Canadian Life
and Health Insurance
Association Inc.

Association canadienne
des compagnies d'assurances
de personnes inc.

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Dear Bill:

The Canadian Life and Health Insurance Association (CLHIA) is pleased to have this opportunity to provide comments to the Pension Review Panel in response to the October 17, 2008 release of the Panel's Interim Position Paper. These comments build on feedback previously provided in response to the Panel's Discussion Paper, released on May 23, 2008.

This letter begins with a general overview of the industry's concerns regarding the Interim Position Paper, and then continues by addressing specific concerns raised by the Panel's answers to key questions, as summarized in part three of the Paper.

Canada's life and health insurance industry is concerned that the positions outlined in the Interim Position Paper are unlikely to lead to the amendment of pension legislation and regulations in Nova Scotia in a manner that reflects the shift in retirement savings markets that has occurred over the last two decades and the underlying changes in the nature of employment. As a result, the ability of Nova Scotia's pension regime to effectively address the challenges of the years ahead could be significantly hampered.

Canada's insurers believe that both pension plan sponsors and pension plan participants have "voted with their feet" to forsake defined benefit (DB) pension plans that no longer address their needs. For sponsors, the issues have typically been the asymmetry between funding obligations and access to plan surplus, and the high administrative and compliance costs of such plans. These issues have not been resolved. For plan members, the issues

continue to be the lack of control over what are viewed as the employees' savings, and mismatches between their long-term benefit accrual and their anticipated job mobility.

Educational and demographic changes, global economic pressures and the increasing integration of international markets for labour, capital and the consumption of their products, have caused and will continue to cause a realignment of pension plan and retirement savings and income plan designs throughout traditional manufacturing, resource and service economies. Within Canada, the evolving market shift to Guaranteed Minimum Withdrawal Benefit (GMWB) annuities, coupled with the introduction of the Tax Free Savings Account (TFSA) in the last federal Budget, can be expected to accelerate this change in how retirement savings and income arrangements are structured.

The Interim Position Paper appears to suggest that young consumers do not understand or appreciate the benefits of pension plans. This conclusion may be over simplifying the behaviour of younger Canadians. Rather, their priorities may be to pay down student debt, to acquire a home of their own, and to meet the financial needs of their children. None of these are unreasonable objectives – in fact, they are prudent, long term, financial decisions. Characterizing such practices as rampant consumerism and short term thinking would be unfair, and it is exceedingly unlikely that government-initiated pension promotional programs will fundamentally alter these attitudes and behaviours.

In a very real sense, some of the proposals contained in the Interim Position Paper seem intent on denying present-day realities and striving to "put the genie back into the bottle". CLHIA members suggest that this is an inappropriate focus that ignores the labour and social environment that exists today, and that can be expected to persist throughout the coming years.

**Section 3.1 Types of Pension Plans**

Canada's life and health insurance companies encourage the adoption of a principles-based approach to pension legislation and regulation, such that detailed, prescriptive rules need not be imposed on low-risk activities of pension plan sponsors, Administrators, service providers and members. By focusing on the quasi-fiduciary obligations of pension stakeholders, the industry is of the view that regulators can better target plans that put current and prospective beneficiaries at risk, and apply the necessary measures to reduce such perils. At the same time, a principles-based model allows regulators to respond most promptly to address evolving plan designs and market conditions, while maintaining consistency of treatment of pensions throughout Nova Scotia and other Canadian jurisdictions.

**Section 3.1.1 Adjustable Contribution / Benefit Plans**

Adjustable Contribution/Benefit plans appear to be defined contribution (DC) plans with the ratio of employer contributions to those of employees fixed or set by formula, and may contemplate adjustment of that ratio when any collective labour agreement or other governing arrangement is renegotiated. They are perhaps more typically characterized as "negotiated contribution" pension plans, and represent a responsible means of clarifying the nature of the benefits available to plan participants upon retirement. Moreover, such plan designs generally enhance plan members' understanding of their individual obligations under any plan, and not merely their rights under such arrangements. Canada's life and health insurance companies support measures that encourage increased understanding of the nature of any pension promise by all stakeholders of all plans.

The industry is concerned that the Interim Position Paper, through suggestions that DB pension plans be encouraged but compliance obligations for DC plans be expanded, reflects an unreasonable preference for particular classes of plan designs. Canada's life and health insurance companies continue to be of the view that pension legislation and regulation should not incorporate bias in favour of one model relative to another. Rather, the determination of the style of any pension offered, and indeed whether a pension plan is offered, should remain the decision of the employer, taking into consideration a wide range of factors specific to the interests of both the employer and the employees to be eligible under the plan.

