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Re: The Pension Benefits Regulations, 1993 Consultation Paper

Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals

Our office was pleased to receive notification of the consultation paper and the opportunity to provide comments to the Financial and Consumer Affairs Authority (FCAA). As per our submission in October 2022, we feel an exemption for IPPs and DPP provides an overall benefit as it encourages business owners and professionals to save for retirement while ensuring that their organizations remain viable without the added pressure of enforced funding and considerable fees.

Regarding the specific questions posed in the paper:

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

Yes, an exemption for connected members for both IPPs and DPPs would be beneficial and agree with the suggestion in the paper.

Exempting non-connected DPPs would encourage owners to establish plans. DPP's for high earners are commonly mid-size corporations looking to provide DB benefits to key individual employees to ensure they remain competitive and helps the company retain their top talent. Group DB plans may achieve this, but is likely not a good option as they are very cost prohibitive. In this case, perhaps exempting these plans with member consent may be a good hybrid option.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

We do not agree with the above statement. We believe the framework should allow IPPs with more than one sponsor to be exempt from the Act in cases where all members/former members of the plan are connected to all of the sponsors. In these cases, the members have the same control over plan design and plan funding as in the case of an IPP with a single plan sponsor. Our office acts as actuaries for multiple plans of this type registered with FCAA.

In addition, other provincial jurisdictions who have exempted IPPs and DPPs have also exempted those plans with more than one participating employer.

QUESTION 3: Do you agree that members, former members, spouses, and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

No, as connected persons, members also act as the plan administrator and separate consents create additional paperwork and costs. In the case of Ontario, members had to sign off multiple times and there was also an additional expense of having the forms notarized. This led to delays in getting exemptions and frustration from members.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes, plans for connected individuals should be automatically exempt. This is in line with what other provincial jurisdictions have done when they have exempted IPPs and DPPs from their provincial acts.

For non-connected DPPs, we believe exemption from the Act should only be provided if the member consents, acknowledging they understand the protections they are giving up.

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions?

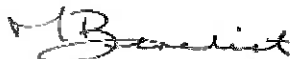
We feel that if the plan is exempt, then it should be completely exempt from all provisions of the Act. Ontario adopted this philosophy, and we feel that this has worked well.

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply? If so, which provisions do you feel should continue to apply?

We do prefer the Ontario method which exempts plans from the Act completely.

Thank you for taking our above feedback into consideration. We are happy to discuss in more detail should you have further questions or concerns.

Regards,



Margie Benedict, CEBS
Vice President, Plan Administration

margie.benedict@gblinc.ca

Ballan, Holly FCAA

From: Veronica Chan <Veronica.Chan@westcoast-actuaries.com>
Sent: Friday, July 14, 2023 1:11 PM
To: Pensions FCAA
Cc: Spenser McCaig
Subject: RE: Feedback Requested: Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals

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Dear Pensions Division,

Regarding the consultation paper with respect to the exemption of certain types of individual pension plans and designated pension plans from registration and regulation under *The Pension Benefits Act, 1992*, please find below our (Westcoast Actuaries Inc.'s) responses to the questions posed in the paper.

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

Yes.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

No. In cases where the connected plan member(s) are connected with all participating employers, they would have similar or identical influence over the plan as would be the case for a single-employer plan. We recommend the exemption apply to plans with more than one participating employer if the plan member(s) are connected persons in relation to all participating employers.

QUESTION 3: Do you agree that members, former members, spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

Yes.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes.

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions? **QUESTION 6:** Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply? If so, which provisions do you feel should continue to apply?

Yes. Regulations for IPPs and DPPs that are similar to those in Alberta and BC would also be agreeable.

Our office looks forward to receiving details of the finalized recommendations to amend *The Pension Benefits Regulation, 1993*.

Regards,

Veronica Chan, CEBS
Senior Associate

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WESTCOAST  ACTUARIES 

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From: Ballan, Holly FCAA <holly.ballan@gov.sk.ca>

Sent: Monday, May 29, 2023 3:01 PM

To: IPP-admin@wainc.ca

Subject: Feedback Requested: Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals

Dear Service Provider or Industry Stakeholder,

You are receiving this email because you have been identified as an interested party of the below mentioned consultation paper.

