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By email: capsa-acor@fsco.gov.on.ca

Attention: CAPSA Secretariat

CAPSA Secretariat
5160 Yonge Street, 16th Floor
Toronto, ON M2N 6L9

**Subject: Consultation Paper – Guideline No. 9
(Searching for Un-locatable Members of a Pension Plan)**

Dear Sir/Madam:

On behalf of PBI Actuarial Consultants Ltd. (“PBI”), we wish to thank you for providing us with the opportunity to comment on the Consultation Paper on Guideline No. 9: Searching for Un-locatable Members of a Pension Plan.

Our firm, PBI, provides administration services to many pension plans across Canada. Although we are in agreement with the information contained in the Consultation Paper, it is important to note that the costs to locate such missing members can be expensive and the tasks time-consuming. It is also crucial that a responsibility be placed on each employer and/or plan administrator to ensure that members are reminded on a regular basis to update their contact information and that the pension plan database is current.

In our opinion, a significant area that is not covered by the Consultation Paper is with respect to the costs incurred by plans to locate missing members. Depending on the number of tasks involved, the fees can increase significantly. There may be cases where a small benefit is payable but the fees in trying to find the member exceed the value of their benefit. It is also important to note that such costs will have a different impact depending on the type of pension plan. For example, under a member-funded, defined contribution, multi-employer or target benefit pension plan, the remaining members of the plan will ultimately become responsible for paying these fees whereas under a single employer-sponsored plan, the cost is placed on the employer. As such, we believe it is important that CAPSA takes a position as to who should pay for the fees and if plans can recover such costs involved in searching for such missing members as follows:

- Where an employer and/or plan administrator has taken steps to remind members to keep their contact information current and such member does not provide an updated address, all or part of the costs, be deducted from a member’s benefit entitlement when it is ultimately paid to the plan member or when it is transferred to an unclaimed property society or another designated agency, as permitted under certain jurisdictions.
- Where an employer and/or plan administrator has not taken steps to remind members to keep their contact information current, all or part of the costs, be paid by the employer and/or plan administrator.
- Where an employer and/or plan administrator has taken steps to remind members to keep their contact information current and such member has provided an updated address but the employer and/or plan administrator has not updated such information in a timely manner, all or part of the costs, be paid by the employer and/or plan administrator.



With respect to more specific comments regarding the Consultation Paper itself, we suggest the following:

1. Under "Records Retention and Management", it states that "administrators develop and implement a comprehensive records management and retention policy" and that such "policy should include a component that sets out how the member will maintain contact with former and retired members". We believe that an independent policy adopted by a plan to locate missing members should suffice, rather than having to amend an existing records management and retention policy. Furthermore, the policy or component regarding un-locatable members should also extend to active members, particularly in plans that have a high staff turnover rate.
2. Under "Records Retention and Management", it is stated that periodic statements to former and retired members can be used as a reminder to update contact information. Reminders should also be included on periodic statements sent to active members.
3. Under "Records Retention and Management", we believe that plan administrators should be reminded to review their plan forms on an ongoing basis, to ensure that certain additional information (such as email addresses) is recorded, thus minimizing the risk of losing track of members in the future.
4. Under the Federal section of "Steps to Consider after an Unsuccessful search", it refers to CRA's letter forwarding service. It would be helpful if you could provide further details regarding this service, such as the website link, the cost for using the service and type of information required. We suggest that an annual process be established where a plan administrator sends a list of un-locatable members to the Canada Revenue Agency ("CRA"). It may be easier for CRA to track such missing members with their social insurance number as they may have access to more information and resources than plan administrators. We understand that this would add to administrative costs, but these would still be lower than those encountered by plan administrators on their own, and we believe that part of the cost could be collectively paid by pension plans, either through the Annual Information Return (AIR) form or some other way.
5. Under the Provincial section of "Steps to Consider after an Unsuccessful search", it states that "some jurisdictions have published guidelines to provide assistance regarding member searches". We believe that a proper identification of such jurisdictions and links to their guidelines would be useful to plan administrators. We are of the opinion that the addition of a standardized checklist to locate missing members would be a helpful resource for plan administrators.

Once again, thank you for the opportunity to provide our input on this matter. We would be pleased to assist you in whatever way we can, or to discuss our submission and provide any clarification regarding our comments, as required.

Regards,
PBI Actuarial Consultants Ltd.

A handwritten signature in black ink, appearing to read "Rupe Prasad".

Rupe Prasad, CEBS

RP:jb