

**From:** John Gilfoyle [jgilfoyle@siss.ca]  
**Sent:** March 16, 2009 6:45 PM  
**To:** Pension Consultation 2009  
Diane Lafleur  
Financial Sector Policy Branch  
Department of Finance

Dear Ms Lafleur:

In the Department of Finance Consultation Paper of January 2009 entitled "Strengthening the Legislative and Regulatory Framework for Private Pension Plans Subject to the *Pension Benefits Standards Act, 1985*" you asked for comments. Strategic Income Security Services (SISS) is strategic advisor to many Pension Plans in Canada with specific emphasis on helping our clients in the management of balance sheet risk to their plans. While we will focus our comments on one area, we commend Finance in its efforts to update the pension legislation. Other pension jurisdictions are going through the same exercise, as you know, and we would hope that some effort be made to harmonize at least some of the elements of the legislation.

In Section 5.E you make reference to the current Investment Rules and comment "*The Government of Canada is seeking views on ways to improve the regulatory framework governing pension investment.*" Both the Alberta and British Columbia Joint Expert Panel on Pension Standards (JEPPS) (of which the undersigned was a member) and the Ontario Expert Commission on Pensions (OECPE) make specific recommendations on the subject. While they differ slightly, both recommend moving towards a more principles-based approach from the current rules-based quantitative limits included in Schedule III to the PBSA regulations. Submissions to the Panel and Commission and other commentators since have made strong recommendations in this regard. Specifically, we would bring your attention to the C D Howe Institute Commentary Number 283 of February 2009 where the author makes the case for abolishing the 30% rule particularly, but actually provides a rationale for doing away with quantitative rules in favour of "prudent person" standards combined with appropriate guidance and direction. We strongly concur with their recommendation for all of the reasons indicated, and, as mentioned above, would expand it to include all of the quantitative rules included in Schedule III.

Thank you for the opportunity to comment.

John Gilfoyle

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