



Advancing Standards™

June 11, 2021

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 4H2

Email: pensions@gov.sk.ca

Dear Sirs and Mesdames:

Re: Solvency Funding Review

Background

The [Portfolio Management Association of Canada](#) (**PMAC**) is pleased to have the opportunity to provide feedback on the Financial and Consumer Affairs Authority's (**FCAA**) consultation with respect to "A Review of the Pension Funding Framework For Single Employer Defined Benefit Plans in the Private Sector And Other Complementary Reform Measures Applicable to All Defined Benefit Plans" (**Report**). Capitalized terms used in this letter but not defined shall have the meanings given to them in the Report.

PMAC represents over [290 asset management firms](#) with more than \$2.8 trillion in assets under management. Members are all fiduciaries managing investments in the best interests of their clients, which include private individuals, foundations, universities and pension plans. As one of the largest and fastest-growing investment industry associations in Canada, PMAC operates coast-to-coast in English and French-language markets. PMAC employs a collaborative information-sharing business model and advocates on behalf of its members on securities regulation and government policy matters. The association's mission is to advocate the highest standards of unbiased portfolio management in the interests of investors served by members.

Overview

PMAC is supportive of the FCAA's goal of seeking stakeholder feedback on options to amend the solvency funding framework for single employer private sector pension plans (**SEPPPs**) under *The Pension Benefits Act, 1992* (**Act**) and the *Pension Benefits Regulations, 1993* (**Regulations**).

Defined benefit (**DB**) plans are an integral part of Canadians' retirement income savings, even as increasingly fewer of us are covered by such plans due to increased complexities and expenses in funding them. PMAC supports efforts to ensure that pension funding rules better support long-term plan sustainability and benefit security so that DB plans continue to provide lifetime pensions to their members and other beneficiaries.

As noted in the Report, other Canadian jurisdictions have also recently examined solvency funding frameworks for DB plans. PMAC has consistently advocated for harmonized approaches across Canada; we believe that Canadians should be entitled to similar protections, and benefit from reduced underlying plan complexity and costs, no matter their jurisdiction of residence.¹

Key Recommendation

For the reasons set out below, if the FCAA determines that Option 2 in the Report, Enhanced Going Concern Funding with a provision for adverse deviation (**PfAD**), is the most desirable policy response to achieve the goals set out in the Report, in order to achieve harmonized pension legislation nationally, we urge the FCAA to require plans to have a PfAD calculation methodology that is similar to the approaches undertaken by the provinces of Quebec and Ontario.

PfAD calculation considerations

PMAC members look forward to the opportunity to review and comment on the proposed PfAD calculation in detail, should the FCAA pursue this option. As has been our experience with the Quebec, Ontario and British Columbia pension solvency funding amendment processes, the exact formulae used to calculate the PfAD are of utmost importance to review during the consultative phase to ensure that there are no unintended negative consequences.

Our members are eager to have the opportunity to provide their extensive industry expertise and constructive comments on the FCAA's proposals at the appropriate time.

Conclusion

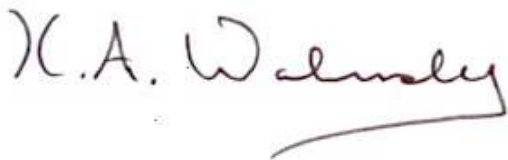
PMAC believes that seeking balanced solutions that promote effective investment policies while ensuring that plans have the ability to pay out accrued benefits to members over the long-term are essential to the well-being of the economy and investors. We would like to once again thank the FCAA for engaging in on-going consultation and assessment of Plan funding issues.

¹ Please see PMAC submissions to British Columbia in [January](#) and [August](#) 2019, and to Ontario in [January](#) and [November](#) 2018.

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

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

Handwritten signature of Katie Walmsley in black ink.

Katie Walmsley

President
Portfolio Management Association
of Canada

Handwritten signature of Paul Purcell in black ink.

Paul Purcell

Chair of PMAC's Industry, Regulation &
Tax Sub-Committee; and
Managing Director – Head of Pension De-
Risking, RBC Global Asset Management