

February 27, 2020

Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 16th Floor
Toronto, Ontario
M2N 6L9

Re: Willis Towers Watson Submission on Proposed Supervisory Approach for Single Employer Defined Benefit Pension Plans that are Actively Monitored

Dear Sir or Madam,

Willis Towers Watson welcomes the opportunity to comment on the proposed Supervisory Approach for Single Employer Defined Benefit Pension Plans that are Actively Monitored (Proposed Approach).

Willis Towers Watson designs and delivers solutions that manage risk, optimize benefits, cultivate talent and expand the power of capital to protect and strengthen institutions and individuals. Willis Towers Watson employs 45,000 colleagues worldwide, with approximately 450 engaged in providing services to sponsors of Canadian pension plans. The undersigned have prepared our response with input from others in the company.

We support the Financial Services Regulatory Authority of Ontario's general approach to supervising plans that are actively monitored. In particular, we agree that the process should be collaborative, and each situation should be assessed based on its particular facts and circumstances. We have, however, two comments on some aspects of the approach.

First, while we agree with the comment (at section 5.2.4) that the status of being an actively monitored plan should be confidential, it is not clear how this confidentiality will be maintained if FSRA's engagement strategy under section 5.3.3 involves communication with other parties, including unions and plan members. That is, parties contacted by FSRA with respect to a specific pension plan could surmise that the plan is being actively monitored. Therefore, we recommend that the Proposed Approach be amended to clearly set out when other parties would be contacted and the nature of the communications.

Second, we recommend that the Proposed Approach be clarified to better distinguish between the roles of the "plan administrator" and "plan sponsor". For example:

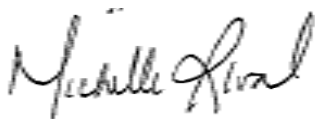
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- In section 4.5, it states that FSRA will consider whether plan sponsors have taken appropriate measures to address pension benefit security, but plan sponsors are only required to contribute the minimum amount dictated by the most recent actuarial valuation and it will primarily be plan administrators who are responsible for taking other measures to deal with benefit security.
- In section 4.6, it states that beneficiaries and their representatives can contact FSRA if, among other things, the plan sponsor “is not acting in the best interest of pension plan beneficiaries in administering the pension plan”. However, administering the plan is clearly the responsibility of the plan administrator and the plan sponsor is not obligated to act in the best interests of plan members. This reference to plan sponsor should instead refer to plan administrator.
- In section 5.3.6, it states that the plan administrator must consider industry best practices relevant to, among other things, funding. With respect to funding, however, the plan administrator can only require the employer, as plan sponsor, to contribute the minimum amount determined under the most recent valuation. Section 5.3.6 suggests a broader scope of responsibility for the administrator with respect to the funding of the pension plan.

We greatly appreciate the opportunity to comment on this part of the Proposed Approach and would be pleased to answer any questions you may have.

Sincerely,



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