As an example of the increased compliance burden recommended for DC plans, the Interim Position Paper suggests that, in the context of such plans, "(t)he sponsor should document the rationale for the investment array and file it with the Superintendent." Canada's life and health insurance companies consider such a filing requirement to be unnecessary, since the Superintendent would retain the ability to review the appropriateness of any plan provisions and any such documents upon audit. Additional filing requirements increase administrative costs that will be borne by plan participants, and ultimately decrease the economic efficiency of the plan. Moreover, the additional cost and compliance burden of such filings act as strong disincentives to potential plan sponsors, discouraging the creation and continuance of pension plans in Nova Scotia. Indeed, the collective effect of such administrative requirements may be to discourage the creation of employment in Nova Scotia.

Canada's life and health insurers support the establishment of mechanisms permitting default enrolment, contribution level(s) and investment options for DC pensions plans, and the ability to modify such defaults to reflect changes in employee compensation, anticipated timing of retirement, and similar parameters on which retirement income may depend.

The CLHIA applauds the Panel for attempting to ease the administrative burden imposed on pension plans by the inconsistent unlocking rules that have been implemented in pension jurisdictions throughout Canada. These divergent rules lead to increased costs for all plan members, are a good example of the administrative imbalance that has caused plan sponsors to reject this form of retirement vehicle. That said, while CLHIA members support the ability of plan members to choose appropriate retirement income options, including Life Income Fund (LIF)-type payments, as they cease employment under the plan, the industry is concerned that unrestricted access to funds as a lump sum may undermine the legislative objective of ensuring retirement income security for workers throughout Nova Scotia. As a result, the notion that, upon attaining age 60, any limitations on access to funds accumulated within any form of pension plan should be removed, requires detailed consideration. It is not universally accepted that unlocking represents sound social policy.

**Section 3.2 Province Wide Plan**

Canada's life and health insurance industry is strongly opposed to the suggestion of the Interim Position Paper that a publicly administered employment pension plan be established in direct competition with private sector arrangements.

The industry recognizes that the smallest employers, in particular, often have the greatest difficulty in implementing a pension plan or other retirement savings arrangement. We applaud any means to increase coverage but are of the view that any such arrangement must be voluntary.

Governments should not define employment benefits, especially since affordability varies by employer. Flexibility to design and adopt appropriate structures is essential. Unfortunately, responsibility for such designs under the proposed publicly administered arrangement might increase the burden on small employers, whereas private service providers are perhaps better able to assist such employers in developing appropriate retirement plan options and strategies.

Canada's life and health insurance companies are continually developing products and services to meet the evolving needs of pension plan sponsors and members. Optimizing investment offerings is but one way in which the industry provides economies of scale and the resulting lower costs to plan participants. And such refinements are part of an ongoing process, consistent with the Panel's goal of lowering the administrative costs/burden associated with all plans. Plan members can look forward to even greater value from their plans in the years to come.

Firstly, there is no evidence that the proposed Adjustable Contribution/Benefit (ACB) or DC plan would offer greater benefit security than existing, privately offered, plans. The

existing market is fiercely competitive, with multiple expert, professional, service providers offering significant economies of scale in plans designed to meet the particular needs of specific employment groups. Elimination of extraneous investment options increases the benefits of scale, facilitating increased spreading of investment and other common administrative costs across multiple plans, and reducing costs for all participants. While the rationale for a publicly administered plan appears to be rooted, in part, in allegations of high cost for privately offered DC plans, the industry continues to believe that such allegations are unfounded. In its submission of July 4, 2008 to the Panel, the industry specifically challenged the argument that DC plan expenses exceed those of DB plans of comparable scale. The industry is unaware of any research that would refute that challenge. Similarly, there appears to be no evidence that a publicly administered employment pension plan would have lower operating costs than a privately administered arrangement.

Secondly, there is no evidence offered that sponsors would participate in such a plan. The suggestion that employers be required to offer a “plan” constitutes interference in the labour market. More generally, changes to pension legislation and regulation should be viewed through the lens of their macro-economic effect on Nova Scotia, and to the extent that business operations are not tied to a particular natural resource, requiring employers to provide a pension plan could be expected to drive employers out of Nova Scotia and act as a disincentive to employers considering locating in Nova Scotia.

