



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

February 17, 2020

Honourable Scott Fielding  
Minister of Finance  
Department of Finance  
Room 103 Legislative Building  
450 Broadway  
Winnipeg, MB  
R3C 0V8

Via email: [minfin@leg.gov.mb.ca](mailto:minfin@leg.gov.mb.ca)

Dear Minister,

**Re: Bill 8 The Pension Benefits Amendment Act**

We are pleased to provide comments on Bill 8, The Pension Benefits Amendment Act introduced on November 27, 2019.

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 \$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 commends the Manitoba government for addressing some important issues related to plan design flexibility and solvency funding reform within Bill 8. We have the following specific comments.

- PIAC strongly supports the introduction of solvency reserve accounts and looks forward to seeing draft regulations in this regard.

- We also strongly support your stated intention to reduce the solvency threshold for additional funding to 85% while strengthening going concern funding requirements in line with many other provinces.
- We similarly support the enhancements to member flexibility in locked in accounts, in pension commencement after Normal Retirement Age, and in marriage breakdown.
- We see no reference to enabling legislation for Target Benefit Plans, which are an option for plan sponsors in many other provinces, and were part of your 2018 discussion paper. While we appreciate that there are some difficult policy issues to be considered in the transition of existing liabilities from a traditional defined benefit to a target benefit plan, we encourage you to move forward in this area as it offers the promise of a more flexible and sustainable plan design.
- We also did not see any reference to allowing full legal discharge of liabilities in the case of annuity purchases. We mentioned this in our letter to you on February 26, 2018, and observe that many other provinces have provided this release of liability, and that the federal government indicated its intention to follow suit in its last budget. We would encourage the Manitoba government to move in the same direction as annuitization transfers risk to a highly regulated and heavily capitalized part of the financial system and thereby ensures ongoing security for plan members and regulatory oversight. We believe that many plan sponsors with closed plans will be unwilling to incur the high cost of annuitization without certainty around legal discharge, thereby maintaining these liabilities in a less regulated and capitalized framework

We would be pleased to clarify our comments at your convenience, or provide any assistance with the development of detailed wording for the proposed regulations.

Yours truly,



Simon Fréchet  
Chair