Please visit [Financial and Consumer Affairs Authority of Saskatchewan \(gov.sk.ca\)](http://FinancialandConsumerAffairsAuthorityofSaskatchewan.gov.sk.ca) to find a consultation paper with respect to the exemption of certain types of individual pension plans and designated pension plans from registration and regulation under *The Pension Benefits Act, 1992*.

The Financial and Consumer Affairs Authority is interested in receiving your comments respecting the questions found in this paper. In addition, please feel free to provide any additional and relevant information.

Based on the feedback received, the FCAA will make recommendations to the Government regarding amending *The Pension Benefits Regulations, 1993*.

Please provide your comments by **July 15, 2023** by email to pensions@gov.sk.ca.

Alternatively, comments may be mailed to:

Pensions Division - IPP/DPP Consultation
Financial and Consumer Affairs Authority
4th Floor, 2365 Albert St.
Regina SK S4P 4K1

Thanks,



Holly Ballan

Director, Pensions

Financial and Consumer Affairs Authority of Saskatchewan

Bus: 306-787-2458 – Fax: 306-787-5899 – holly.ballan@gov.sk.ca

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Ballan, Holly FCAA

From: William Moore <William@LMCGroup.ca>
Sent: Friday, July 14, 2023 12:15 PM
To: Pensions FCAA
Cc: William Moore
Subject: Consultation Paper Response

WARNING: This message originated from a source that is not managed by **SaskBuilds and Procurement, Information Technology Division**. Do not visit links or open attachments unless you trust the sender's email ID and ensure it is not a spam/phishing email.

Attention: Holly Ballan

We appreciate the opportunity to respond to the questions raised in your Consultation Paper (Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals). The Lesniewski Moore Consulting Group administers over 1,000 Designated Pension Plans. Currently 37 of these plans are now registered in Saskatchewan. We are a pension consulting firm with four qualified actuaries and an administrative staff of 12 with our main office in Calgary and satellite offices in Manitoba and Toronto.

We fully support your proposed regulatory framework as it applies to Individual Pension Plans ("IPPs") and Designated Pension Plans ("DPPs"). These plans are not broadly based employee pension plans. These plans are implemented to enable accumulation of tax-sheltered retirement assets to provide a more tax-effective means of accumulating retirement assets for connected persons (and often the member's spouse). The DPP is funded by the corporation that is owned by the connected plan member, all third party suppliers are retained by the connected person and all decisions are made or authorized by the connected person. We agree that these individuals do not need the protection of the Pension Benefits Act, 1992.

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

- We agree that plans containing only connected members should be exempt from the provisions of the Act and Regulations.
- DPPs that cover high income, non-connected persons could also be exempted. These high-income members are typically senior executives of the sponsoring corporation and generally have meaningful control of the operations of the corporation. We question whether these individuals need the protection of the Act since their total compensation is usually defined in an employment contract enforceable under common law.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

- In our experience, the connected person in DPP with more than one participating employer is usually a significant shareholder in both participating corporations. It is not clear why such a plan should not be exempted from the Act.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

- We have no real concern with this proposed condition, particularly if the plan includes retired members. Generally, a DPP includes only the significant shareholder and the spouse.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

- Yes

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions?

- The legislated protection against seizure or attachment of pension assets is important to DPP members. This protection should be maintained.

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply? If so, which provisions do you feel should continue to apply.

- From a purely administrative perspective, our preference would be the complete exemption of the Ontario framework (subject to our response to Question 5, above). However, there are often circumstances where the support of pension legislation and the regulator facilitates the professional conduct of our work. We support either approach.

Thank you for your consideration.



William T. Moore | Senior Vice-President | [Lesniewski Moore Consulting Group Inc.](#)
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Lesniewski Moore
Consulting Group Inc.
Actuarial & Retirement Plan Consulting



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July 14, 2023

pensions@gov.sk.ca

RE: CONSULTATION PAPER - REGULATION OF INDIVIDUAL PENSION PLANS AND DESIGNATED PENSION PLANS FOR CONNECTED INDIVIDUALS

Dear Sir or Madam:

We have prepared this document as a response to the [Consultation Paper](#) "Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals". On behalf of Aon, we thank the Financial and Consumer Affairs Authority of Saskatchewan for undertaking this consultation process and we appreciate the opportunity to help modernize our pension system.

The views expressed in this submission are those of Aon. We are not writing on behalf of, or to express the views of, any client of Aon.

We essentially agree with the proposed framework that would exempt individual pension plans (IPPs) and designated pension plans (DPPs) containing only connected members from all requirements of the *Pension Benefits Act, 1992*, including registration, filing, funding and all minimum standards.

