



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

October 19, 2012

Andrew Schrumm  
Acting Policy Manager  
CAPSA Secretariat  
c/o Financial Services Commission of Ontario  
5160 Yonge Street, Box 85  
Toronto ON M2N 6L9  
By E-mail: capsa-acor@fSCO.gov.on.ca

Dear Mr. Schrumm,

**Re: CAPSA Consultation on the Draft Defined Contribution Pension Plans Guideline**

This submission is made by the Pension Investment Association of Canada (“PIAC”) in reply to the consultation paper published on July 13, 2012 on the draft Defined Contribution Pension Plans Guideline .

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1 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.

We are pleased to have the opportunity to comment on the draft guideline as many of our members have defined contribution arrangements in place in their organizations and have considerable experience as administrators and plan sponsors.

The following are our comments on the draft Guideline.

### *Overall View*

PIAC recognizes that most of what is in the draft DC guideline is not new. This document is a supplement to the CAP guidelines, but focused in on DC plans and the responsibilities of all stakeholders in these plans. While we applaud the recognition that more guidance to DC plan sponsors, members and providers is needed, we have some concern that there is some confusion created in the overlap between the CAP Guidelines and these DC Guidelines.

### *Specific Questions and Issues*

- Under 2.4, we recommend that this section include a reference to the ultimate responsibility of the member of the plan for the outcome of their decisions under the plan, and not any other stakeholder who has fulfilled its responsibilities consistent with the DC and CAP guidelines.
- Under 2.6 – Information for Members During Accumulation, there is a sub-section called Providing Investment Information and Decision-Making Tools for Members which seems to be a reference back to the CAP guidelines. This sub-section is confusing as it relates just to actions by the plan administrator, not to information members would receive. We believe the section is confusing overall, needs to be considered with the CAP guidelines in hand, and should be clarified.
- Under section 3.3 - Information and Tools Regarding Projected Account Balance at Retirement, it is suggested that estimates of accumulated values and the benefits generated from these accumulations be provided. We believe that since estimates are so dependent on the many different assumptions, it would be preferable to require the administrator to provide a range of estimates of these amounts, to emphasize to the plan member that the actual amounts can vary considerably.
- Section 4.1 provides needed definitions of the many products that exist in the payout phase and while we agree this is valuable, these definitions are complex and confusing. In some cases, the words are conflicting, such as the first sentences of 4.1.2 and 4.1.3 which are worded to sound like the same vehicle.

We appreciate this opportunity to comment on the consultation. Please do not hesitate to contact us if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,



Julie Cays  
Chair