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September 29, 2016

Solvency Funding Review
Pension Initiatives Unit, Pension Policy Branch
Ministry of Finance
7 Queen's Park Crescent
5th Floor, Frost Building South
Toronto, Ontario
M7A 1Y7
Email: pension.feedback@ontario.ca

Dear Sirs and Mesdames:

Re: Review of Ontario's Solvency Funding Framework for Defined Benefit Pension Plans

The Portfolio Management Association of Canada¹ ("PMAC"), through its Industry, Regulation & Tax Committee, is pleased to have the opportunity to participate in the Ministry of Finance's review of Ontario's solvency funding framework for defined benefit pension plans (the "Consultation").

Overview

As background, PMAC represents investment management firms registered to do business in Canada as portfolio managers. PMAC members manage investment portfolios for, among others, private individuals, foundations, universities and pension plans.

We thank the Ontario government for its leadership through this important Consultation. In addition to the central role played by Ontario in reaching the agreement-in-principle this summer to enhance the Canada Pension Plan, we applaud the review of the regulatory framework for pension funding aimed at strengthening the province's retirement income system. PMAC is supportive of Ontario's goal of balancing the need to encourage and maintain workplace pension plans while ensuring secure retirement benefits.

General Comments

PMAC's members are attuned to the funding pressures facing defined benefit pension plans as a result of a low interest rate environment. The temporary solvency funding relief provided by the Ontario government in 2009 and which was extended in 2012 was a constructive and practical solution to the impact of the global recession of 2008. We applaud the government

¹ PMAC was established in 1952 and currently represents over [200 investment management firms](http://www.portfoliomanagement.org) that manage total assets in excess of \$1.4 trillion. Our mission is to advocate the highest standards of unbiased portfolio management in the interest of the investors served by Members. For more information about PMAC and our mandate, please visit our website at www.portfoliomanagement.org.

for recognizing the importance of and need for a permanent solution to the solvency funding issue and we thank the Ontario government for extending the solvency relief measures, once again, so as to provide plan sponsors with flexibility while this important Consultation is underway.

We believe that a balanced and in-depth review of this important mechanism for providing pensioners with a secure level of benefits is in the best interest of Canadian investors at a time when renewed focus on the importance of saving for retirement is paramount. We believe that seeking balanced solutions that make contributions to pension plans affordable and ensure that plans have the ability to pay out accrued benefits to members over the long-term are essential to the well-being of the economy and investors.

PMAC advocates for harmonized pension regulation across Canada so that investors benefit from the same level of protection and reductions in underlying plan complexity and compliance costs, no matter their jurisdiction of residence. As such, we believe that this Consultation should serve as the catalyst for a nation-wide review of the defined benefit pension plan solvency funding framework with a view to a national debate and a harmonized outcome.

Defined benefit plans are an integral part of Canadian's retirement income savings but, as the Consultation notes, increasingly fewer Canadians are covered by such plans as result of increased complexities and expenses in funding defined benefit plans in a volatile and low interest rate market. We thank the Ontario government for working to ensure the continued viability of defined benefit pension plans.

At this time, PMAC does not have any specific submissions on the various alternatives proposed in the Consultation; however, we will monitor the submissions made by subject-matter experts with interest.

Conclusion

PMAC supports strategies to enhance current retirement savings options, to reduce complexity and increase the transparency of the retirement savings framework and to encourage adequate retirement savings.

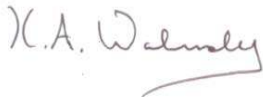
We encourage all Canadian jurisdictions to participate in a national review of the policy rationale underlying current pension regimes with a view to ensuring investor protection while promoting pension plan coverage for all Canadians.

If you have any questions regarding this submission, please do not hesitate to contact Katie Walmsley (kwalmsley@portfoliomanagement.org) at (416) 504-7018.

Thank you once again for the opportunity to participate in this Consultation.

Yours truly;

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA



Katie Walmsley
President, PMAC



Margaret Gunawan
Managing Director – Head of Canada
Legal & Compliance
BlackRock Asset Management Canada
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