The basis for any “opt out” mechanism is unclear, and if opting out required the existence of another form of pension plan then such a mechanism would not provide a credible alternative. If the “opt out” recognizes non-pension arrangements such as group Registered Retirement Savings Plans (RRSPs) and the newly introduced TFSAs, both of which can offer significantly lower administrative costs than pension plans, then it would seem that there is no need for a publicly administered, defined contribution pension plan. The rationale for launching such a regime seems questionable at best. And the growth in RRSPs is evidence that a pension plan is not seen as the ideal retirement savings arrangement by many employers.

Finally, it is unclear on a prospective basis whether new employers would have the option of electing a privately-provided plan rather than being forced into a publicly administered employment pension plan. A coercive regime would be completely unacceptable as a matter of social policy.

**Section 3.3 Funding**

The Interim Position Paper notes that the requirement to appropriately fund a defined benefit pension plan should not be dependent on the nature of the sponsoring organization. CLHIA members concur that municipalities, universities, hospitals, multi-employer

pension plans and similar organizations and structures should not be eligible for less onerous funding or governance standards because of that status.

Canada's life and health insurance companies have noted in our prior submission that actuarial valuations of defined benefit pensions typically do not incorporate increases in benefits that are contemplated by the plan. As a result such plans typically undervalue the true cost of providing promised benefits. This is particularly obvious when a pension plan elects to de-risk benefit payments by purchasing annuities, where provision of all future benefits are considered in determining the price of the annuity. The industry therefore supports the recommendations that all pension promises be appropriately valued and that pension pricing reflect such valuations.

**Section 3.3.1 Amortization**

The proposals relating to a funding "collar" and that both actuarial surplus and deficits be amortized over the same fixed period would appear to be reasonable, although the ability of the government to permit the amortization periods for all plans to be adjusted in response to extraordinary market conditions may bear further consideration. However, absent a more complete evaluation of the proposed Accrued Benefit valuation basis, the industry continues to support the use of a solvency valuation approach.

**Section 3.3.2 Surplus**

Canada's life and health insurance companies support the objective of stabilizing DB plan funding by providing certainty in terms of both use of surplus to fund future contributions and access to surplus upon wind-up. The Panel has made useful recommendations in these areas and it is hoped that these suggestions will contribute to a multi-lateral discussion involving all government Ministries responsible for pension legislation and regulation throughout Canada. Resolution of questions regarding surplus entitlement is central to a viable and effective national pensions environment.

However, the industry is not convinced that the specific cap on return of surplus to employers that is suggested by the Panel is warranted where it can be demonstrated that the portion of any surplus attributable to sponsor contributions exceeds the proposed cap.

The industry would discourage adoption of any such cap without parallel measures being adopted in other pension jurisdictions throughout Canada, since differential surplus entitlement rules may significantly complicate plan administration. In extreme cases, regulatory arbitrage may create labour dislocations as sponsors seek more favourable operating environments.

**Section 3.4 Grow-In Benefits**

The industry supports the elimination of mandated grow-in rights.

**Section 3.5 Partial Wind-Ups**

The industry supports the elimination of partial wind-ups, but is concerned that funding of any deficits with respect to terminated members prior to the next valuation date may unduly stress the plan as a whole. Consideration of some alternative or discretionary model for funding deficits with respect to terminated members may be appropriate.

**Section 3.6 Unlocking**

The Interim Position Paper suggests that the existing unlocking regime for DB plans be expanded to provide up to 50% unlocking on demand at retirement. For DC plans, the unlocking of employee contributions would become completely discretionary on the part of plan participants prior to age 60, and all DC plan contributions would be available on demand after that age. As a result, the regulatory review of withdrawal applications due to financial hardship would be redundant, and would be eliminated.

No clear rationale for differential treatment of consumers based on their participation in a DB or DC pension plan has been put forward. Absent a more complete discussion of such a rationale, CLHIA members are unable to support the present recommendation.

Moreover, any proposals to permit diversion of pension funds for non-retirement income purposes directly contradict the fundamental rationale underlying pension plans. If the objective is to simply permit tax-deferred savings that are available on demand, there would appear to be no necessity for a pension regime. The existing RRSP and TFSA regimes would adequately address such needs. Canada's life and health insurance companies recognize that this may not be a populist view. Some employees who participate in retirement savings arrangements – or who have done so in the past – will continue to seek access to amounts accumulating in such plans for purposes other that to provide a retirement income.

