

May 28, 2021

Pension Policy Branch
Ministry of Finance
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Subject: Proposed Amendments to Ontario Regulation 909 of the Pension Benefits Act: Requiring Pension Plan Administrators to Provide Information Relating to Their Pension Plan's Pension Benefits Guarantee Fund (PBGF) Exposure to Potential Future Claims

The Canadian Institute of Actuaries (CIA) is pleased to offer the following comments on the proposed amendments to Ontario Regulation 909 of the Pension Benefits Act: Requiring Pension Plan Administrators to Provide Information Relating to Their Pension Plan's Pension Benefits Guarantee Fund (PBGF) Exposure to Potential Future Claims.

It was stated that the proposed amendments are a result of a review that found that there is a need for data to better estimate the PBGF's exposure to potential future claims. The proposed legislation would effectively add the following ("proposed additional disclosure") to Regulation 909 of the Revised Regulations of Ontario, 1990 ("Regulation"):

- subclauses (ii) - (viii) to Clause 14 (8.0.4)(h); and
- subsection (8.0.4.1) to Section 14.

Risk-based approach

The CIA understands the stated purpose of the proposed amendments. However, the proposed amendments, if adopted as drafted, would apply to all PBGF-eligible pension plans. The cost of providing the proposed additional disclosure might be disproportionate for some pension plans relative to their current funding valuation fees. Limiting the application of the proposed additional disclosure would assist in mitigating the additional costs while still providing relevant information to better estimate the PBGF's exposure to potential future claims.

We suggest revising proposed amendments to limit the application of the proposed additional disclosure to pension plans that are expected to pose a material risk to the PBGF. The criteria for application would be a policy decision, but might consider factors, in isolation or in combination, such as:

- the solvency ratio at the valuation date;
- the amount of the PBGF liabilities; and

- the number of Ontario plan beneficiaries.

The Regulation already requires valuations to be performed at a minimum frequency, which will result in a periodic refresh of the proposed additional disclosure.

Privacy

We observe that the proposed additional disclosure would form part of the actuarial funding valuation report, which is accessible to plan members. Subclause 14(8.0.4)(h)(viii) poses a privacy concern for all PBGF-eligible plans as the member with the highest amount of pension would be disclosed in the valuation report. Subclause 14(8.0.4)(h)(vi) poses a privacy concern for various demographic profiles of Ontario plan beneficiaries (e.g., plans with a small number of Ontario plan beneficiaries, or plans that cover all employees with high income earners).

Technical Comment on Modified PBGF Liabilities

It is unclear how Clause 14(8.0.4.1)(b) would be applied in practice for Ontario plan beneficiaries with lifetime and bridge pensions. For example, if the lifetime pension is \$1,400 per month and the bridge pension is \$300 per month, then how is the \$1,500 per month to be applied?

Any refinements to Clause 14(8.0.4.1)(b) should consider weighing more refined or complex information to achieve the stated objective against the expected costs to obtain that information.

Concluding Remarks

The CIA appreciates the opportunity to provide feedback on these issues, and we would welcome further discussion with you throughout this process.

If you have any questions, please contact Chris Fievoli, CIA Staff Actuary, Communications and Public Affairs, at 613-656-1927 or chris.fievoli@cia-ica.ca.

Sincerely,

[Original signature on file]

Michel St-Germain, FCIA
President, Canadian Institute of Actuaries

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