The Government of Saskatchewan is interested in amending The Pension Benefits Act, 19...

Dove, Tami SFSC

From: Bill Turnbull [bturnbull@csspen.com]
Sent: Monday, May 28, 2012 1:05 PM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

Tami:

I don't think we have any concerns. We went to immediate vesting nationally when Manitoba's amendment became effective.

We would like to have a related amendment however. With immediate vesting plans will tend to end up with more small balances. Members with small balances often don't keep their addresses current and "get lost".

Please consider adding a provision that would permit lost member balances to be paid to the Crown.

Bill Turnbull
General Manager
CSS Pension Plan

Dove, Tami SFSC

From: Jon Michaud [jmichaud@weyburn.ca]

Sent: Monday, May 28, 2012 1:19 PM

To: Dove, Tami SFSC

Subject: RE: SFSC Consultation - Immediate Vesting

We here at the city of Weyburn have moved against our plan text to enroll all perm full time employees on date of hire – which has proved quite popular. But making them immediately vested would then pose us to go 'back' to enrollment ONLY on the First of the Following Year after Six Months of permanent full time work (similar language for part time just relevant to hours).

Because vesting on enrollment would mean a lot more costs and work for the employees who we still find come and go quite a bit.

That is my feedback for now – not sure what benefit this gives someone being vested early as would only come into effect really if they 'left early' in which – what does that really matter to the pension plan but even more extra costs and administrative work to and already very very very 'taxed' defined benefit plan.

Be one more reason look into defined benefit plan termination that council and senior management have entertained.

That is all I have for now – doing year end with auditors so next little while really extra busy

THANKS
jon

Dove, Tami SFSC

From: Mark Davidson [mdavid@pmparts.com]
Sent: Monday, May 28, 2012 1:53 PM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

Tami:

Our view on this matter is that the one year vesting period is important to ensure the employee is serious about working at our Company. We would not want them to receive the Company's matching contribution and then resign their position. Therefore, we appreciate the vesting as a deterrent to employee turnover.

Our option will be to extend the qualifying period for which they will be eligible to receive the pension by one year. (to replace the vesting period).

Regards,

Mark Davidson
CFO
Prairie Machine & Parts Mfg.
3311 Millar Ave
Saskatoon, SK
S7K 5Y5
PH 306-986-2226

Dove, Tami SFSC

From: Stuart Mclellan [stuartmclellan_fnis@sasktel.net]
Sent: Monday, May 28, 2012 2:53 PM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

HI Tami,

This had been discussed with a few of our plan sponsors. The discussion was brought about by the changes that occurred in the 2008 budget affecting federal plans as well as the recent slide of Fed registered plans moving under provincial jurisdiction.

The concern raised was the increased cost to the employer for the plan members who would not normally vest. Short-lived employment by those not returning after a few cheques or being let go for cause do not deserve the employer portion and it should be returned to the plan sponsor. The cost may have to be offset by amending the plan to lower contribution rates or delay eligibility. For a small employer, with little turn-around, this would not be an issue. However we have plans with many employees, high turnover and this change would cost tens of thousand dollars each year.

I formally ask it to be reconsidered.

Sincerely,

Stuart McLellan

Dove, Tami SFSC

From: r.williams@sasktel.net
Sent: Monday, May 28, 2012 6:37 PM
To: Dove, Tami SFSC
Subject: Re: SFSC Consultation - Immediate Vesting

Dear Tami:

In terms of members, it will certainly be a benefit to them.

In terms of our pension plan there will be an additional cost, as we have a number of members who work for a very short period of time and the employer contributions of these members not vested, are currently used to fund the present pension benefits. There will also be additional cost in terms of the additional termination options prepared for these individuals.

Ron Williams

Dove, Tami SFSC

From: Peter Gerrard [pgerrard@cosmoindustries.com]
Sent: Wednesday, May 30, 2012 2:42 PM
To: Dove, Tami SFSC
Cc: Hordichuk, Yvonne SFSC
Subject: FW: SFSC Consultation - Immediate Vesting

Tami or Yvonne

Our Pension Plan contains the following clause.

