

Commentary Report
to the
Expert Commission on Pensions

Aon Consulting

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Introduction and Overview

Introduction and Overview

On behalf of Aon Consulting ("Aon") I am pleased to provide our submission in response to the invitation to participate from Harry Arthurs, chair of the Ontario Expert Commission on Pensions (the "Commission").

Aon is a leading human capital consulting and employee benefit outsourcing firm. With more than 800 professionals in 14 offices across Canada, we collaborate with 46,000 colleagues across 500 offices in 120 countries to link people strategies with business strategies to enable our clients toward excellence in performance in the areas of Retirement Strategies, Health Strategies, Human Capital Consulting and Employee Benefits Outsourcing.

While I present this submission on behalf of Aon, it does not represent a corporate position. Rather, it is a synthesis of practitioner views that we hope will be useful to the Commission. While the views expressed here are generally reflective of the opinions of Aon staff who work closely with the Pension Benefits Act (Ontario) ("PBA"), the opinions of some of our practitioners may vary from what is stated herein.

Aon applauds the efforts being expended by the Commission to respond to the Ontario government. However, we believe that the mandate given to the Commission is somewhat limited in nature. The mandate takes an insular view on various issues from an Ontario perspective. While there is no denying the importance of these issues, there appears to be no focus on consideration of big picture solutions, the most obvious of which is the idea of a national pension system and regulator similar to the ERISA in the U.S.

At this point in the history of pension reform any solution proposed must be holistic in nature. If a piecemeal approach is taken, then the demise of the private pension system, at least with respect to defined benefit arrangements, is imminent. It therefore follows that the governing authorities in areas such as taxation, accounting, pension standards and law (especially trust law) have to function in synch and on a cooperative basis. These authorities should not act in a unilateral fashion, i.e. experts from the other bodies should, at a minimum, comment upon and participate in any material decisions.

There are also a number of issues affecting the day-to-day lives of the average pension plan member which require serious attention that do not appear to be prominent on the radar screen. If a form of overhaul is seriously in the works – and we hope that it truly is - then all

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aspects of the PBA, its regulations, its regulatory guidelines and its administrative functions should be scrutinized and adjusted as necessary.

Based on informal discussions with the administrative coordinator for the Commission, it would appear that a large number of responses are in the offing from a wide array of stakeholders. We also observe that there are a significant number of commissioned research papers to be submitted by a number of academics. It is obvious that there would also be a lengthy and detailed history in the records of the FSCO underlying the nuances and sources of drafting problems with the PBA and its supporting regulations.

We believe it would be superfluous to delve into a deep level of detail in our response. As such, while we will provide a few examples of trouble spots in the system, our response will remain fairly high level and strategic in style.

Our commentary on the major topics follows:

Section I: Pension Plan Funding

Pension Plan Funding

1. The adequacy of regulatory tools, existing reporting rules and timing of required actuarial valuations.

The timing of required actuarial valuations is reasonable with its 9-month filing deadline. Further, the concept of required annual valuations where a transfer ratio falls below the 80% level is also reasonable; it is far more accommodating than that of some other jurisdictions that use ratios of 90% or 100%. The ability to include payments for due and accrued receivables as part of the assets when contributed within four months following the valuation date allows for flexibility to fit with sponsors' budget constraints and is certainly a positive in terms of timing issues.

The related reporting documents such as the Actuarial Information Summary (AIS) is not an undue hardship. However, some have viewed the Form 7 requirements as overkill which places the trust company or insurance company in awkward positions on waving red flags. This has occasionally created tensions and questionable communications among plan sponsors, their professional agents and the FSCO.

The more recent Form 8 requirement is often viewed as unnecessary and continued overkill. Moreover the timing for its filing (within 6 months of the fiscal year end) is too tight relative to the same 6-month filing deadline for audited financial statements given that information from the latter is needed for the Form 8 sign-off. Indeed, our experience with routine requests for filing extensions points to the questionable forethought that went into the deadline date to begin with.

