



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

September 16, 2020

Financial Services Regulatory Authority of Ontario
130 Adelaide St. W., Suite 800
Toronto, Ontario
M5H 3P5

Via Internet: <https://www.fsrao.ca/engagement-and-consultations/draft-guidance-consultation-issue-missing-pension-members#comment-form-dropdown>

Re: Consultation Document on Principles and Practices Regarding Missing Members

The purpose of this letter is to provide comments from the Pension Investment Association of Canada (PIAC) on FSRA's consultation document regarding missing members and the waiver of biennial statements for missing former and retired members. We are pleased to have this opportunity to share our thoughts with you.

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 \$1.5 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.

Principles and Practices Regarding Missing Members

We are very supportive of the draft guidance on Principles and Practices Regarding Missing members. In conjunction with the Canadian Association of Pension Supervisory Authorities ("CAPSA") Guideline No. 4 on Pension Plan Governance⁵ and CAPSA Guideline 9 on searching for missing members, we believe the recommendations to pension plan administrators are helpful and comprehensive in minimizing the number of unlocatable pension plan beneficiaries. However, we are

concerned that while the recommendations will help going forward, additional options would be helpful in terms of dealing with the existing unlocatable beneficiaries in pension plans across the country today and the limited options available to administrators to address the assets that have to be held in pension plans for these entitlements.

Consequently, we are very supportive of the work of the Missing Members Technical Advisory Committee, particularly the ongoing initiatives to find unlocatable members utilizing an optional missing member registry and exploring partnerships with ministries, departments and agencies of the governments of Ontario and Canada to investigate information sharing arrangements that would improve administrators' ability to locate members.

In addition, we agree with the Committee's suggestions that FSRA:

- Provide for asset transfers related to missing members on plan wind up, or consider automatic small benefit unlocking where FSRA has appointed an administrator;
- Increase the small benefit threshold; and
- Provide a discharge for benefits of missing members at a certain age.

PIAC also believes that Ontario pension plan administrators need some place to send money on behalf of unlocatable members, so that the responsibility for these benefits would rest with a government entity. The Bank of Canada does this for unclaimed bank balances, and some other provinces have unclaimed property regimes which accept pension benefits. We would encourage pursuit of this approach in Ontario as an option for pension plan sponsors.

Waiver of Biennial Statements for Missing Retired Members

While we appreciate that the intent behind this waiver is to alleviate an administrative requirement to send out statements, we would question the need for a waiver, since sending confidential pension information to an address that is not correct may contravene the administrator's duty of care. We understand that FSRA does not require a plan administrator to apply for the waiver, so we assume the onus is on the administrator to conduct appropriate search activity and thus avoid any fiduciary risk with or without utilizing the waiver.

We appreciate this opportunity to share our observations on FSRA's consultation, and we look forward to providing support and advice to FSRA as you roll out these important initiatives.

Yours sincerely,



Simon Fréchet
Chair