7.03 Payment of Small Benefit
If the retirement benefit payable to a Member in accordance with Section 7.01 is less than the amount specified in The Pension Benefits Act or the Regulations thereto, Cosmo, at their own discretion, may arrange settlement by means of a single lump sum payment. At the time of this amendment, this amount is 20% of the Year's Maximum Pensionable Earnings.

Too many of our staff who leave us prior to accumulating an amount that exceeds 20% of YMPE take these funds out in cash. Are we able to make this amount smaller? We have no problem with vesting the company contributions immediately; however, if this to happen we would prefer that the funds stay locked in and be there when the individual retires!

Peter Gerrard

Dove, Tami SFSC

From: kobrigewitsch@meadowlakepulp.com

Sent: Friday, June 01, 2012 1:05 PM

To: Dove, Tami SFSC

Subject: Re: SFSC Consultation - Immediate Vesting

Tami, from an employer's perspective, this change to legislation affects one of our means of employee retention, and will result in higher costs for employers. If there is a true desire to assist employees in building their funds to prepare them for retirement, why have changes been made to legislation which then allows them to access more cash more quickly upon retirement and therefore deplete their funds too readily.

Thank you.

Kathy

Kathy Obrigewitsch
Corporate Human Resources Manager
Paper Excellence Canada
(306) 240-8268 Cell
(604) 232-2463 Fax

Dove, Tami SFSC

From: Ray Briggs [rbriggs@bhpl.ca]
Sent: Monday, May 28, 2012 1:13 PM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

In the case of Blue Hills Processors and the majority of small business, I don't think immediate vesting the companies portion of the pension is a good action. My turnover rate on unskilled labor is fairly high and I believe a commitment to the company should be shown before vesting of pension contributions. The Family Day holiday in February that was introduced by a previous government cost businesses and small enterprise a lot of money. Tho it would be nice to reward employees with all the perks out there, sometimes it is unreasonable. Please remember that it is industry not government that will be paying this. Was the immediate vesting of pensions at the request of business and employers or employees/unions or an act put on by Government to enhance their own?
A reply would be appreciated and anticipated.

Regards
Ray
General Manager
Blue Hills Processors (2003) Ltd
ph 306-868-4489
fax 306-868-4487
cell 306-537-9259

Dove, Tami SFSC

From: Monique Holmes [monique@prairiesteel.com]
Sent: Monday, June 04, 2012 11:29 AM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

Hello Tami.

I checked our plan and it is already immediate vesting. Thanks.

Monique Holmes
Prairie Steel
Clavet, SK

June 4, 2012

TAMI DOVE, SENIOR PENSION ANALYST
PENSIONS DIVISION
SASKATCHEWAN FINANCIAL SERVICES COMMISSION
601 1919 SASKATCHEWAN DR
REGINA SK S4P 4H2

Dear Ms. Dove:

Re: Saskatchewan Financial Services Commission Consultation – Immediate Vesting

Thank you for inviting the Saskatchewan Teachers' Federation (STF) to provide comments on the proposal to amend *The Pension Benefits Act, 1992*, to require immediate vesting of pension benefits. We understand that this change would align Saskatchewan pension legislation with the federal and most of the other provincial jurisdictions.

Under current provisions of the Saskatchewan Teachers' Retirement Plan (STRP), members are vested after one year of service, and locked in after two years of service. Members of our plan usually enter the teaching profession as a long time career and, therefore, the current vesting provision is not onerous to the members.

