



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) Responds to Ontario Expert
Commission on Pensions**

October 19, 2007 – The Pension Investment Association of Canada (PIAC) appeared before the Ontario Expert Commission on Pensions on October 17, 2007, responding to the Ontario government's review of its pension system.

PIAC made 8 key recommendations to the Commission:

1. Address risk asymmetry in the rules regarding surplus entitlement;
2. Take steps to ease solvency funding by:
 - (a) exempting public sector plans;
 - (b) allowing other plans to use Letters of Credit;
 - (c) researching an approach based on creditworthiness.
3. Enable plan sponsors to enhance the funded position of plans by:
 - (a) encouraging an increase in Income Tax Act surplus rules beyond 110%;
 - (b) allowing plan sponsors to earmark contingency reserves with clear entitlement to reclaim funds.
4. Hold pension investments to the standard of a prudent person and eliminate all quantitative limits on investing;
5. Establish as a minimum standard that only assets representing the value of liabilities transfer in the case of mergers, splits, or restructurings;
6. Disband the Pension Benefits Guarantee Fund;
7. Harmonize pension law across Canada; and,
8. Establish one pension regulatory system with one set of rules.

PIAC believes that these recommendations will create a more conducive environment for the creation and maintenance of defined benefit pension plans.

"The Pension Benefits Act (PBA) is outdated and clearly in need of an overhaul. The management of pension plans has changed radically in the two decades since the last major review of this legislation", states PIAC Chair, Terri Troy. "The current investment restrictions make no sense and result in lower returns and higher costs. Canada is the only developed country that imposes these types of limits on pension investments."

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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