



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

February 29, 2012

Standing Committee on Finance  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON K1A 0A6  
Canada

Attention: Chantal Gilliland  
Committee Assistant

Via email: : [FINA@parl.gc.ca](mailto:FINA@parl.gc.ca)

Dear Sirs/Mesdames:

Re: Bill C-25

This submission is made by the Pension Investment Association of Canada (“PIAC”) to share our comments and suggestions regarding Bill C-25 on Pooled Registered Pension Plans (PRPP’s) released for consultation in November 2011.

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 be able to present our views on the legislation.

- PIAC supports the proposed legislation introducing PRPP’s given the thrust of the legislation to expand pension coverage across Canada for all working Canadians.
- In order for pension plan sponsors with employees across Canada to realize cost efficiencies and reduce administrative complexities, PIAC has long promoted harmonization of laws and regulations for pension plans across Canada. We believe uniformity of regulation across jurisdictions is paramount to the success of PRPP’s in expanding private pension coverage in

Canada. For example, as it is anticipated that other provinces will enact legislation to enable PRPP's, Section 4 could deal more directly with the transition of PRPP members who move from federal to provincial jurisdiction and vice versa, including the self-employed.

- We note that the legislation does not seem to include a provision for a safe harbour for default options within PRPP's. We believe it is important to have guidelines for setting such provisions set out either in legislation or regulation so that providers of PRPP's are clear about default provisions that would be acceptable.
- Section 11 of Bill C-25 addresses the issue of licensing of administrators. PIAC believes the "low cost" objective will be met more effectively if pension funds, along with other regulated financial institutions, are explicitly eligible to be PRPP administrators. The inclusion of a variety of providers will help create competition and incentives for costs to be low and quality of service to be high.
- PIAC believes that the definition of "low cost" is yet to be established clearly. There need to be specific parameters on what low cost will mean. We look forward to further clarity on this either within the legislation or in the development of regulations.
- There does not seem to be any requirement for allowing members to change investment elections from time to time. We believe that it may be appropriate to enshrine this in legislation or regulation to ensure that members are not locked into their investment elections and able to make reasonably timed changes to address economic conditions.
- Regulations supporting Section 25 should contemplate the ability of administrators to change investment offerings for compliance and other reasons, such as a determination by the administrator that a particular investment option is no longer suitable for the plan.
- With respect to Section 43, the regulations should specify what is meant by "costs" of a transfer of assets, as well as guidance around transition timing to avoid "fire sale" liquidation in the old plan.
- We believe that it is appropriate for legislation or regulations to require PRPP providers to have educational material and tools provided to members.
- Similar to the requirement for Registered Pension Plans (RPP's), PIAC believes that legislation or regulations should lay out a solid governance structure for PRPP fiduciary responsibility and oversight.
- We also believe that the Bill needs to be clearer that employers have no legal responsibilities other than enrolling employees and remitting contributions.
- Section 22 uses both "reasonably prudent" and "reasonable and prudent" to describe the standard of care applicable to an administrator. To harmonize with other pension legislation such as the PBSA, PIAC recommends replacing the words "reasonably prudent" in subsection (2) with "reasonable and prudent" or "person of ordinary prudence".

Thank you for providing PIAC with this opportunity to share our thoughts on Bill C-25. We would be pleased to have further discussions with the Standing Committee on Finance on our comments at your convenience.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie Cays". The signature is written in a cursive, flowing style.

Julie Cays  
Chair