The proposed change to the vesting period would not have a significant impact on the STRP. However, the immediate affects would be:

1. Substitute teachers may experience short-term and sporadic service. The teacher has the right to request a termination payout from the pension plan after a small break in service occurs. If the pension service is under one year, the teacher is entitled to a refund of the teacher's own contributions, with interest. Under the proposed change to vesting rules, the teacher would be entitled to the commuted value of the pension benefit accrued for the same service. This would increase the liability obligation of the Plan to approximately twice that of the current obligation for non-vested members. The volume of this type of activity in our Plan is currently very low.
2. Programming changes to any pension administration system is costly. A capital outlay would be required to update our system for any amendments to legislated pension benefits.

Saskatchewan Teachers' Federation
2317 Arlington Avenue, Saskatoon, Saskatchewan S7J 2H8 Canada
Telephone: 306-373-1660 Facsimile: 306-374-1122

In addition, we note that, in an environment where the majority of pension plans are experiencing solvency issues, the provincial legislator would be imposing a benefit improvement.

If you require additional information or wish to discuss this response further, please contact myself or the STRP Plan Manager, Ryan Glass.

Sincerely,

Gwen Dueck

Gwen Dueck
Executive Director
Saskatchewan Teachers' Federation

GD/lph

cc. Ryan Glass, STRP Plan Manager
Barbara Kook, Senior Pension Administrator

SASKATCHEWAN SUN UNION OF NURSES

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Phone: (306) 525-1666
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Toll Free: (800) 667-3294
Fax: (306) 665-9755
Email: saskatoon@sun-nurses.sk.ca

www.sun-nurses.sk.ca

Healthy Members, Healthy Union, Healthy Communities

June 4, 2012

Tami Dove, Senior Pension Analyst, Pensions Division
Saskatchewan Financial Services Commission
601 - 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 4H2
E: tami.dove@gov.sk.ca

Dear Ms. Dove:

Introduction of Immediate Vesting Rules to Pension Plan Regulation

We write with reference to your correspondence of May 28, 2012 regarding the Saskatchewan Financial Service Commission's (SFSC) consultation on the introduction of immediate vesting requirements to pension legislation in Saskatchewan.

The Saskatchewan Union of Nurses (SUN) represents almost 9,000 Registered Nurses (RNs), Registered Nurse (Nurse Practitioner)s (RN(NP)s), and Registered Psychiatric Nurses (RPNs) and graduates employed in rural and urban: acute care hospitals, long-term care facilities, home care services, community health, integrated facilities, public and mental health services, school boards, Canadian Blood Services offices, as well as nurses working in advanced practice roles.

The majority of our members participate in the Saskatchewan Healthcare Employees Pension Plans and the Regina Civic Pension Plan. Other plans that some SUN members are enrolled in are the Public Service Superannuation Pension Plan and the Public Employees Pension Plan.

We understand that the government is considering introducing a new legislative provision of the *Pension Benefits Act, 1992* requiring the immediate vesting of all pensionable service for members of registered pension plans in Saskatchewan.

We support the introduction of immediate vesting. We note that immediate vesting of pension benefits upon membership in a plan is the standard being adopted in jurisdictions across Canada.

We believe that this standard enhances the protection of employees' pension benefits and furthers the purpose of the *Pension Benefits Act, 1992*.

We further believe that, when introduced, this provision should apply to all pensionable service of members of pension plans. Again, other jurisdictions have also adopted this approach to immediate vesting.

We note that other jurisdictions have introduced this standard without plans experiencing any significant new funding or administrative costs or inconvenience. In fact, the introduction of immediate vesting should enhance the ease of administration as all plan members will be vested in a pension benefit, the result of which is that length of plan participation need not be separately monitored, and procedures and rules for non-vested terminations may be dispensed with.

We thank you again for the opportunity to make submissions on this consultation. If you would like to discuss our submissions further, please contact us at your convenience.

Yours truly,

Rosalee Longmoore

Rosalee Longmoore RN
President

cc Donna Trainor, Executive Director
Marg Romanow, Benefits Officer

Dove, Tami SFSC

From: Gerry A. Cairns [gensand1@sasktel.net]

Sent: Wednesday, June 06, 2012 9:51 AM

To: Dove, Tami SFSC

Subject: Re: SFSC Consultation - Immediate Vesting, response

We are a Saskatchewan based small business with less than 30 permanent full time employees.

