



September 29, 2017

Lynn Hemmings  
Senior Chief, Pensions  
Financial Systems Division  
Finance Canada  
90 Elgin Street,  
Ottawa, ON K1A 0G5

**RE: Review of the Federal Financial Sector Framework – Second Consultation Paper**

Dear Ms. Hemmings:

ACPM (The Association of Canadian Pension Management) is the leading advocate for plan sponsors and administrators in the pursuit of a balanced, effective and sustainable retirement income system in Canada. Our membership represents over 400 companies and retirement income plans that cover more than 3 million plan members.

We would like to comment on the August 11, 2017, Consultation Paper entitled “Potential Policy Measures to Support a Strong and Growing Economy : Positioning Canada’s Financial Sector for the Future” and, in particular, to provide comments with respect to the “Unclaimed Balances” potential policy measure set out on page 24 of the Second Consultation Paper. We understand from this potential policy measure that consideration is being given to modernizing the current Bank of Canada program and that Finance Canada may be interested in whether there is support for extending this program to include “unclaimed pension monies”.

Pension plan administrators have a fiduciary duty to ensure that each member and beneficiary is paid the benefits to which they are entitled. In addition, the *Income Tax Act* (Canada) requirement that retirement income from a registered pension plan commence no later than the end of the calendar year in which the recipient reaches age 71 must be honoured. Further, increasing numbers of missing beneficiaries impose a significant administrative burden on plan administrators (particularly in light of new legislative requirements to provide biennial statements to retired and former members), cause delays on plan wind-ups and exacerbate the risk of pensions being improperly paid (i.e., unwittingly after death of the beneficiary).

Alberta, B.C. and Québec currently have processes for dealing with unclaimed amounts owing to pension plan beneficiaries. However, Alberta’s application process is burdensome and the cost of hiring the required search providers can be significant. The processes in B.C. and Québec also have limitations, including that transfers cannot occur prior to specific time limits.



The Bank of Canada's unclaimed balances program has proven to be effective for returning amounts to missing persons for a number of reasons, including the following:

1. It utilizes a simple online platform
2. It advertises the program
3. It currently operates without fees charged to the financial institutions or individuals
4. Canadians are familiar with this program.

The Bank of Canada program would seem to be an effective and efficient method for handling amounts for missing pension plan beneficiaries provided that the plan administrator receives a full discharge with respect to all amounts transferred.

We further urge Finance Canada to make the necessary corresponding changes to the Pension Benefits Standards Act, 1985 and its regulations to allow for such transfers at the option of the plan administrator and to work with provincial governments and pension regulators (perhaps through Finance Canada's participation in the Canadian Association of Pension Supervisory Authorities) to provide registered pension plans across Canada with the option of transferring missing members' entitlements to the Bank of Canada (with a full discharge). The ability of the Bank of Canada program to be used with respect to missing beneficiaries with funds in other retirement vehicles, for example, registered retirement savings plans and registered retirement income funds, would also be beneficial.

ACPM would be pleased to meet with Finance Canada to share our experience and expertise and to assist in the development of an appropriate framework which would allow the Bank of Canada to hold missing plan members' currently taxable and deferred tax pension entitlements and provide a solution for pension plan administrators dealing with this difficult issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Ric Marrero".

Ric Marrero  
Interim CEO  
ACPM