



Thank you for the opportunity to comment on the 2020-21 FSRA Priorities and Budget.

With over 320,000 members, CARP is the voice of Canada's 6 million seniors. Ontario's seniors have worked hard all of their lives and deserve to have their savings, investments and pensions protected.

CARP applauds FSRA and the government of Ontario for taking proactive steps to support innovation and reduction of red tape in the pension sector. Enhancing regulatory tools available to FSRA, and strengthening legislative and regulatory protections for pensions, will enhance retirement security for Ontarians and save the Ontario government money.

CARP supports the reduction of regulatory burden only if the remaining regulations are enhanced to protect pensions. As such, we strongly recommend that priorities identified in the proposed 2020-21 FSRA Priorities and Budget document, including Section 8, be amended to include more deliberate language related to pension security and pension protection for Ontarians.

Specifically:

1. Protection for pensions should be included as a high-impact priority

Comment: CARP requests that Page 6 - Sector-specific targeted high impact priorities be amended to include protection for pensioners as a consumer group. This section currently includes a consumer protection objectives only for auto and property insurance (4.1), life and health insurance (6.1) and mortgage brokering (7.2).

2. Amend Section 5.5.2 - Draft Pension Priorities and Priority 8.1 - Support Plan Evolution Clarity to include pensioners

By the end of F2019-20, FSRA will have:

- Developed principles for increased flexibility
- Created a new organizational structure and relationship model to better support larger plans and jointly sponsored plans and complex transactions;
- Reviewed and consulted on inherited guidance and developed a plan to update, retire or merge guidance

Comment: CARP cautions that increased flexibility should only be used to proactively increase pension protection, not dilute it. For example, more flexible structures to allow orphaned plans of insolvent companies to continue to operate would benefit pensioners and strengthen pension protection.

FSRA is continuing to build relationship management as a key skill for plan consolidation activity and complex transactions. This expertise is foundational to delivering on this priority.

Comment: CARP recommends that FSRA include pensioners as a separate and distinct stakeholder with which to foster a stronger relationship.



FSRA will ensure that Ontario workers are well informed regarding their retirement benefits and that those benefits are protected.

Comment: CARP recommends that pensioners be added as a distinct target for this priority. Once workers retire and become pensioners, they lose any protection afforded to them as employees or members of a collective bargaining group. They have no seat at any table and are excluded from the information pipeline.

Dependencies:

Continued collaboration with MOF and sector stakeholders like plans, labour representatives, sector organizations, consultants, lawyers and actuaries.

Comment: CARP recommends that pensioners be added as a distinct stakeholder for this priority. Once workers retire and become pensioners, they lose any protection afforded to them as employees or members of a collective bargaining group. They have no seat at any table and are excluded from the information pipeline.

3. Amend Section 5.5.2 - Draft Pension Priorities - Priority 8.2 Develop and Consult on Prudential Supervision Framework

FSRA will review, and develop a plan to enhance its oversight of prudential pension matters to ensure appropriate assessment of risks and targeting of supervision. FSRA will consult on this plan and proceed to implementation in 2020-21.

This will include: consideration of appropriate governance of plans; how regulatory oversight manages and identifies potential risks to the Pension Benefit Guarantee Fund (PBGF) and improves outcomes for plan **beneficiaries**; and approaches to distressed plans.

Comment: CARP recommends that FSRA look beyond a prudential supervision framework to identify specific legislative and regulatory changes that could enhance its ability to prevent pension defaults, such as:

- a) abolishing pension funding relief except in true hardship cases*
- b) preventing the sale of a company until the pension is fully funded*
- c) blocking executive bonuses or issuance of dividends when a pension falls below established solvency funding requirements.*

Going forward FSRA's focus will:

Enable the long-term financial sustainability of the PBGF and assist MOF in its legislative review of the PBGF by undertaking a financial and risk assessment of the PBGF including: stress-testing and developing and implementing a more appropriate return-seeking investment strategy that balances benefit security, return and anticipated liquidity needs.

Comment: CARP recognizes the importance of long-term financial stability for the PBGF. A key factor in its success will be reducing the risk of pensions failing. As part of



this review, CARP renews its call for stronger legislative and regulatory tools to maintain healthy pension solvency levels.

As FSRA and the government move forward with its consultative work, CARP requests an opportunity to participate in person in those discussions.

On behalf of Canada's 1 million defined benefit pensioners and our 320,000 members, I look forward to working with you to strengthen pension security in Ontario.

A handwritten signature in black ink, appearing to read "Marissa Lennox".

Marissa Lennox
Chief Policy Officer