



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

February 14, 2012

Tax Policy Branch  
Department of Finance  
140 O'Connor Street  
Ottawa, Ontario  
K1A 0G5  
Via email: PRPPtaxrules-RPACreglesfiscales@fin.gc.ca

Dear Sir/Madam:

Re: Provincial and Federal Governments Partner  
toward Introduction of Pooled Registered Pension Plans

This submission is made by the Pension Investment Association of Canada ("PIAC") to share our comments and suggestions regarding the tax proposals on Pooled Registered Pension Plans (PRPP's) released for consultation on December 14, 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 draft legislative proposals.

- 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 regulatory jurisdictions is paramount to the success of PRPP's in expanding private pension coverage in Canada.
- We believe there are inequities in certain elements of the proposed tax provisions vis-a-vis other registered pension arrangements, such as DC and DB plans. Given that the success of PRPPs will depend on the level of uptake by Canadian employers, their employees and the self-employed, it is submitted that unfavorable and inequitable tax treatment of retirement income

payments received by PRPP members should be avoided. The Association of Canadian Pension Management is proposing an approach to addressing these inequities which PIAC supports.

- While we support the proposal to have no special “qualified investment rules”, ideally any investments restrictions should be limited to adopting a principles-based approach to investing. However if specific investment rules are set in place, they should be the same as those rules applying to other registered pension arrangements.
- Section 11 of Bill C-25 addresses the issue of licensing of administrators. PIAC believes it should be explicit in the definition of eligible PRPP administrators that it should cover regulated financial institutions, including pension plans, as this will help create competition and incentives for costs to be low and quality of service to be high.
- PIAC recommends that the standard of care in s. 147.5(9) be removed as this obligation is comparable to the additional qualifying criteria for Administrators and therefore, we believe it is more properly addressed in the jurisdictional pension legislation governing PRPP’s.

Thank you for providing PIAC with this opportunity to share our thoughts on the draft legislation. We would be pleased to have further discussions with you on the above at your convenience.

Yours Sincerely,



Julie Cays  
Chair