

November 17, 2010

Ms. Sylwia Przewdziecki  
Clerk  
Standing Committee on Finance and Economic Affairs  
99 Wellesley Street West  
Room 1405, Whitby Block  
Queen's Park  
Toronto ON M7A 1A2

Dear Ms. Przewdziecki,

**Re: Bill 120, *Securing Pension Benefits Now and for the Future Act, 2010***

As noted by the Chair of the OMERS Administration Corporation and the Co-Chairs of the OMERS Sponsors Corporation in their letter to Minister Duncan, dated October 27, 2010, OMERS is pleased with the government's ongoing efforts on pension reform. In particular, OMERS supports much of the content of Bill 120, and the predecessor announcement of August 24, 2010. However, we wish to make several suggestions to improve the Bill.

### **Funding Issues**

Most of the funding issues raised in the August 2010 announcement have appropriately been left to regulations. We understand the necessity to address legislative issues first, but we want to note the importance of those regulations being available for comment very shortly – a point which is likely echoed by other stakeholders. The “teeth” of the Minister's announcement are largely in the regulations.

It is important to ensure the rules created to deal with funding issues, including the use of surplus and payment of plan expenses, do not create obstacles to transfers of pension assets. If the Bill creates any obstacles then the positive provisions from Bill 236 will be negated. Flexibility and transfers of assets to allow members to consolidate pension benefits should be encouraged.

### **Additional Voluntary Contributions (“AVCs”)**

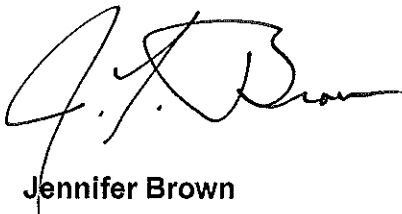
Responding to the requests from members, OMERS is instituting an AVC program as of January 2011. This will allow members to contribute additional amounts to the OMERS fund to earn the OMERS annual rate of return on those amounts. Like RRSPs, currently these funds will have to be withdrawn from the AVC accounts when a member turns 71 years old to be converted to a different vehicle (e.g. RRIF, LRIF). Bill 120 appears to allow plans offering AVCs to provide annuity-like payments rather than forcing the payout at age 71, which would be very positive given our feedback from members. Further clarification of this would be helpful.

**Ongoing Innovation**

OMERS supports ongoing innovation in the pension system. Flexibility is key to the adaptability of our system over the next few decades. The government should look to opportunities to create more flexibility in the pension system. In order to support innovation, the five year review of the *Pension Benefits Act* is a positive change. However, the provision should ensure a more comprehensive review is performed.

In conclusion, OMERS looks forward to the next steps in ongoing pension reform and further opportunities to participate in the government's consultative process and is pleased to be appearing at the Committee.

Yours truly,



**Jennifer Brown**

Executive Vice President &  
Chief Pension Officer  
OMERS Administration Corporation



**John Poos**

Executive Director  
OMERS Sponsors Corporation