



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

Attention Business Editors

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Pension Investment Association of Canada (PIAC) Calls for Amendments to Bill C-10 Which Will Negatively Impact Foreign Investments by Pensions Plans

(December 13, 2007) - The Pension Investment Association of Canada (PIAC) has called for amendments to Bill C-10 which is now before the Senate Banking, Trade and Commerce Committee. Bill C-10 is intended to address concerns relating to tax avoidance by Canadians involving the use of foreign investment trusts by taxing these vehicles and Canadians who invest in them.

Many pension plans invest in offshore trusts to help improve returns and reduce risk. These investments include foreign real estate, foreign public and private equity, and foreign bonds. This global investing is fully consistent with the lifting of foreign content limits for pension funds and RRSPs in 2005.

However, Canadian pension funds have no reason to avoid Canadian income tax by using offshore trust vehicles because pension plans are already exempt from paying income tax in Canada.

PIAC strongly recommends that Bill C-10 be amended so that the Non-Resident Trust (NRT) regime would not apply to registered pension funds. There is no sound policy rationale for applying the NRT regime to registered pension funds, and it will result in significant and unnecessary costs for Canadian pension funds. Unnecessary costs serve to reduce funds available to pay pensions.

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 \$910 billion 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.

To view PIAC's full submission, please visit www.piacweb.org, under Submissions to Government.

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