

Private & Confidential

Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

14 March 2022

Subject: Proposed Pension Benefits Guarantee Fund Assessment Deadlines and Calculations Guidance

Thank you for providing us with the opportunity to comment on behalf of Mercer on the proposed guidance related to Pension Benefits Guarantee Fund (PBGF) Assessment Deadlines and Calculations.

The Guidance provides FSRA's interpretation with respect to certain issues related to:

1. Acceptable valuation dates for actuarial valuation reports used to calculate a PBGF assessment; and
2. The deadlines for PBGF assessments and assessment certificates in the normal course and on wind up.

The proposed guidance has the following provision:

"Therefore, for pension plan fiscal years ending on or after December 31, 2021, FSRA will require the PBGF annual assessment to be based on the information set out in the most current valuation report filed with FSRA that has a valuation date that is on or before the fiscal year end immediately preceding the assessment date¹"

While we understand the province's need to ensure that all PBGF eligible plans contribute fairly and equitably to the PBGF to better protect plan members, we suggest that the Financial Services Regulatory Authority (FSRA's) consider a minor amendment allowing January 1st valuations to be acceptable for this purpose.

Many of our clients use consistent effective dates for their valuations and the use of January 1st versus December 31st is essentially the same. The same assets, census data and assumptions with the exception of the commuted value discount rate and inflation assumptions for solvency/wind-up valuations would be used. This would allow plan sponsors to continue to follow their existing practice. This would also alleviate issues for clients who would be required to re-visit their assumption setting process (which has already been completed) for this year's valuations and the 2021 PBGF assessment.

¹ A valuation report for this purpose includes the wind up report for a pension plan that is winding up and the actuarial filing required for a benefit improvement.

Page 2
14 March 2022
Financial Services Regulatory Authority of Ontario

Thank you for taking the time to review our submission. If you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lise Houle".

Lise Houle FSA, FCIA
Partner