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Subject: FSRA Guidance on Pension Plan Administrator Roles and Responsibilities

Mercer is pleased to provide feedback on the most recent proposed draft Guidance (“Guidance”) referenced above, and published by FSRA. We would like to comment with the following feedback in respect of certain aspects of the document:

Purpose and Scope

We note that the Guidance acknowledges that specific aspects of the administrator’s roles and responsibilities can vary depending on the nature of the pension plan. We believe that this acknowledgement should be more prominent in the main body of the document and rather than noted, as it is in the current draft, as part of a footnote. A more prominent acknowledgement within Section 1 - Purpose and Scope will provide more context to the description of roles and responsibilities outlined throughout the Guidance and reflect the reality that pension plan designs and governance structures can be materially different and certainly challenging for plan administrators.

Role of Administrator

The Guidance, as noted in sections 2.3 and 2.4, uses terms and also makes specific references that are applicable to defined benefit pension plans. We believe the Guidance should reflect a more general approach, addressing both defined benefit and defined contribution pension plans. Furthermore, the Guidance should explicitly acknowledge that plan risks are different for defined benefit and defined contribution pension plans.

Fiduciary Duties

As drafted, section 5.3 of the Guidance states that section 22(2) of the Pension Benefits Act (“PBA”) *increases* the minimum standard of care. We suggest that section 22(2) imposes *additional* obligations requiring administrators to use their general knowledge and skill, as well as the specific knowledge and skill they possess as members of a profession, business and calling in the execution of their administrator duties. We believe this distinction in words and language regarding section 22(2) should be reflected in the Guidance.

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Records Retention

We believe that the Guidance should be more explicit about an administrator's use of electronic records. Regardless of retention periods, which we agree would be no different for electronic records, pension plan administrators should be encouraged to move towards more use of an electronic record management system.

As drafted, section 8.4 of the Guidance acknowledges that there are cases where only summary records need to be kept but only specifically mentions cases involving terminated members. We suggest revising the bullet point to recognize there are other examples that could arise, such as completed asset transfers of pension plans or similar projects where all benefits are settled.

Complaints and Inquiries

As drafted, section 9.2 of the Guidance specifically expects administrators to ensure beneficiaries feel respected and fairly treated during the process of an inquiry and/or complaint made to a plan administrator. We believe this comment and the language in this section is beyond the scope of the Guidance and indeed, beyond the scope of the PBA. While a laudatory objective, it is subjective in its interpretation, difficult to assess and will likely not be fully achievable in any difficult resolution.

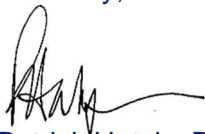
Moreover, the Guidance, at section 9.3, indicates complainants should be directed to FSRA when their complaints are not satisfactorily resolved. We are not aware of such a formal requirement under the PBA. We suggest that the bullet item be removed from the Guidance.

Providing Information to Beneficiaries

As drafted, section 10.2 of the Guidance expects administrators to communicate benefit changes to beneficiaries in plain language and in ways that are over and above the statutory notice requirements of the PBA. This expectation extends the reach of the regulatory requirements under the statute and imposes additional obligations upon plan administrators, and uses descriptive and undefined terms like "*plain language*" which are subjective and depend very much on the recipient's scope of understanding.

As always, thank you for your efforts to engage stakeholders in matters related to the administration of the PBA. We appreciate the opportunity to provide our input and hope this feedback is helpful to FSRA as it reviews the Guidance.

Sincerely,



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