Below are our responses to some of the questions contained in the Consultation Paper.

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

Yes, we agree that plans containing only connected members should be exempt from registration and regulation under the Act.

We would like to add some commentary on pension plans that contain connected persons as well as non-connected person or where pension plans do not contain any connected persons but where the pension plan contains high-income earners (i.e. where all or a vast majority of members have annual earnings which exceed some threshold such as 2.5 x YMPE each year). We believe that such pension plans should continue to be subject to registration under the Act in order to provide minimum pension standards protections to non-connected members of such pension plans.

This view is because we feel it would be difficult to establish an appropriate "high income earner" threshold (i.e. we believe 2.5 x YMPE is too low) and because high income earners are not necessarily in full control of the sponsoring organization and so they will likely also not be in full control of the pension plan.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

Yes, we agree. We note that consent should not be difficult to obtain for these types of plans.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes, we agree.

We once again thank you for the opportunity to provide input on this ongoing and important process.

Sincerely,

A handwritten signature in black ink, appearing to read "David Larsen". The signature is fluid and cursive, with the first name "David" written in a larger, more prominent script than the last name "Larsen".

David Larsen, FSA, FCIA
Partner



Central Ops
201 City Centre Drive
Mississauga, ON L5B 4E4
T: 613.288.3427
E: Normand.frenette@buck.com

July 13, 2023

Pensions Division – IPP/DPP Consultation
Financial and Consumer Affairs Authority
400 - 2365 Albert Street
Regina SK S4P 4K1

Dear FCAA,

Buck is pleased to comment on FCAA's IPP/DPP Consultation, we thank you for this opportunity. As you may know Buck markets a turnkey IPP solution since 2003. We have established thousands of IPPs and have worked with your organization at multiple occasions in the past. You will find our answers for the questions raised in the IPP/DPP Consultation below.

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

Buck feels that plans that contain high-income earners should also be exempt. Business owners are looking for ways to attract and retain key employees, which usually meet the definition of high-income earners. Very often these employers would be willing to set up an IPP to help a key employee maximize their registered retirement savings, except for the fact that they agree to an unquantified funding risk, and the key employee would be more than happy to have an IPP even though the employer may not fund certain deficits.

As you know the province of Manitoba excludes such IPPs from their pension legislation. In other jurisdictions where these IPPs are subject to the pension legislation the employer and the key employee very often enter into a side agreement under which the key employee indirectly fund the deficits through a salary or bonus reduction.

We think that high earners are educated enough to understand the consequences of being exempted from the pension legislation and could agree to have the IPP not registered to the legislation. One way to ensure that this is the case may be to require that the employer obtains a written consent, possible under a prescribed form, as a condition to exempt the IPP.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

No. We question why an IPP with multiple participating employers would not be exempted as well. These IPPs are not the typical, specified multi-employer pension plans, as defined under the Saskatchewan Pension Benefits Act, but rather plans that are sponsored by different related companies. For such plans for connected individuals, that meet the other exemption requirements, the plan members also make the decisions with respect to the plan design and the plan fund and do not need the protection of the Act. Therefore, we recommend deleting this requirement.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

No. As you probably know, Ontario recently adopted a similar legislative amendment to exclude certain IPPs from their pension legislation and came up with the following prescribed forms required to qualify the IPPs for exemptions:

- PBA Exemption Election Form: to be completed by the IPP participating employer or anyone of the participating employers in the case of an IPP with more than one.
- Member Consent Form: to be completed by all plan members and certified by a Commissioner for Oaths.
- Spouse Consent Form: to be completed by all plan members' spouses, if any.
- Other Person Consent Form: to be completed by a person entitled to pension benefits other than a member or a spouse.

The forms were complex and lengthy and the requirement to have a Commissioner for Oaths certify the Member Consent Form was a nightmare to administer for all parties. This resulted in many submitted forms being returned as being non-totally compliant, sometimes even more than once. FSRA would not accept that the IPP Pension consultants corrected the forms (for things that did not relate to the Commissioner for Oaths) and required that the IPP plan sponsors sign on each change to the forms. The resources required from all parties to come up with compliant forms was enormous.

At the other end of the complexity spectrum, Nova Scotia simply asked for a letter from one participating employer stating that the plans meet the conditions for exemption requiring a statement of understanding and acknowledgements.