As a matter of public policy, the industry supports a continued, robust pension regime and the long-term protection of employee savings with the object of providing sustainable retirement income. Individual should have flexibility in structuring such income. However, the Interim Position Paper's recommendations re unlocking of pension monies appear to seriously undermine that objective. On that basis, Canada's life and health insurance companies cannot support the proposal to expand generalized unlocking opportunities under employer-sponsored pension plans.

**Section 3.7 Governance**

In addition to applicable pension law, DC pension plans operate under both the existing CAPSA Pension Plan Governance Guidelines[1] and the Joint Forum of Financial Market Regulators' Guidelines for Capital Accumulation Plans (CAPs)[2]. While neither document has been integrated within the pension statutes or regulations of any jurisdiction in Canada, the courts are expected to view them as minimum standards for the behaviour of pension sponsors, Administrators and service providers. And in the case of the Guideline for Capital Accumulation Plans, the responsibilities of plan participants are also outlined.

Market pressures ensure that all parties having rights and/or obligations under a plan act in accordance with these guidelines, or exceed the expectations established in the guidelines. As national standards, these guidelines ensure consistency and harmony between jurisdictions, and such common approaches minimize the additional costs that come from differential standards – costs that reduce investment yields and are inevitably borne by plan participants.

While not referencing either of these standards, the Interim Position Paper recommends that, in addition to these shared governance standards, each pension plan in Nova Scotia would be required to file a formal governance plan with, and have it approved by, the Superintendent of Pensions. Such a proposal deviates materially from the established national standard for pension plan governance, and will ultimately increase cost and reduce benefits accruing to plan members. Moreover, such deviation from national standards and the differential workload and cost that they imply creates a disincentive for potential plan sponsors in Nova Scotia to offer pension plans, and further discourage existing plan sponsors from maintaining or expanding such plans.

The reference to compliance with "the generally accepted practice in the Pension Industry" represents a subjective and ambiguous reference that would be expected to further discourage creation and maintenance of pension plans. If the intent is to refer to specific standards such as CAPSA's Pension Plan Governance Guidelines, then that reference should be explicit.

Rather than a filing and approval process, a more appropriate model would be to allow the Superintendent of Pensions to review governance practices and procedures in the context of the existing guidelines and any governance plan adopted by the plan in the context of a

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[1] http://www.capsa-acor.org/capsa-newhome.nsf/4a5938dfa169be3285256c1a00752c5d/c23e35f57379385a85256f62007038ab?OpenDocument

[2] http://www.jointforum.ca/JF-WWWSite/attachment/final%20docs/Guidelines-ENG%20final.pdf

random plan audit, but to not require the filing or approval of such materials on an ongoing basis.

Employee and/or union involvement in plan administration is significantly discouraged by fear of litigation risk relating to any (quasi) fiduciary duties assumed by such individuals. Absent appropriate legal safe harbours for such individuals, it is impractical to assume that measures to encourage their participation in plan administration can be successful. Moreover, to impose such a requirement on a plan would be unrealistic, since a plan cannot compel member participation in the administration process. And as described below, formal participation of employee and labour representatives other than as Trustees of a plan can pose significant operational and legal challenges.

**Section 3.7.1 Advisory Committees**

The Interim Position Paper recommends that members' Advisory Committees be encouraged to participate in the management of employment pension plans. An Advisory Committee would have full rights to consult advisors to the plan, potentially compounding plan expenses where a Committee requests variants on information, services or recommendations from those consultants. It is unclear how differences between the formal Administrator of a plan and any Advisory Committee might be resolved, and Canada's life and health insurance industry is very concerned that such disagreements could lead to time consuming and costly litigation, the cost of which, as with other costs of an Advisory Committee, would be borne by the plan. If borne by the pension fund, this could seriously reduce the investment yield of the plan for all participants. There is no recommendation relating to the reasonableness of the costs incurred by the Committee, with the result that significant costs could be incurred with little or no benefit for the plan participants as a whole.

Canada's life and health insurance companies have noted in section 3.7 above that the existence of plan member participation in plan governance, via either elected member trustees or advisory committees, has not historically been successful due to limited member desire to participate, even (and in fact, especially) where such participation is voluntary. Given the oversight requirements imposed on plan sponsors by the CAPSA Pension Plan Governance Guidelines and the Joint Forum's Guidelines for Capital Accumulation Plans, Canada's life and health insurance companies question whether there is measurable value added to the governance process by the inclusion of Advisory Committees.

