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Subject: Consultations for the draft *Guideline No. 9: Searching for Un-Locatable Members of a Pension Plan* issued on June 21, 2018 ("Draft Guideline No. 9")

Dear Sir/Madam:

We are pleased to provide Mercer's response to Draft Guideline No. 9. While we agree with its spirit, we would like to comment on two specific aspects of the document:

- The efforts made in the search for an un-locatable plan member should not only take into account the nature of the employer's business and the size and demographics of the pension plan, but should also be proportionate to the value of the un-locatable member's benefits. For instance, spending thousands of dollars to locate a member who has less than \$1,000 worth of pension benefits would, from a fiduciary duty standpoint, be difficult to justify. Furthermore, this principle of proportionality is acknowledged by most jurisdictions in Canada. We therefore suggest that the Guideline clearly state this principle of proportionality.
- In our view, the establishment of a database or registry of missing members by pension plan administrators would not be a feasible option. Setting up such databases or registries would require significant investments in both time and money. Furthermore, we expect that this solution would have very limited success, as it requires former members to initiate the search process. Simply providing a contact telephone number on an employer's website for former members to call would achieve similar results. Moreover, the number of un-locatable members and/or the value of their entitlements would rarely justify investing in a database or a registry. We therefore suggest that this suggestion be removed from the Draft Guideline No. 9 or, at the very least, that it be presented with the appropriate caveats.

We would be pleased to discuss our response upon request.

Sincerely,

Luc Girard, FSA, FCIA
Partner