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VIA E-MAIL [Hemmings.Lynn@fin.gc.ca](mailto:Hemmings.Lynn@fin.gc.ca)

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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:

We are writing on behalf of the Blake, Cassels & Graydon LLP pension group (the “Blakes Group”). 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” (the “Consultation Paper”) and, in particular, to provide comments with respect to the “Unclaimed Balances” potential policy measure set out at page 24 of the Consultation Paper. We understand that consideration is being given to modernizing the Bank of Canada’s administration of unclaimed balances and that Finance Canada is interested in knowing whether there is support for extending this program to include unclaimed pension monies.

Beneficiaries who cannot be located are a significant issue for pension plan administrators. Pension plan administrators have a fiduciary duty to ensure that each 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) as well as delays on plan wind-ups and exacerbates the risk of pensions being improperly paid (i.e., unwittingly after the death of the beneficiary).

Alberta, B.C. and Quebec 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 Quebec 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:

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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; and
4. Canadians are familiar with this program.

The Bank of Canada's program would seem to be an effective and efficient method for handling amounts for missing pension plan beneficiaries, provided that there is no obligation to do so (i.e., it would be at the option of the plan administrator) and the plan administrator receives a full discharge with respect to all amounts transferred. In addition, the current 10-year waiting period before an unclaimed balance may be transferred to the Bank of Canada should not be applicable to unclaimed pension monies. Instead, such amounts should be able to be transferred once the beneficiary has not been located after taking reasonable steps to locate him or her. On the above basis, we support the expansion of the Bank of Canada's program to include the holding of unclaimed pension monies.

In connection with such an expansion of the Bank of Canada's program, we urge Finance Canada to make any necessary corresponding changes to the *Pension Benefits Standards Act, 1985* and the regulations thereto to allow for such transfers and to work with provincial governments and pension regulators (e.g., through Finance Canada's participation in the Canadian Association of Pension Supervisory Authorities) to enable registered pension plans across Canada to also have the option of transferring missing members' entitlements to the Bank of Canada.

The Blakes Group 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' pension entitlements and provide a solution for pension plan administrators dealing with this difficult issue.

Should you have any questions, please do not hesitate to call any member of our group.

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