We suggest that FCAA adopts the letter approach to minimize the work required meet and grant the exemptions or that the exemption election form(s) be kept as simple as possible.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes, we do agree as these people would apply to be exempt anyway.

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions?

To our knowledge, the only situations where IPP plan sponsors have not elected the exemption in Ontario to benefit from the creditor protection offered by the Ontario PBA. We believe that this provision should continue to be applicable.

In addition, we believe that maintaining the provision under which any qualifying Spouse, as defined under the Act, is entitled to any IPP death benefit should be considered.

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply? If so, which provisions do you feel should continue to apply?

Please refer to our answer to Question 5.

Sincerely,

A handwritten signature in black ink, appearing to read "Normand Frenette". The signature is written in a cursive, slightly stylized font.

Normand Frenette, FCIA, FSA
Principal, Senior Consulting Actuary



GROUP SAVINGS AND RETIREMENT

Quebec City, July 3, 2023

Via email to: pensions@gov.sk.ca

Financial and Consumer Affairs Authority of Saskatchewan
Pensions Division – IPP/DPP Consultation
400 - 2365 Albert Street
Regina SK S4P 4K1

Subject: Consultation Individual pension plans and designated plans

Dear Madam, Sir,

Following your consultation process on the proposal to exempt certain individual pension plans (IPPs) and designated plans from the *Pension Benefits Act* and its *Regulations* (PBA), this letter provides our feedback on the proposed changes on behalf of iA Financial Group. We manage and provide administrative and actuarial services to more than 600 IPPs across Canada.

First, we salute the proposed initiative by the Government of Saskatchewan, and fully support it. While we believe that one of the key roles of the pension legislator is to protect the benefits of plan members, in a situation of an IPP for a connected employee, such a protection is not warranted. Also, the proposed changes are in line with changes that have occurred in other legislations over the last 10 years (NS, NB, QC, ON, MN, AB and BC).

These changes will significantly simplify the administration of these pension plans for consulting firms, sponsoring companies, plan members and Saskatchewan Pension Division. All stakeholders are gaining from the proposed changes. IPPs will also be more cost efficient for plan sponsors as a result of these changes and this will allow small business owners to have access to defined benefit pension plans at a lower cost.

Commentary on Consultation Paper

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act?

Yes. Most of the other jurisdictions in Canada have come to the same conclusion including BC, AB, MB, ON, QC, NB and NS and we would welcome amendments to the PBA that would exempt plans with connected members.

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Industrial Alliance Insurance and Financial Services Inc. 1080 Grande Allée West PO Box 1907 Station Terminus Quebec City, Quebec G1K 7M3

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If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

Yes, plans for high-income earners who meet the definition of specified individuals who are not connected members should also be exempt from the PBA as per the current legislation in MB. This would allow employers to offer defined benefits type of plans, likely more generous, to high-income earners. These plans would be established on an ad-hoc basis for specific executive employees where we don't believe the protection from the Act is required.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

No. We don't believe members of such plans need the protection from the Act. We manage many IPPs with more than one participating employer and in all circumstances, the member owns shares of every participating employer. These business owners may, from time to time, pay themselves income from a company and then in later years receive income from another company. It would not make sense for these plans to be offered the choice between either excluding service for a given number of years or being registered and therefore, required to follow the PBA.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

Yes. This was the approach taken by the Province of Ontario when legislation was made effective on December 8, 2020 and gave existing registered IPPs the ability to voluntarily exempt themselves from Ontario's pension legislation. The process was simple and well communicated and understood by administrators and members. We recommend following the same process.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes, this keeps the process of establishing new IPPs for connected members simple.

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions?

Similar to Quebec legislation where some provisions still apply to exempt IPPs, we believe the provision that should continue to apply to exempt IPPs is the Creditor Protection rules.

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GROUP SAVINGS AND RETIREMENT

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply?

Other than our comments in Question 5 above regarding creditor protection, we don't believe any other provisions should apply to these plans.

If you require additional information, please do not hesitate to me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Frédérik Maheux'.

Frédérik Maheux, FSA, FCIA
Senior Actuarial Consultant and Manager
Group Savings and Retirement
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June 30, 2023

Pensions Division –
IPP/DPP Consultation
Financial and Consumer Affairs Authority
400 - 2365 Albert Street
Regina SK S4P 4K1

Dear Sir and Madam:

RE: **Individual Pension Plan consultation**

We are pleased to provide you with our comments on the various questions posed in the IPP Consultation Discussion Paper below.

