



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

January 23, 2012

CAPSA Secretariat
5160 Yonge Street, 18th Floor
Box 85
Toronto, Ontario
M2N 6L9

Dear Sirs/Mesdames:

Re: CAPSA Strategic Plan 2012-2015

PIAC is pleased to provide its input on CAPSA's strategic plan for 2012 to 2015.

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 would first wish to congratulate CAPSA on its policy achievements over the past 4 years. In particular, the multi-jurisdictional agreement, guidelines on fund holder arrangements and prudent investment practices are all of interest and assistance to our members in administering their pension plans and funds.

While much has been done by CAPSA to promote "simplification, harmonization and co-ordination" of the regulation of pension plans, we would encourage CAPSA to go even further in this endeavor. In particular, it is our hope that the approach used by CAPSA in developing the funding and investment guidelines recently, and in developing the CAP guidelines a few years ago can be employed in the future, as these were successful examples of collaboration by plan sponsors, industry suppliers and regulators in achieving uniformity and consensus at the same time.

Thank you for advising us of the creation of the National Pension Compliance Officers' Association, as this seems to be a very sensible approach for both training regulatory staff and promoting the interest of uniform application of regulations.

Further to your request for suggestions for focus over the next 4 years, we have the following thoughts to share with CAPSA.

- We strongly urge CAPSA to use whatever influence it has on the pension jurisdictions to focus on harmonization/uniformity of any new pension legislation or regulations introduced in the future; for example, as enabling legislation and regulations are rolled out for target benefit plans. We are at a critical time in the life of pension plans – particularly private sector plans – and as such any changes that discourage the continuance or creation of pension plans should be assiduously avoided.
- With the recent introduction of pooled retirement pension plan (PRPP) legislation in Canada, the provinces and other pension jurisdictions now need to create enabling legislation and regulations. It is imperative to the success of PRPP's, in helping to address the issue of pension coverage in Canada, that these regulatory changes are fully uniform across Canada and encourage a competitive environment to deliver low cost services while promoting effective governance and administrator practices. We believe that there is a key role for CAPSA in rolling out uniform PRPP rules in Canada, as this is consistent with CAPSA's declared goal of working to foster "a healthy environment for the establishment and continuation of pension plans". For multi-jurisdictional plan sponsors, this will ensure that administrative costs are kept as low as possible, and thus promote more use of PRPP's by companies that do not already have a pension plan. Accordingly we urge that CAPSA members use their influence to persuade their respective governments to harmonize legislation dealing with new developments; in particular in respect of PRPPs.
- We remind CAPSA of the need for uniform, updated funding rules that will provide pragmatic funding approaches for plan sponsors now and for the future, particularly relating to solvency funding. Some examples are harmonized rules on extended amortization of deficits and allowing sponsors to use side accounts (to promote funding while avoiding surplus issues).
- We encourage CAPSA to maintain momentum on its already-strong website, which offers much information of current interest and helps to inform Canadians about pension issues, by further augmenting the site's capabilities; this could include, for example, creating an email list to provide notification of updates to the website.

Thank you for the opportunity to provide input towards CAPSA's 2012-2015 strategic plan. PIAC would be most pleased to work closely with CAPSA in implementing elements of their strategic plan.

Yours sincerely,

A handwritten signature in cursive script that reads "Julie Cays".

Julie Cays
Chair