

July 4, 2008

Mr. Bill Black
Pension Review Panel
c/o Nova Scotia Labour & Workforce Development
Policy Division
PO Box 697
Halifax, NS B3J 2T8

Dear Mr. Black:

Re: Nova Scotia Pension Review Panel

As you may know, Nova Scotia Power Inc. (NSPI) is one of the largest private employers in Nova Scotia and is a sponsor of both defined benefit and defined contribution pension plans for its employees. With over 4,000 active and retired plan members and pension assets in excess of \$650 million, NSPI is an interested party in the review of the Nova Scotia pension benefits legislation.

NSPI is a client of Morneau Sobeco (Morneau) and has seen Morneau's submission to the Review Panel. NSPI is of the view that the issues raised by Morneau should be considered by the Panel.

We wish to highlight the following items.

1. **Encouragement for Plan Sponsors** – Changes should encourage, not discourage, employers from establishing both Defined Benefit (DB) and Defined Contribution (DC) Plans. Legislation and court decisions have significantly increased plan sponsor's risk. Nova Scotia should allow innovative steps to encourage the maintenance of existing registered plans and foster employee savings;
2. **Funding Risks** – Funding risks associated with DB Plans should be significantly reduced while, at the same time, ensuring the appropriate level of security for plan members;
3. **Grow-in Benefits** – This is a matter that should be left to employers in conjunction with their employees as it is in all provinces other than Nova Scotia and Ontario. They are a disincentive to the establishment of a Defined Benefit Plan in Nova Scotia;
4. **Partial Plan Wind-ups** – Nova Scotia should amend its legislation, like other jurisdictions, to make it clear that no surplus distribution is required on a partial plan wind-up; and
5. **Surplus Ownership** – Because plan sponsors bear the risks of a DB Plan, legislation should confirm that sponsors should have the benefit of surpluses.

Retirement savings must be encouraged for both employers as well as employees; the current disincentives should be reviewed and changed.

We look forward to receiving the Review Panel's report and recommendations.

Yours truly,

Kimberley Aselstine

for

Kimberley Aselstine
Director, Human Resources