About Us

INTEGRIS Pension Management Corp. is a Canada-wide pension consulting firm headquartered in Toronto Ontario offering services to small and medium-sized businesses in all areas of economic activity, including in the Province of Saskatchewan. INTEGRIS is also the firm that introduced the “Personal Pension Plan” or “PPP” to the Canadian Financial industry in 2011. The PPP is a combination, registered pension plan solution that falls under the definitions of being both an Individual Pension Plan and a Designated Plan under *Income Tax Regulation 8515*. As such, with our focus on manufacturing, establishing, and administering these small pension plans, we hope our comments are useful.

Commentary

QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act?

- **Yes. Most of the other jurisdictions in Canada have come to the same conclusion including BC, AB, MB, ON, QC, NB, NS and PEI and we would welcome amendments to the *Pension Benefits Act of Saskatchewan (“PBA”)* that would facilitate the provision of pension plan solutions to small and medium-sized enterprises in your province.**

If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

- **Yes, high-income earners (those who earn at least 2.5 times the YMPE) who do not fall under the definition of ‘connected member’ normally have the sophistication and access to**

professional advice to ensure that their employer provided pension plan is administered properly without requiring the ongoing intervention of the provincial pension regulator.

- **It is important to recall that even if a plan for this category of employee was exempt from the PBA, the plan is still regulated by the Registered Plans Directorate of the Canada Revenue Agency and continues to offer some measure of member protection as a result.**
- **Manitoba's example goes beyond "connected persons" to "specified individuals" as that term is defined in the federal *Income Tax Regulations* which includes non-connected persons that earn 2.5 times the Year's Maximum Pensionable Earnings under the *Canada Pension Plan Act*:**

Exemption of plan for "specified individuals"

1.3 A defined benefit pension plan, or a pension plan with a defined contribution provision, in which every member is a "specified individual" as described in subsection 8515(4) of the *Income Tax Regulations* made under the *Income Tax Act* (Canada) is exempt from all provisions of *The Pension Benefits Act* except

- (a) section 23;
- (b) subsections 21(1) to (18), and (25) to (27);
- (c) section 21.3;
- (d) section 21.4;
- (e) section 24;
- (f) [repealed] M.R. 205/2011;
- (g) section 28;
- (h) subsections 31(2) to (9) (division of benefits); and
- (i) subsections 31(1) and (1.1) and section 31.1.

- **We are not aware of any issues of Individual Pension Plans offered to specified individuals that are not connected in that province.**

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

- **Most Provinces allow 'affiliated employers' who meet some type of 'control test' to participate in a single employer pension plan, whether it is an individual pension plan or some other type of plan.**

- For example, a business owner might own 100% of a Holding Company, and in turn that Holding Company owns 100% of an Operating Company.
- In this example, the Operating Company pays a large Salary and the Holding Company pays the shareholder/employee a much more modest salary in the form of T4 compensation.
- The Current proposal suggests that this business owner would be denied 'exempt status' under the PBA because there is more than 1 'participating employer' under the IPP.
- We therefore categorically disagree with any proposed rule that would prevent affiliated corporations that have a common ownership structure culminating in the employee/shareholder from enjoying 'exempt' status under the PBA.
- Various provinces incorporate by reference the rules of their *Business Corporations Act* relating to what is an 'affiliated' company to help determine whether a pension plan is still a 'single employer pension plan' even though there are more than one participating employer.
- Where the issue that the proposed legislation tries to address is a situation where unrelated / unaffiliated employers band together into a single pension plan and the plan members joining this 'collective' are not 'connected persons', we would agree that registration under the PBA is warranted.
- For further clarity, where ALL of the proposed plan members qualify as 'connected persons' we would advocate for 'exempt status' under the PBA, whether there is one, two, three or more 'affiliated companies' all participating under the individual pension plan.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

- **Yes. This was the approach taken in the Province of Ontario when legislation was made effective on December 8, 2020 and gave Individual Pension Plans established strictly for 'connected persons the ability' to voluntarily 'exempt' themselves from Ontario's pension legislation.**

- **The mechanism of obtaining 'consent' meets a number of valid objectives:**
 - **It gives the members a chance to ask questions as to why the plan should be exempted.**

 - **It gives those who prefer governmental oversight the right to remain under the PBA regime under which the plan was established and continuity.**

 - **It gives the service providers such as our firm an opportunity to remind the clients of the various benefits of using a registered pension plan and propose modifications to further optimize the solution once the plan is exempted.**

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

- **Yes.**

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption?