We offer a pension plan to all permanent employees once they have reached 8 months of employment and they become vestetd at 2 years of employment.

We feel that by changing the period to Immediate Vesting would force small business to review and change the waiting period from 8 months to 2 years from the date of employment, resulting in a loss to the employee of 16 months of contributions.

Donna Breker
Office Manager
General Sandblasting & Painting (1998) Ltd.
ph 306-543-7700
fax: 306-545-4709

Dove, Tami SFSC

From: Lynda LeCerf Taylor [lynda@hundseth.ca]
Sent: Wednesday, June 06, 2012 10:17 AM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

From: Todd Hundseth [mailto:todd@hundseth.ca]
Sent: Monday, May 28, 2012 6:48 PM
To: 'Lynda LeCerf Taylor'
Subject: RE: SFSC Consultation - Immediate Vesting

Clawing back for employees that stay less than 2 years is part of our program to retain employees. Our contributions toward their pension is only part of the already significant costs in training new employees. With a busy economy in Sask the opportunity for change for employees is on the rise and employees are therefore changing jobs more than they used to. We would be in favor of keeping the law the same – to help curb the costs involved with losing employees that we have invested a lot of time and training.

Thanks Lynda.

Todd

From: Lynda LeCerf Taylor [mailto:lynda@hundseth.ca]
Sent: Monday, May 28, 2012 1:05 PM
To: todd@hundseth.ca
Subject: FW: SFSC Consultation - Immediate Vesting

Thought you would be interested in seeing this. Tami is the woman I worked with every year to complete the pension return for TJ. Let me know if you want me to give her any feedback. This change would mean the company could no longer claw back any contributions for employees that stay less than 2 years.

Lynda

Dove, Tami SFSC

From: Gavin Semple [gsemple@brandt.ca]
Sent: Thursday, June 07, 2012 1:17 PM
To: Dove, Tami SFSC
Cc: Steve McLellan; jhopkins@reginachamber.com; Shaun Semple; Doug Simon; gtaylor@brandt.ca
Subject: Immediate vesting of pension contributions

Tami,

What is the compelling reason for immediate vesting?

Employers put pension plans in place to reward employees who remain in the employ of the company over a period of time. Immediate vesting discourages companies from contributing to pension plans and encourages them to choose other means of incentives because the company's portion of the contribution is really nothing more than a cash payment which the employee can take out immediately upon leaving the company no matter how long they may have been in the employ of the company.

Regards,

Gavin Semple

President

Brandt Industries Ltd.

Box 317, 13th Avenue and Pinkie Road

Regina, SK S4P 3A1

(306) 791-7545 tel

(306) 525-9024 fax

(306) 536-3090 cel

gsemple@brandt.ca

www.brandt.ca

Dove, Tami SFSC

From: Turner, Laura [lturner@mackenziefinancial.com]
Sent: Thursday, June 07, 2012 1:31 PM
To: Dove, Tami SFSC
Subject: RE: SFSC Consultation - Immediate Vesting

Dear Ms. Dove,

Thank you for providing us with the opportunity to comment on the Government of Saskatchewan's interest in amending *The Pension Benefits Act, 1992* (the Act) to require immediate vesting of all pension benefits.

We believe that immediate vesting will not only enhance plan member benefit entitlements, but will also result in making pension plan entitlements simpler to administer for plan administrators and service providers. Immediate vesting also generally tends to be well-understood by plan members when they are provided with member booklets or with their benefit statements upon termination of employment.

As a service provider, we fully support the Government of Saskatchewan's interest in amending the Act to provide for immediate vesting. The proposal is consistent with immediate vesting provisions either already offered or in the process of being offered in several other Canadian jurisdictions, as well as the best practices for pension legislation amendments as provided by CAPSA.

