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The Honourable Dwight Duncan  
Minister of Finance and Revenue, and Chair of Treasury Board/Management Board of Cabinet  
Attention: Comments on Report of the Expert Commission on Pensions  
c/o Pension and Income Security Policy Branch  
5th Floor, Frost Building South  
7 Queen's Park Crescent  
Toronto, ON M7A 1Y7

Dear Minister Duncan:

**Re: A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules**

On behalf of the members of the Pension Committee of the Anglican Church of Canada and the Board of Trustees of the General Synod Pension Plan, we are writing you to provide comments on the Ontario Expert Commission on Pensions report. We thank the Ontario Expert Commission on Pensions for the work involved in preparing their report "*A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules*", and we appreciate the opportunity to provide our feedback.

The General Synod of the Anglican Church of Canada sponsors two pension plans: the General Synod Pension Plan ("GSPP") and the Lay Retirement Plan. The General Synod Pension Plan is a Specified Multi-Employer ("SMEPP") defined-benefit plan, which provides pension benefits to the Church's clergy and lay personnel working all across Canada. There are approximately 50 participating employers, which include dioceses and other Church-related organizations. The General Synod Pension Plan currently provides benefits for over 5000 members, with monthly pension payments to about 2000 individuals and assets of approximately \$600 million.

The Lay Retirement Plan is a defined-contribution plan, which provides pension benefits to members who work in parishes, daycare centres, shelters and other church-run organizations. There are approximately 800 members.

The GSPP is governed by the Pension Committee of the Anglican Church of Canada. The Pension Committee is appointed by the General Synod at its triennial meetings. Voting members of General Synod are either elected by local dioceses and/or parishes or are appointed by the bishops in each diocese. In conventional terms, General Synod is therefore represented by both employers and employees, but primarily employees. The Pension Committee consists of at least one retired member of the GSPP. The Pension Committee appoints the members of the Board of Trustees. The Board of Trustees consists of volunteers who have expertise in pensions (e.g., financial/investment experts, actuaries, lawyers) and clergy.

The report points out that more than half of all pension plan members in Ontario belong to jointly-governed or member-governed multi-employer pension plans ("MEPPs") and jointly sponsored pension

plans. It also points out that Ontario pension legislation is geared mostly toward *single employer* plans. In light of this, our comments focus mainly on issues in the report that are relevant to MEPPs, such as the GSPP. We are generally in agreement with most of the recommendations in the report that relate to MEPPs, and have the following additional comments on particular recommendations:

1. Recommendations 4.8 and 4.9:

We support these recommendations that MEPPs should have separate funding rules related to their distinct characteristics and, that following consultation with Ontario's MEPPs, special legislation and regulations should be developed relating to all aspects of their funding, regulation and governance. We further support the recommendation that the basis for such legislation and regulations should be the Specified Ontario Multi-Employer Pension Plan ("SOMEPP") regulation.

The GSPP does not qualify as a SOMEPP because participating employers are generally tax exempt and pension benefits are not the result of collective agreements. We note that the conditions to be eligible to be a SOMEPP are identical (but for one condition) to the requirements for SMEPPs. Although the Plan does not strictly comply with the SMEPP conditions<sup>1</sup>, it is registered as a SMEPP through approval from the Minister of Finance because it satisfies the essential elements required to be a SMEPP. **We therefore strongly urge that the conditions required to be registered as a SOMEPP either be that the pension plan be registered as a SMEPP or to allow the Minister of Finance the authority to register a plan as a SOMEPP provided that it satisfies the essential elements of SOMEPPs.**

2. Recommendation 4.12

Further to the previous point, we believe the GSPP substantially satisfies the requirements with respect to the proposed Jointly Governed Target Benefit Pension Plan (JGTBPP), and we support the recommendation that JGTBPPs be funded in a manner similar to jointly sponsored plans.

3. Recommendation 4.10:

We also support the recommendation that MEPPs should be required to fund only according to a going concern valuation, but should continue to provide solvency valuations for the information of the regulator and active and retired members.

We urge the government to expedite the extension of the SOMEPP regulations to remove any uncertainty on the funding requirements for SOMEPPs.

4. Recommendation 5.9

We support the recommendation that MEPPs should not be required to provide "grow-in" benefits, given the low likelihood of a partial or full wind-up of the GSPP, and the current structure of sharing of sponsorship and governance risk. The effect of grow-in is to allocate a greater portion of the plan's assets from one group of members to another. We do not believe that this is in the best interest of the plan's members.

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<sup>1</sup> There are three conditions to which the GSPP does not comply: (1) Participating employers do not participate pursuant to a collective agreement; (2) associated contributions are not made in accordance with a negotiated formula; and (3) most participating employers are exempt from tax under Part I of the Income Tax Act.

5. Recommendation 6.3  
Although we agree that the Superintendent should have some power with respect to a MEPP at risk of failure or of significant benefit reduction, we are concerned that the nature of this recommendation provides overall authority to the Superintendent. We would prefer if the Superintendent had the authority to approve, rather than initiate, any corrective action considered by a MEPP's board of trustees.
6. Recommendation 10.7  
As noted above, the GSPP has plan members employed across Canada. Compliance with all of the provincial and federal regulatory differences requires complex administration systems. The differences, in our opinion, are technical and don't provide meaningful differences to plan members. We support the comment in section 10.4 of the report that "Harmonization and coordination are highly desirable", and recommendation 10.7 regarding "standardization of procedural and technical requirements in provincial pension legislation". We recommend that the Minister of Finance actively promote harmonization of pension legislation across Canada.

### Summary

Our greatest concern is with respect to the funding recommendations for MEPPs and the timing of the required changes to legislation for implementation. We request an in person meeting with you, or your staff, to discuss our concerns in more detail.

Respectfully



The Most Rev. Fred Hiltz  
Primate  
The Anglican Church of Canada



The Right Rev. Philip Poole  
Chair, Pension Committee  
The Anglican Church of Canada



David Stovel  
Chair, Board of Trustees  
General Synod Pension Plan

Copy to: Judy Robinson, Executive Director, The Pension Office Corporation  
Cameron Hunter, Eckler Ltd.