



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

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## **Re: Impact of COVID-19 Pandemic on Pension Plans in Canada**

The purpose of this letter is to provide comments from the Pension Investment Association of Canada (PIAC) on the impact of the COVID-19 health pandemic on Canadian pension plans.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$2 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. PIAC's positions on public policy reflect the fiduciary framework in which member funds operate and its commitment to work in the best interests of plan members.

As you are aware, many companies are experiencing dramatic declines in operating cash flow and require short-term relief to ensure that scarce capital be used to maintain operations, jobs, and investment. We therefore encourage provincial governments as a short-term measure to follow the lead of the federal government and allow companies to opt out of making any special payments for a period of 6-12 months, or until greater visibility on economic recovery is apparent. We recommend that no conditionality or approval requirements be applied to such relief, other than a requirement by companies to inform regulators of their funding plans.

Some jurisdictions have implemented a temporary freeze on commuted value transfers and / or annuity buyouts without regulatory approval. PIAC can support such restrictions on a short-term basis (e.g. 6 months), but does not think they will be practical to maintain as regulators may well face a scenario in coming quarters where plan sponsors need to downsize and are at the same time managing under-funded plans and operating cash-flow shortfalls. Regulators should work to accommodate those plans which are able to continue to pay commuted value transfers during this time.

Over the medium term, PIAC recommends that provincial Ministers of Finance be flexible in terms of adapting pension funding and other regulatory requirements to the difficult economic environment and to maintain an open dialogue with plan sponsors. We would moreover encourage provinces that have not yet implemented fundamental pension funding reform to do so.

Finally, we are supportive of the many steps already taken by provincial regulators to provide administrative relief around areas including extended deadlines for annual statements for members and beneficiaries, annual actuarial valuations, plan amendments, annual information returns, and other regulatory filings. We encourage you to continue to be flexible in terms of adapting administrative requirements to the current work environment.

This is an exceptionally challenging time for the Canadian economy and will require a collaborative approach between plan sponsors and regulators for a number of years to come.

Yours truly,



Simon Fréchet  
Chair

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