We look forward to further information concerning deadlines for plan amendments should the Saskatchewan government decide to proceed with this initiative.

Should you have any questions concerning our comments, please contact me directly at 1 888 653-7070 extension 7898, or by e-mail at lturner@mackenziefinancial.com

Sincerely,

Laura Turner
Plan Specialist, Capital Accumulation Plans (CAP)
IGM, Specialized Products and Services
180 Queen Street West | Toronto, ON M5V 3K1
☎ 416.922.5322 ext 7898 | 1.888.653.7070 ext 7898 | 🖷 416.922.5660 | ✉ lturner@mackenziefinancial.com

Dove, Tami SFSC

From: Glenda Schlosser [GSchlosser@regina.ca]
Sent: Thursday, June 07, 2012 3:00 PM
To: Dove, Tami SFSC
Subject: Re: SFSC Consultation - Immediate Vesting

Tami,

Thanks for the opportunity to provide feedback on the proposal to require immediate vesting.

Both the Regina Police Pension Plan and the Civic Employees Superannuation and Benefit Plan provide vesting upon completion of two years of continuous employment. As a result the proposed change will require changes to both of these plans. The Police Pension Plan has very few terminations and terminations within 2 years of employment are extremely rare. The Civic Pension Plan, on the other hand, processes more terminations than retirements and has been experiencing increasingly higher termination rates. Although we have not determined what the additional cost to the plan is expected to be, it would be negligible.

The main issue our office will have in the event of the vesting rules changing is the programming changes required to our pension software. Our software provider, CPAS Systems Inc. will have to make programming changes and we will be required to test those changes. Furthermore, with other jurisdications changing the vesting rules, their Saskatchewan clients will not be the only ones requesting programming changes to comply with legislation. Therefore, we would benefit from as much lead time as possible in order to implement the required system changes. Perhaps consideration could be given to approval of the change with a delayed or future "effective date".

Thanks,
Glenda

Glenda Schlosser
Manager of Pension & Disability Administration
Phone: 777-7471
Fax: 777-6912
e-mail: gschlosser@regina.ca

Dove, Tami SFSC

From: Brad Garvey [BGARVEY@shepp.ca]
Sent: Thursday, June 07, 2012 3:30 PM
To: Dove, Tami SFSC
Cc: Andrew Huculak; Jim Tomkins (jim.tomkins@uregina.ca); Kay Robertson (kayrobertson@shaw.ca); Marg Romanow; Markewich, Dale (3sHealth); Natalie Horejda (gov1@hsa-sk.com); Russell Doell (Russell.Doell@seiuwest.ca); Warawa, Ted HE0
Subject: RE: SFSC Consultation - Immediate Vesting

Good afternoon Tami.

I am writing to you on behalf of the SHEPP Board of Trustees.

Thank you for inviting SHEPP to comment on the proposal to amend *The Pension Benefits Act, 1992* to require immediate vesting of all pension benefits. The Board has considered the proposed amendment and wishes to inform you that it has no objection to the proposal.

As you may know, the SHEPP Trust Agreement has established the Board of Trustees, a Union Partner Committee and an Employer Partner Committee. The matter of immediate vesting will be of great and appropriate interest to the Partner Committees. The Partners have only been notified by SHEPP today of the proposed immediate vesting proposal.

Thank you.

Brad Garvey
Chief Executive Officer
Saskatchewan Healthcare Employees' Pension Plan | 4th Floor, 295 Henderson Dr | Regina, SK S4N 6C2
Tel: 306.751.8316 |Fax: 306.751.8301 | www.shepp.ca

CUPE Saskatchewan

Canadian Union of Public Employees
Saskatchewan Division

3725 E Eastgate Drive, Regina, SK S4Z 1A5

(306) 757-1009 Fax (306) 757-0102 www.cupe.sk.ca

June 07, 2012

Tami Dove, Senior Pension Analyst
Saskatchewan Financial Services Commission—Pensions Division
601-1919 Saskatchewan Drive
REGINA, SK S4P 4H2

Dear Ms. Dove:

RE: INTRODUCTION OF IMMEDIATE VESTING RULES TO PENSION PLAN REGULATION

On behalf of the Canadian Union of Public Employees (CUPE)—Saskatchewan Division, I wish to respond to your correspondence of May 28, 2012 in which you indicate the Government of Saskatchewan is planning on amending the *Pension Benefits Act, 1992* to require immediate vesting of all pension benefits.

