



June 3, 2016

Neil Mohindra  
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Toronto ON M2N 6L9

Dear Neil Mohindra:

**Re: CAPSA Consultation on the Revisions to the Pension Plan Governance Guideline**

Thank you for the opportunity to comment on the draft revised *Guideline No. 4: Pension Plan Governance* and the related *Self-Assessment Questionnaire* and *FAQ Document*. I am writing on behalf of the Teachers' Pension Board of Trustees, which is the administrator of the Teachers' Pension Plan, a public sector, jointly-trusted, multi-employer defined benefit pension plan in British Columbia.

We appreciate the acknowledgement in the draft *Guideline* that different governance practices may be appropriate for different kinds of pension plans. We wish to confirm that the high level statements are appropriate for our plan. Some of our detailed comments may not apply universally to all plans and likely reflect the unique governance structure of the jointly trusted, multi-employer plans. Also, as the *Guideline* states that it is intended to assist plan administrators "of all types and sizes of pension plans", for completeness we have included comments that apply to other kinds of plans.

We ask you to consider addressing the following comments in the final version of the guideline:

Guideline

p. 2 – "governance" and "pension plans" are indicated as defined terms but are absent from the Glossary of Terms.

p. 2 – Pension Plan Governance – "*Pension plan governance is about delivering on the pension promise consistent with the pension plan documents and pension legislation.*" We suggest that pension plan governance is about the structures and processes used by pension plan administrators to enable them to deliver on the pension promise.

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p. 4 and p. 8 – Principle 6: Access to information – “*The plan administrator should establish and document a process to obtain and provide appropriate information to meet its fiduciary and other responsibilities.*” It is unclear in this description who is obtaining and providing information to whom. One interpretation is that the plan administrator should establish and document a process for obtaining information from, and providing information to, its delegates. The FAQ on this principle also introduces the idea of providing “timely access to information”, again without specifying to whom, which suggests that the information is to be provided to plan members, beneficiaries and stakeholders, rather than to the plan administrator’s delegates. If this is the intended interpretation, Principle 6 seems redundant to Principle 9: Transparency and accountability. We believe that clarification on the intended actors in the description of Principle 6 would help resolve the confusion in the *Guideline, FAQ and Questionnaire*.

p.7 – Principle 3: Roles and Responsibilities – The *Guideline* indicates that when the same person or entity performs both pension plan governance and corporate functions, their decisions, presumably pension-related, should be clearly documented with the rationale and the role under which those decisions are taken. However, including documentation in the plan records, of decisions that are made by a person or entity in a role that they have outside the scope of their pension plan governance role, could breach confidentiality agreements the person or entity has under their other role. We suggest that the guideline be modified to require documentation of decisions that are made by a person or entity under their **pension plan** governance function.

p. 11 – Glossary of Terms – is a “third party service provider” also a “delegate”? If so, this should be stated in the definition of “delegate”. Also, does “third party service provider” include non-arm’s length entities? Clarity in the definitions is relevant to self-assessment questions 1c), 3b), 5b), 10a) and 10c).

p. 11 – Glossary of Terms – The definitions of “plan sponsor” and “stakeholder” are not consistent with our governance structure. The Board of Trustees has the responsibility for determining the design of the plan, setting the benefit structure, etc. subject to certain conditions established in the Joint Trust Agreement. Similarly, we would include the plan sponsor as a stakeholder.

### FAQ

p. 3 – Question 1.2 answer –under the sentence “*As the employer, on the one hand you would normally:*”, we suggest adding, “*subject to statutory limitations*” at the end of the second bullet, so that it reads “*Make any necessary amendments to the plan provisions, subject to statutory limitations.*”

p. 6/7 – Functions listed under “Administration” – We suggest adding “Member dispute resolution/appeals”.

p. 9 – Defined Contribution Plan – Role – “*Oversee the investment of the assets of the pension plan.*” The first bullet references establishing and regularly reviewing the investment policy. However, under BC’s new *Pension Benefits Standards Regulation*, defined contribution plans are not required to have a statement of investment policy if investments are directed entirely by members.

p. 10 – Multi-Employer Pension Plan – High level duties in the administration of the plan – first bullet – “*Obtain appropriate training and ongoing education for members of the Board of Trustees to assist them in carrying out their fiduciary and other responsibilities.*” It is not clear who is the subject of this sentence. Is the subject of the sentence a service provider who is sourcing training and education for the trustees? If this interpretation is correct, there could be a potential conflict with the role of the plan administrator to monitor the delegate. However, we think the intended interpretation might be that Members of Boards of Trustees should obtain appropriate training. If so, it might be clearer to say: “*Members of Boards of Trustees should obtain appropriate training and ongoing education to carry out fiduciary and other responsibilities.*”

p. 13 – Principle 6: Access to information – Question 6.1 – last sentence “*The plan administrator should establish a process to review information for accuracy and completeness and provide for appropriate and timely access to information.*” For whom is the “appropriate and timely access to information” to be provided? Please also see comments above under “Guideline” regarding p.4 and p. 8 - Principle 6: Access to information.

### Self-Assessment Questionnaire

Principle 1: Fiduciary Responsibility – c) “*Do any delegates have fiduciary duties? If yes, has the fiduciary role been clearly identified?*” We suggest adding an additional question, “*If yes, have the delegates accepted those duties?*”

Principle 3: Roles and Responsibilities – We suggest that a question be added to determine whether decisions have been clearly documented with rationales and roles under which the decisions were taken. If the guideline is modified as suggested in the comment above for p. 7, we suggest asking, “*Have you clearly documented each decision made by a person or entity performing pension plan governance, the rationale for the decision and the role of each person or entity who participated in the decision?*”

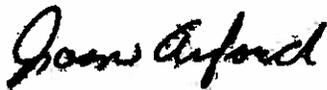
Principle 6: Access to information – “*Have you established and documented a process to obtain and provide appropriate information to carry out your fiduciary and other responsibilities?*” This question raises the same issue as described above; that is, confusion about obtaining and providing information to whom. It may overlap with Principle 9: Transparency and accountability, depending on how it is interpreted.

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Principle 10: Code of conduct and conflict of interest – c) “Do your delegates have a code of conduct that includes a conflict of interest policy? Are there appropriate processes in place to disclose to you any conflicts and any breaches of the code of conduct”? The second part of this question does not pertain where the delegates are corporations with their own management and board of directors. In this case, disclosure of conflicts and breaches would be to the management or directors of the service corporation, not to the plan administrator, except when the conflict or breach is material to the plan. We suggest adding the word “material” to qualify “conflicts” and “breaches of the code of conduct.”

Thank you for developing the revised CAPSA *Guideline* to provide useful guidance for pension administrators. Should you require clarification on the comments above, please contact Susan Baptista, Secretary, Teachers’ Pension Board of Trustees at [Susan.baptista@pensionsbc.ca](mailto:Susan.baptista@pensionsbc.ca) or the phone number above.

Yours sincerely,



Joan Axford, CPA, FCPA  
Board Chair  
Teachers’ Pension Board of Trustees

cc: Susan Baptista, Secretary, Teachers’ Pension Board of Trustees  
Bruce Kennedy, Executive Director, Teachers’ Pension Board of Trustees  
Dominique Roelants, Executive Officer, Teachers’ Pension Board of Trustees