2. The rules governing the payment of going concern unfunded liabilities and solvency deficiencies.

Currently initial unfunded liabilities on a going concern basis must be amortized over a period not exceeding 15 years. New solvency deficiencies must be amortized over no more than 5 years.

Net gains revealed at a valuation may be applied with reasonable flexibility on a going concern unfunded liability, i.e. they can be used to reduce the term of the remaining amortization period or the level of payment or some combination thereof. This is a good approach and gives the sponsor latitude relative to its budgeting constraints.

Section I: Pension Plan Funding

The same cannot be said for solvency deficiencies. Unless there are several layers of amortization schedules, it is not permissible to reduce the level of payment. In light of the relatively short amortization period, there does not seem to be any logic to this constraint and we would recommend it be removed. Moreover, serious consideration should be given to adopting possible extensions to the maximum amortization periods for solvency deficiencies along the lines recently adopted by Quebec and by the federal PBSA.

In fact, as an option, funding for solvency deficiencies could be removed entirely provided that a letter of credit (LC) was provided to securitize the shortfall in the event of an insolvency. In that way, the proper and more natural market forces come into play. If the LC is not renewed, then solvency funding would be required again.

An argument could similarly be extended to the use of LCs for going concern unfunded liabilities, particularly if there remains any question regarding an employer's ability to use surplus to at least take contribution holidays, if not the ability to remove the surplus outright.

Relief is obviously required for the solvency issue.

3. The effect of indexation and other non-pre-funded benefits on a plan's funded status

The regulations supporting the PBA are laden with rules reflecting compromise of one sort or another. A classic example relates to items excluded in calculating a plan's solvency position, where such items are included in determining wind-up obligations and, with some exceptions, included as part of going concern liabilities.

Many such compromises were put in place under presumptions that have since proven erroneous. The concept of a "too big to fail" entity like the auto sector may have seemed sound twenty years ago but would not be considered valid in today's world.

It is understood that sometimes a price was paid for taking advantage of such exclusions vis-à-vis a larger assessment when completing the annual information return and PBGF calculations.

On the other hand, results produced in a valuation could be quite variable and wildly misleading. We have seen many valuation reports, notably when conducting M&A analysis, where the spread of results among going concern, solvency and windup

Section I: Pension Plan Funding

positions was so wide as to challenge the credibility of the firm and actuary producing the results. It was not unreasonable for the potential purchaser to question why a transfer ratio could be at 110% for solvency purposes and at 75% on a windup. When you factor in the forces of asset and liability smoothing coupled with benefit exclusions, the positions were not so far-fetched after all.

A move to eliminate such exclusions, coupled with limits on smoothing but with an opportunity to use LCs, should definitely be considered a move in the right direction.

4. The impact of funding rules on PBGF

All aspects of the PBGF are discussed in Section III of our response.

5. The funding of Multi-Employer Plans (MEPPs)

MEPPs are distinct from single employer plans, be they private sector or government based. They function on a negotiated basis and may include DB features, DC features or both.

While there is an expectation by members that they will receive their full pensions at retirement, it is well understood that there is a risk of non-fulfillment and that benefit cutbacks may occur. There are usually joint trustees responsible for these schemes who look at both affordability and protection along with overall plan governance.

Application of the current regulations on a sweeping basis makes no sense in this case. In particular, because of the negotiated funding schemes, the application of solvency funding requirements makes no sense. The focus on MEPPs should relate to going-concern funding and to progressive mechanisms for adjusting benefit levels so that they remain in balance with the plan's financial capacity to support them.

Overall liability of participating employers in MEPPs lacks clarity in legislation. Until this is resolved, it is difficult to be more specific regarding nuances to MEPP funding considerations.

Section II: Pension Plan Surplus

Pension Plan Surplus

6. Surplus rights and deficit obligations

This is probably the number one issue at the heart of the challenging private pension regime in which we operate.