CUPE members, totaling over 29, 000 across Saskatchewan, work in a variety of public sector occupations and, accordingly, a large majority of our members participate in public sector pension plans regulated by the *Pension Benefits Act*, 1992.

We understand that this change, outlined in your correspondence of May 28, 2012, will enhance the benefit entitlements of our members who are enrolled and, therefore, we are supportive of the introduction of immediate vesting. Enhancing the protection of employees' pension benefits, we believe, furthers the purpose of the *Pension Benefits Act*, 1992.

The introduction of immediate vesting should also prove to be a benefit to the administration of plans. With the change, all members will be entitled to pension benefits and the practice of monitoring the length of plan participation will no longer be required along with the procedures and rules for non-vested terminations.

If you would like to discuss this submission further, please do not hesitate to contact our office.

Yours sincerely,

Tom Graham,
President, CUPE Saskatchewan

/nm cope 342

Recycled Paper

SASKATCHEWAN HOUSING AUTHORITIES

HUMAN RESOURCE SERVICES

200 - 2080 Broad Street
Regina, SK CANADA
S4P 1Y3
Ph: 306-337-1060
Fax: 306-347-2303

June 7, 2012
"Via Email"

Saskatchewan Financial Services Commission
#601 – 1919 Saskatchewan Drive
Regina, SK S4P 4H2

Attention: Tami Dove, Senior Pension Analyst

Re: Immediate Vesting - consultation

Dear Ms. Dove:

As contributing employers within the Capital Pension Plan, the Housing Authority Network was recently advised of your request for feedback concerning the consideration of immediate vesting of all pension benefits. On behalf of the Network I would provide the following overview of the comments.

In a stable labour market normally employee turnover is low and immediate vesting may not be an issue. However, given the current and the predicted labour market shortages within Saskatchewan, employee turnover rates are increasing therefore immediate vesting will come with significant increased cost to the employer in the loss of returned employer contributions. As an example, in 2011 Capital Pension returned non-vested employer pension contributions in the amount of $35,260.54, thus immediate vesting has a tangible direct cost impact to our non-profit network.

We see that immediate vesting could contribute to increasing turnover of entry level employees who see Housing employment as a stepping stone and short-term employment. For instance, entry level employees working as cleaners for a period of 2 years may consider leaving employment earlier as they will be able to obtain the employer pension contributions much sooner versus our current 2-year vesting.

Increased turnover of course increases recruitment and training costs.

New employees consume a large amount of resources invested in their orientation. Months are spent training, coaching and monitoring their performance. Immediate vesting would be an encouragement to those who are considering leaving. Refunded employer pension contributions makes the training (time and money) outlay less painful. To have a newly-hired employee vested before they even pass their probation period makes no sense.

Collective Bargaining Agreements may require change.

We understand the rationale for wanting the change, but believe these other factors must be considered.

We believe the current vesting method serves the purpose of balancing employee entitlements to pension contributions with employee retention and staff cost savings especially in the not-for-profit sector.

If you do have any questions, by all means contact me direct.

