby pension plan sponsors can turn over unclaimed balances to a public agency. The inability of a plan sponsor to discharge its fiduciary duty for un-locatable members is a function of a public policy framework that is well-intentioned but ultimately impractical in a modern economy with a high degree of personal and labour mobility. As such, we believe it is incumbent on policy-makers to offer practical solutions for responsible plan sponsors. While we understand that

CAPSA's role is supervisory, it has considerable representation by, and influence with, policymakers and should use this position to advocate for permanent solutions.

It is PIAC's hope that CAPSA will encourage its members to follow the leads of Quebec, Alberta, British Columbia and more recently the federal government to establish unclaimed balance regimes, preferably which would accept funds not only from plans undergoing a wind-up but also ongoing plans. As an example, for ongoing plans a challenge exists where the missing member reaches age 71 and the plan administrator is unable to comply with the *Income Tax Act* (Canada) requirement to commence pension benefits no later than the end of the year in which the member reaches age 71. Those provinces that are not prepared to establish an unclaimed balance regime should come to an arrangement with the federal government whereby sponsors in those jurisdictions can access the federal regime.

PIAC is also supportive of legislation introducing a de minimus amount for which pensions can simply be "written off" by the plan administrator. This approach could be similar to the small benefit cash out rules that exist in various provincial pension benefits acts where the pension and commuted values are tested against a percentage of the Years' Maximum Pensionable Earnings. Of course, the thresholds for writing off entitlements would be much smaller than those that exist for small benefit cash outs.

PIAC believes that establishment of a public missing beneficiary registry as proposed by the Ontario government is a positive step in that it may raise awareness. However, a registry is not likely to alleviate the fundamental issue around un-locatable members, which is the inability of sponsors to transfer balances to a public agency.

We would be pleased to discuss our comments further with you at your convenience. We look forward to the next stage in developing these guidelines.

Yours sincerely,

Brenda King

Brenda King
Chair