We submit that, unless there are specific negotiated terms between sponsor and members defining the use of surplus, then the rights to surplus should be given in proportion to the parties' responsibilities to fund deficits.

The asymmetry in the system has been a major catalyst toward plan termination and underfunding. We have seen instances where funding policies specifically target minimum levels because of such asymmetries.

The historical language in many arrangements with the old "for the exclusive benefit of the participants" reference had been a requirement in order to receive tax-preferred status with the CRA. To now use this to deny employers the ability to change this, owing to trust law principles, is absurd. Moreover, the courts that are hearing cases continue to want to get the law right without consideration of the real operational mechanics of the system.

The legal community and the FSCO must develop an approach to effect a resolution to this asymmetry as a first priority. It is understood that this could involve some grandfathering arrangements. It is also understood that there is a potential for some groups to have been deemed as "losers" in such resolution. However, the greater good has to be served in this instance.

Continued litigation on this front doesn't seem to help, including the costs of litigation. We fear that the very nature of the adversarial system would tend to preclude an easy and straightforward solution to this dilemma.

Legislation must be put into place as soon as possible which:

- (i) overrides the conundrum of historical language;
- (ii) has contract law principles take priority; and
- (iii) very clearly articulates the risk/reward concepts leading to surplus rights.

Section II: Pension Plan Surplus

7. Surplus distribution from defined benefit pension plans on full and partial wind up, and from continuing plans

This has been partly addressed in our responses to previous sections. The rights to surplus should be related to the requirements of parties to fund deficits.

If there is a shared responsibility to fund deficits, then there should be a contractual arrangement in place defining how surplus will be used and shared.

If the responsibility to fund deficits is solely that of the employer or plan sponsor then, subject perhaps to a small remaining plan cushion, the use of surplus ownership should be at the discretion of the sponsoring employer. This should be so whether the plan is in an ongoing position or a windup situation. To infer that the old "exclusive benefit" language overrides this idea is to suggest that DC principles come into play in a DB plan. This makes no sense.

The concept of what to do on a partial windup in terms of surplus is somewhat of a loaded question. In the first place, the PBA and supporting regulations do not and cannot define the circumstances which create a partial windup. While the Monsanto case concluded that a distribution of surplus should take place, it did not state who the recipients should be. This has created further problems when surplus is determined at a time when plans are solvent and the payout is to be made at a time when the plans have become underfunded. This has created funding stress to employers. Why should they continue to sponsor the plan at all?

We submit that the Quebec approach to this issue is the way to go – i.e. no requirement for recognition of partial windups. Any other approach is likely to be fraught with inconsistencies. As a matter of plan design, sponsors could still choose to recognize partial windups in predefined circumstances.

8. Reductions or suspensions of contributions (contribution holidays) to defined benefit pension plans

Again, this point links itself to the principles enunciated above. If the plan sponsor is responsible for the funding of deficits, he should be allowed to use the surplus in any way he chooses (subject perhaps to a small buffer), including the taking of contribution holidays.

Section III: Pension Benefits Guarantee Fund

Pension Benefits Guarantee Fund

9. Coverage, assessment and allocation from the Fund; and

10. Its role in providing security or pension benefits to plan members and its continuing viability

The PBGF and its continuing existence is a political consideration and we offer no comment on whether it is right or wrong to have a form of guarantee fund. However, we do wish to address some of the challenges with the PBGF as it exists today.