Yours truly,

Micheal McPherson, FCHRP, CSP
General Manager
Human Resource Services (Plains Territory Housing Authority)

c.c. – Capital Pension
- file

TOWERS WATSON

111-5th Avenue S.W.
Suite 1600
Calgary, Alberta T2P 3Y6
Canada

T +1 403 261 1400

towerswatson.com

June 7, 2012

Ms. Tami Dove
Saskatchewan Financial Services Commission
601, 1919 Saskatchewan Drive
Regina, SK
S4P 4H2

Dear Ms. Dove:

Re: Towers Watson Submission on the Saskatchewan Immediate Vesting Proposal and Related Matters

Towers Watson welcomes the opportunity to provide comments on the proposed changes to The Pension Benefits Act, 1992 (PBA) that would provide for immediate vesting of all benefits. We hope that our comments will be helpful in developing legislative changes to the PBA.

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. Towers Watson employs close to 14,000 associates on a worldwide basis, with over 350 being engaged in providing services to Canadian pension plans.

As professional advisors to pension plan sponsors and administrators across Canada, we are cognizant of the various challenges currently facing pension plan sponsors and administrators, and indeed all Canadians, regarding pension coverage, and the adequacy and security of retirement income.

In general, Towers Watson supports the government's efforts to harmonize Saskatchewan legislation with the legislation of other provinces. We respectfully submit the following comments for consideration by the Saskatchewan government.

Immediate Vesting

Towers Watson recognizes that the introduction of immediate vesting into Saskatchewan's pension system would be consistent with similar requirements already announced or implemented in the federal, Manitoba, Quebec, Ontario and British Columbia jurisdictions, and expected to be introduced soon in Alberta.

One downside of mandating immediate vesting is the increased administrative and benefit costs for plan sponsors, particularly those plans with defined benefit provisions and/or those plans with high rates of turnover for low-tenured employees. This would result in greater numbers of plan members with relatively modest benefits, which are subject to locking-in requirements.

We note, however, that in some jurisdictions, the provision of immediate vesting has been linked to the adoption of positive changes for the maintenance of pension plans (e.g., the elimination of partial plan wind-ups) and has not been a stand-alone initiative. Considering the additional costs related to immediate vesting, we would suggest that the implementation of this amendment be accompanied by the adoption of the two following changes:

1. **Elimination of partial terminations:** We note that the legislative circumstances giving rise to a partial termination introduce unnecessary complexity to plan administration due to their vagueness. Partial terminations are often complex transactions that entail additional administrative cost. In addition, the arbitrariness of treatment of a plan member affected by a partial termination and a plan member who is terminated under other circumstances under the legislation is difficult to justify on policy grounds. We therefore support the elimination of partial terminations as a legislative concept. If partial terminations are eliminated, introducing immediate vesting would serve positive policy aims:
   - Plan members affected by a transaction that would, in the past, have given rise to a partial termination would retain the protection provided by current legislation; and
   - The protection of benefits referred to above would be provided to all terminated plan members, regardless of circumstances of termination, which is in our view a more equitable outcome.
2. **Better mechanism for settlement of unclaimed benefits**: Plan administrators are frequently faced with the issue of how to deal with unclaimed pension benefits payable to former members or beneficiaries that cannot be located. Immediate vesting may lead to an increase in such unclaimed amounts which could compound an already existing issue for many pension plans. To help address this matter, Towers Watson respectfully encourages the government to look to the proposals put forward by Ontario and the federal government to address this matter, such as the designation of an entity for the purpose of holding pension benefit credits of any person who cannot be located. Amending the PBA to permit pension plan administrators to pay unclaimed benefits into a fund without the need of going through complex and potentially expensive court procedures envisioned under the *Public Guardian and Trustees Act* would be a positive development.

We appreciate the opportunity to provide comments on the proposed changes to the PBA. Towers Watson would be pleased to provide further information or to discuss our comments.

