Pension plan investment policies and procedures

Pension plans are required to establish an approach to and process for investing their assets. This information is known as a Statement of Investment Policies and Procedures (SIPP), and it helps ensure your plan's assets are invested in ways that protect your interests as a plan member.

As of January 1, 2016, every plan registered in Ontario must file its SIPP with FSCO.

FSCO prepared a report about pension industry investment practices based on SIPP filings it received from 6,300 pension plans between January 1, 2016 and July 31, 2016. The 2017 Report - Ontario Pension Plan Filings of Statement of Investment Policies and Procedures Information Summaries Size: ## kb includes findings that may be of interest to pension industry stakeholders, including plan members.

Number of investment funds offered in defined contribution pension plans

In most defined contribution pension plans, plan members can choose from among a number of pre-selected available investment funds, and decide how much to invest in each fund. On average, the policies of larger pension plans allow an offering of 13 investment options. The policies of smaller pension plans allow a much higher number of investment options, with an average of 34 options.

Many plans have also introduced life cycle or target date funds, which automatically adjust the fund's asset mix to be more conservative as the plan member approaches retirement. These types of funds can make it easier for plan members to manage their investments over time.

Many defined contribution plans use life cycle or target date funds as the "default option" – the investment fund into which pension contributions are placed on behalf of members who do not make any investment fund selections.

Monitoring investment manager performance

Pension plan administrators must regularly monitor the performance of your pension plan's investment funds and the people who manage them. This helps ensure the pension fund is being managed prudently.

Around 65 per cent of pension plans have investment policies that require the plan administrator to monitor the performance of their investment funds and those who manage them at least once a year. The investment policies of 25 percent of defined benefit plans (anchor) and 10 percent of defined contribution plans (anchor) require investment manager performance to be monitored quarterly or more frequently.

Learn more

To learn more about investment policies and procedures for Ontario’s pension plans, read the full report Size: ## kb.