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VIA FSRA portal

25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6

Subject: FSRA Consultation Paper: Potential FSRA Rule on Family Law Matters

Dear Sir/Madam:

On behalf of PBI, we wish to thank you for providing us with the opportunity to comment on the FSRA Consultation Paper: Potential FSRA Rule on Family Law Matters.

We have provided comments/answers herein on certain Topics and questions outlined in the consultation paper.

Topic #2: Fees that plan administrators may charge for a DB Statement of Imputed Value

2. Are the existing maximum fees currently set out in regulations under the PBA sufficient to recover the costs incurred in preparing statements? If not, what should the new maximum fees be? Please provide any details relating to cost experience (e.g., administrative and professional service costs associated with the statements) which may be relevant to support your responses.

The existing maximum fee may have worked in the past, however with inflation and overall costs on the rise, this amount no longer works. Some pension plans have in-house administration which can help control cost; however, many pension plans also use professional services where hourly rates or fixed fees have increased since 2012.

It would be reasonable to increase the maximum fee, for plans with DB benefits, with a range from \$1,000 to \$2,500, with fees on the low end if the work is completed with in-house administration. In addition, the maximum should have an automatic increase by inflation each year, should a plan administrator wish to apply.

3. Should special considerations be made for low-income applicants (e.g., a fee waiver), in order to mitigate the impact of the revised maximum fees?

No alternative fee structure should be provided as this will take more efforts to oversee and has the potential of being exploited.



Topic #4: Payment of interest on lump sum transfers

6. Is there uncertainty as to when interest should be added on a lump sum transfer to a member's spouse as a result of Heringer?

Although adding interest or not is dependent on what is written in the court agreement, the implication is not necessarily known, for the reason given in the second paragraph of this section (after 1. & 2.): "one reason for this is that the parties and their advisors may not be aware of the decision and its implication – and so may not take the decision into account when structuring their affairs."

7. If so, could this uncertainty be adequately addressed by revisions to the Administration of Pension Benefits Upon Marriage Breakdown Guidance or new FSRA Interpretation Guidance?

Yes, to provide certainty about interest and allow a former spouse to identify all the elements needed, it would make sense to add back wording regarding interest to the Form FL-5 and also add the whole Part D back with an updated comment of the Interest.

The parts of the old FSCO Form 5 that were removed are summarized in the following wording:

"Interest will be added to the Family Law Value from the Family Law Valuation Date to the beginning of the month in which the transfer of your share of the Family Law Value is made."

And add a section "In the above document (i.e. court order, family arbitration award or domestic contract), my share of the Family Law Value to be transferred as a lump sum is expressed,

As the following lump sum amount:

Or

As the following percentage of the Family Law Value

9. If you disagree that FSRA should propose a rule that sets out the same treatment of interest as the Heringer decision, as described above, should FSRA propose a rule that provides for an alternative treatment of interest? If so, what should that treatment be?

FSRA should propose a rule that interest be applied in all cases regardless of the wording on the court order. This will result in an even-handed treatment for all.

Other Comments

The current wording on Form FL-1 does not give authority to plan administrators to send information directly to the person named as the contact person, an additional step is required to get a privacy authorization. The old FSCO Form 3 had an authorization form that allowed for information to be directly sent to the person named as the contact person. Updating the Form FL-1 to allow for this authorization will reduce the back-and-forth confusion with members not realizing that the authorization is not automatic.



Once again, thank you for the opportunity to provide our input on this matter. We offer our support in whatever way we can to assist further and would be pleased to discuss our submission and provide any clarification of our comments as required.

Yours truly,

A handwritten signature in black ink, appearing to read "Nisha Singh".

Nisha Singh, FCIA, FSA
Partner, Senior Consultant

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