Sincerely,

Jacques Lafrance
Senior Consultant
jacques.lafrance@towerswatson.com
514.982.2116

Robin Damm
Senior Consultant
robin.damm@towerswatson.com
403.261.4505

University of Regina

VICE-PRESIDENT (ADMINISTRATION)

Regina, Saskatchewan, Canada S4S 0A2
Phone: (306) 585-4386 Fax: (306) 585-5255
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June 7, 2012

~~Ms. Leah Fichter, Director~~
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2

Dear Ms. Fichter:

Re: Proposed Amendments to *The Saskatchewan Pension Benefits Act (PBA), 1992*

Further to your emails of May 28, 2012, the University of Regina agrees in principle to your recommended changes to the PBA as it relates to the vesting requirements. However, our understanding is that the proposed changes to the vesting requirements would not alter the minimum eligibility conditions. Our view is that the minimum eligibility conditions are different than the vesting provisions, and should not be subject to change.

With respect to the terminal funding issue, our expectation is that this issue would have been part of a broader consultation on reforming the minimum funding standards. Our concern with the proposal is that it eliminates flexibility for an employer to explore not funding its deficit in order to prevent bankruptcy. In the current environment, it is conceivable that a financially viable employer would terminate its plan to avoid inevitable bankruptcy brought on by the onerous solvency funding requirements. While plan beneficiaries would suffer if the employer left any deficit unfunded, the employer would remain in business and continue contributing to the broader economy. If such flexibility is removed and solvency funding remains in place, bankruptcy may well follow thereby leaving both plan beneficiaries and the broader economy worse off.

Furthermore, given the current uncertainty surrounding the priority of pension deficits in the face of bankruptcy, we would be concerned that regulating terminal funding may lead to plans with significant solvency deficits being wound up on the order of the Superintendent. Such action taken in relation to an otherwise financially viable employer could lead to unwarranted consequences.

. . . 2/

In the context that solvency funding is eliminated and sponsors are allowed to take a longer term view of their plans, we would be less concerned about regulating that sponsors terminally fund deficits.

We thank you for soliciting our input and respectfully request that our comments be considered in making amendments to the Act.

Sincerely,

Dave Button
Vice-President (Administration)

c.c. Tami Dove, Saskatchewan Financial Services Commission
University of Regina Joint Pension Investment Committee
Aon Hewitt- Attention: Don Ireland

~~The G~~overnment of Saskatchewan is interested in amending The Pensio

Dove, Tami SFSC

From: Fortosky, Heather [heather.fortosky@usask.ca]
Sent: Wednesday, June 13, 2012 4:13 PM
To: Fichter, Leah SFSC; Dove, Tami SFSC
Subject: RE: SFSC Consultation - Funding on Pension Plan Termination

Leah & Tami

Sorry for the delayed response.

Further to your emails of May 28, 2012, the University agrees in principle to your recommended changes to the PBA as it relates to the vesting requirements. However, our understanding is that the proposed changes to the vesting requirements would not alter the minimum eligibility conditions. Our view is that the minimum eligibility conditions are different than the vesting provisions, and should not be subject to change.

With respect to the terminal funding issue, our expectation is that this issue would have been part of a broader consultation on reforming the minimum funding standards. Our concern with the proposal is that it eliminates flexibility for an employer to explore not funding its deficit in order to prevent bankruptcy. In the current environment, it is conceivable that a financially viable employer would terminate its plan to avoid inevitable bankruptcy brought on by the onerous solvency funding requirements. While plan beneficiaries would suffer if the employer left any deficit unfunded, the employer would remain in business and continue contributing to the broader economy. If such flexibility is removed and solvency funding remains in place, bankruptcy may well follow thereby leaving both plan beneficiaries and the broader economy worse off.

Furthermore, given the current uncertainty surrounding the priority of pension deficits in the face of bankruptcy, we would be concerned that regulating terminal funding may lead to plans with significant solvency deficits being wound up on the order of the Superintendent. Such action taken in relation to an otherwise financially viable employer could lead to unwarranted consequences.

In the context that solvency funding is eliminated and sponsors are allowed to take a longer term view of their plans, we would be less concerned about regulating that sponsors terminally fund deficits.

Should you wish to discuss any of the above, please feel free to contact myself, Laura Kennedy or Troy Milnthorp, Aon Hewitt.

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