If so, which provisions?

The PBA that should continue to apply to the PBA's Creditor Protection rules to exempt IPPs.

From a public policy perspective, the essence of pension regulation is to ensure that frail individuals who can no longer be active in the workforce have a secure source of income to sustain them until their death. That is why, historically, pension trusts were developed to segment the assets of the employer from those set aside to pay retirement pensions. That is also why all of the pension statutes consistently provided registered pension plans with strong creditor protection attributes.

When the Province of Quebec began exempting its individual pension plans from most of the provisions of its *Supplemental Pension Plans Act*, in 2001, it preserved the creditor protection rules found in section 6 of that statute – even for an exempt IPP.

Unfortunately, Ontario did not protect its small business clients in a similar fashion when they adopted the legislation giving IPPs the ability to exempt themselves from the Ontario pension statute. We hope that Saskatchewan will not make the same mistake as Ontario and will maintain the creditor protection provisions of the PBA for exempt IPPs.

It is noteworthy that the Saskatchewan Pension Regulator does not need to play any role to enforce the creditor protection provisions of an exempt IPP since this can be adequately done through the Courts of the Province. If a creditor seeks to seize IPP assets, the defendant would simply cite that creditor protection provisions of the PBA as a full defense and no regulatory intervention would be required. This is therefore an extremely cost-effective way to protect the retirement savings of plan members.

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply?

- **Subject to our comments in Question 5 above regarding creditor protection, the Ontario approach is preferred to the Alberta/British Columbia approach because it provides more flexibility for the business owner to arrange his or her affairs in a way that suits their needs.**
- **It also reduces the likelihood that plans end up in a jurisdictional void seeking to enforce PBA rules but without recourse to the pension regulator.**

If so, which provisions do you feel should continue to apply?

- **Creditor Protection should continue to apply but all other PBA provisions should cease to apply to an IPP that qualifies as 'exempt'.**

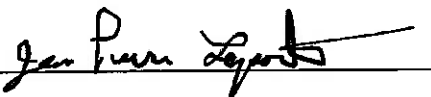
Final Thoughts

We look forward to future discussions and seeing legislation making it easier for the business community of Saskatchewan to enjoy registered pension plans more broadly.

We remain at your convenience if further information or commentary would be useful.

Yours very truly,

INTEGRIS PENSION MANAGEMENT CORP.

By: 

Jean-Pierre A. Laporte, BA, MA, LLB, RWM

Chief Executive Officer

Ballan, Holly FCAA

From: Jean-François Poitras <Jean-Francois.Poitras@dsf.ca>
Sent: Monday, June 5, 2023 8:19 AM
To: Pensions FCAA
Subject: Consultation Paper - Regulation of Individual Pension Plans and Designated Pension Plans for Connected Individuals

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QUESTION 1: Do you agree that plans containing only connected members should be exempt from registration and regulation under the Act? If you feel that plans that contain high-income earners should also be exempt, why do you feel that way?

I agree that plans containing only connected members should be exempt from registration and regulation under the Act.

QUESTION 2: Do you agree that plans with more than one participating employer should be required to be registered under the Act, and all provisions of the Act should continue to apply?

No, I do not agree. I don't see the difference between only one participating employer and more than one, as long as the member is connected to all employers. There is no such requirement under Quebec legislation.

QUESTION 3: Do you agree that members, former members and spouses and anyone currently entitled to a benefit under the plan should have to consent in order for existing IPPs and DPPs for connected members to be exempt from the Act?

Yes, I agree.

QUESTION 4: Do you agree that IPPs or DPPs for connected persons that are established after the Regulations are in force should automatically be exempt from the Act?

Yes, I agree.

QUESTION 5: In FCAA's proposed framework, do you feel that any provisions of the Act should continue to apply to IPPs and DPPs that apply for and are granted an exemption? If so, which provisions?

No.

QUESTION 6: Would you prefer that Saskatchewan adopt a framework that is similar to that in Alberta and British Columbia, where certain plans are automatically exempt from some provisions (like plan registration and funding), but other provisions (like portability options and spousal rights on death) continue to apply? If so, which provisions do you feel should continue to apply?

No.



Jean-François Poitras, FSA, FCIA
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