The Interim Position Paper suggests that the existence of an Advisory Committee could limit sponsors' liability. It is unclear how this would operate in practice. Currently, sponsors, Administrators and service providers each have fiduciary or quasi-fiduciary duties with respect to plan beneficiaries and the operation of the plan. Having a subset of

plan members consent to the actions of a sponsor, Administrator or service provider would not relieve those parties of their existing fiduciary or quasi-fiduciary duties, but would likely also impose a fiduciary duty on members of an Advisory committee that may well exceed the ability of such individuals, with or without training and support by regulators, plan consultants and service providers.

In addition, it is unclear how an Advisory Committee would communicate plan information to plan stakeholders. Indeed, the proposed model would appear to replicate or replace existing sponsor, Administrator or service provider communications to plan participants. This suggests the creation of a second layer of systems and costs, or a reliance on reworked existing service processes. The value in such a re-engineering of existing processes that, based on information available to the industry, function effectively at comparatively low cost, eludes Canada's insurance industry.

Finally, to the extent that service providers would have duties with respect to sponsors, Administrators, individual plan members and beneficiaries, as well as any Advisory Committees, it is unclear what hierarchy of responsibilities might apply. Placing service provides in such a position of potential conflict is inappropriate.

Canada's life and health insurance companies view the proposal to incorporate Advisory Committees into the pension management process as being of dubious value to any stakeholders. While opportunities to enhance member communication may exist, the current responsibilities of plan stakeholders already address the concerns purported to be addressed by the proposed creation of such Committees.

**Section 3.8 Role of Regulators**

While the industry supports exemption of plans for "connected persons" from regulation under pension law, a "connected person" is not, in fact, a defined term in the federal *Income Tax Act*. Nor does the description of a "connected person" contained in the Interim Position Paper accurately reflect the limiting provisions of Regulation 8500(3) under the federal *Income Tax Act*; it is therefore difficult to assess the intended scope of the Interim Position Paper's recommendation.

The industry would encourage the Pension Review Panel to more precisely recommend adoption of a definition of "connected person" by direct reference to Regulation 8500(3), thereby eliminating any ambiguity as to the Panel's intent.

**Section 3.9 Harmonization**

Canada's life and health insurance companies strongly support the harmonization of pension legislation and regulation throughout Canada and have a long history of working with governments and other stakeholders towards this end.

The industry is concerned that a number of the proposals put forward in the Interim Position Paper conflict with national norms recently accepted by the Government of Nova Scotia through its involvement in groups such as CAPSA and the Joint Forum.

Canada's life and health insurance companies urge the Pension Review Panel to encourage the Government of Nova Scotia to act in a coordinated fashion through intergovernmental discussions and to avoid implementing measures unilaterally that will increase the differential cost of providing pensions to Nova Scotians, such that employment pension programs are increasingly impractical from the standpoints of both employers and employees throughout the province. Such disharmony, when built into the systems of service providers operating nationally, negates the benefits of scale to the material detriment of all plan members.

**Section 3.10 Safe Harbour**

The development of the Joint Forum's Guidelines for Capital Accumulation Plans was intended to establish a national standard for tax-assisted, employer-sponsored investment plans in which individual members could exercise personal decision making with respect to the selection of investments. These guidelines apply equally to defined contribution pension plans, group RRSPs, and group TFSAs. Canada's life and health insurance companies have expanded that scope, via incorporation of the guideline within the CLHIA's own guidelines, and have extended those standards to non-tax-assisted arrangements.

CLHIA members are of the view that adherence to the Guidelines for Capital Accumulation Plans, the Pension Plan Governance Guidelines and any relevant pension legislation or regulations consistent with those guidelines should constitute a safe harbour for sponsors, Administrators and service providers with respect to the operations of DC pension plans.

Canada's life and health insurance companies support the adoption of prudent default investment options and contribution rates for plan participants who fail to elect alternative options and rates. Moreover, the industry supports variation of these options and rates over time, to appropriately address the evolving circumstances of each plan participant subject to a default.

While the provision of periodic, multi-scenario projections of retirement incomes are a reasonable component of the information used by plan participants in the evaluation of their pension investment strategies, automating such projections may represent a significant undertaking by service providers and sponsors, and may increase the costs that are ultimately paid by plan members. Moreover, there is some real risk that such illustrations would be misinterpreted by plan members. The industry would require more complete discussions with all pension regulators as to appropriate assumptions for automatically generated scenarios, and time in order to deliver such tools.

Consistent with the Guidelines for Capital Accumulation Plans, providing interactive tools that allow plan participants to model the effect of various contribution and investment allocation decisions and the impact of varying retirement dates and income options may be a more practical means of helping plan participants monitor and assess their retirement planning strategies. While the industry does not support the provision of generic income projections, discussions reviewing the effectiveness of the Guidelines for Capital Accumulation Plans are expected to be held in the near future between the Joint Forum and various stakeholder organizations. Any efforts to clarify the Panel's expectations with regard to projections of DC pension plan incomes might best be addressed in this context, since any attempt to prescribe scenarios for automated illustrations should be developed in consultation with plan stakeholders, including regulators in other jurisdictions, to ensure national harmonization of any revisions to the existing Guidelines.

**Section 3.11 Phased Retirement**

While the Interim Position Paper has clearly contemplated phased retirement within the context of DB plans, it appears to have attempted to address parallel phased retirement for DC plan participants via the generalized unlocking proposals. Canada's life and health insurance companies have noted above our concern that such unlocking provisions are broader than appropriate, and significantly diminish the overarching protection of retirement incomes that is the objective of pension legislation. While phased retirement can be accommodated by payment of limited benefits from within DC pension plans and/or transfer of part of the accumulated value of a plan member's DC plan entitlements to a LIF or annuity, the industry does not support unlimited withdrawal of such entitlements.

**Section 3.12 Vesting**

Generally speaking, the adoption of immediate vesting should simplify plan administration and reduce compliance costs. But to the extent that immediate vesting becomes required, then an employer's incentive to provide a pension plan rather than a group RRSP is diminished. The value of a pension plan as an employee retention tool is clearly reduced under immediate vesting, and while this may reflect the desired mobility of employees

under current labour markets, it is not clear that encouraging such mobility enhances the productivity and prosperity of Canadians.

**Section 3.13 Classes**

The industry supports the elimination of mandated employee classes.

**Section 3.14 Access to Information**

While Canada's life and health insurance companies support the provision of appropriate information to all plan stakeholders, it is important to reiterate that the cost of providing that information cannot be borne by the plan per se in the context of DC pension plans with individual member accounts, since there is no "fund" at the level of the plan. General plan expenses may be charged to the sponsor, but are more typically charged to all plan participants as part of a regularly charged management fee. Transactional fees may be charged to the accounts of specific individuals. Where extraordinary expenses relate to information services for an individual plan participant or a select group of participants, it may be unreasonable to allocate the recovery of those costs to all plan participants by inclusion in the general management fee. As noted previously, it is essential to recognize that plan expenses inevitably are member expenses, and uncontrolled plan expenses directly reduce the future income of plan participants.

**Section 3.15.1 Promotion**

The Interim Position paper's suggestion that migration of responsibility for promotion of pension plans from the Superintendent of Pensions to the Department of Labour and Workforce Development assumes that this would not reduce the available resources within the Superintendent's office, and would therefore permit the expansion of the Superintendent's regulatory activities.

The suggestion that such a migration of responsibilities would not reduce staffing within the Superintendent's office may be unreasonable. As well, the industry does not believe that a need for expanded supervision has been demonstrated. Indeed, the tread toward DC pension plans and group RRSPs may well suggest that both the volume and complexity of regulatory oversight is reducing over time.

**Section 3.15.2 Investments**

The Panel proposes the adoption of statutory investment provisions specific to DC pension plans. To the extent that such provisions duplicate or conflict with the investment standards contained in the Guidelines for Capital Accumulation Plans, a statutory standard would increase consumer costs with no measurable benefits, and would conflict with the

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objective of harmonization noted in section 3.9 above. The industry opposes incorporation of specific investment standards for DC pension plans in Nova Scotia statutes or regulations, and strongly endorses the removal of quantitative investment limits from pension legislation throughout Canada in favour of a generalized prudential standard.

Canada’s life and health insurance companies are key players in Nova Scotia’s pension environment and greatly appreciate this opportunity to participate in this review. The industry would be pleased to review any of our comments at greater length with the Panel. Should you or your colleagues have questions about the industry's comments, I can be reached by telephone at (416) 359-2021, by facsimile at (416) 777-1895 and by e-mail at rsanderson@clhia.ca.

Yours truly,

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