A number of Aon practitioners have had first hand experience in producing reports where the PBGF has applied and in assisting administrators with carrying out their duties to affected members. Our concerns with the system include the following:

- (i) Benefit determination is often complex and the rules seem to have limited logic to them. For example –
 - there is a benefit gradation between an arbitrary 50 and 60 points;
 - there is an arbitrary 10-year requirement for bridge benefit coverage;
 - there is an arbitrary top-up limit to the first \$1,000 of pension benefit (and this limit has remained frozen despite some 20 years of inflation and non-use of the authority in the PBA to increase the limit);
 - there is an arbitrary 3-year exclusion rule in terms of benefit upgrades or improvements;
 - when cut backs do occur, the reduction can occur to the bridge benefit rather than the lifetime benefits, notwithstanding the obvious value difference;
 - there are unnecessary constraints in settling benefits or allowing non-retired members to annuitize prior to the final or close to final approval of the FSCO, and the process can drag for many years.
- (ii) The task of explaining program details to unemployed destitute members is near impossible;
- (iii) The assignment of Administrators by the FSCO seems to lack a competitive tender-style approach. Moreover, of the remaining three entities who are considered qualified as Administrators, the tendency has been for them to take all actuarial

Section III: Pension Benefits Guarantee Fund

work internally on a self-serving basis notwithstanding the history and expertise the incumbent agents likely have;

- (iv) Its administration is quite problematic for multi-provincial plans registered in any province as long as there are Ontario members involved;
- (v) The basis of the PBGF assessments is misguided. The primary concern should be the solvency of the plan sponsor. The actual solvency position of the plan should be secondary.
- (vi) The exclusivity of top-up to Ontario members only is viewed by some non-Ontario members as prejudicial; some have used the word "discriminatory".
- (vii) The existing formula in the assessment system seems artificial.
- (viii) The PBGF could not withstand a major failure such as that which came close to happening with Algoma Steel. This would have rendered the Ontario taxpayers as lenders in some way – an outrageous proposition, especially for those taxpayers who do not belong to a plan.

As such, if a form of guarantee system is to continue, it would require a significant overhaul in terms of coverage, benefit levels, assessment logistics and administrative mechanics.

If the system is not considered viable, then some thought is needed to determine how to close the program, whether and how to grandfather any part of a member's accrual and how to deal with future potential claims.

If benefit protection is of utmost importance, then negotiations or priorities of payment in other acts related to insolvencies and bankruptcies should have pension benefits ranked with higher priority than other creditors. We are aware of the resistance this is likely to get from lenders and the federal legislators. Interestingly, the use of LCs may be a panacea in these situations and let market forces take their proper measure.

Section IV: Pension Plan Wind Ups

Pension Plan Wind Ups

11. Benefits added by law

The "grow-in" requirements in the PBA are out of synch with the requirements of the pension legislation of most other Canadian jurisdictions. The rules defining eligibility for such benefits seem somewhat arbitrary as well, i.e. what's magical about 55 points or 10 years of continuous service?

The marginal effects of inclusion vs. exclusion of grow-in benefits in a solvency vs. wind up valuation can be very significant. This has certainly not escaped the purview of the Nova Scotia regulator whose legislation requires grow-in benefits to be paid only if the plan has sufficient assets to provide such additional benefits once the other basic benefits have first been settled. This is a key statement regarding priority of benefits.

As it stands, the Ontario grow-in rules produce the effect of weighting or diverting greater portions of assets to the active members' sub-cohort of individuals in the 40-64 age range. This has particularly disturbing consequences for retirees and beneficiaries with pensions already in the course of payment.

We acknowledge that the question of priorities of benefits in underfunded wound-up plans is a difficult political issue. The complete removal of grow-in principles may be awkward at this juncture. If such is the case, then we suggest that the Nova Scotia approach be adopted to provide a logical solution for future full plan wind-ups.

12. The determination of a partial plan wind up (PWU)

We have commented briefly on this point in our response to item 7 in Section II.

As it stands, this term is not well defined in the PBA or its supporting regulations. The imposition of wind up rules in a PWU on a mandatory basis does not make any logical sense in this regime. If a plan sponsor wishes to voluntarily provide additional benefits in such a circumstance, we submit that it be permissible but not required.

Unless a more concise definition is developed which contemplates all situations, then we recommend the Quebec approach be adopted whereby partial wind ups are deemed to be non-existent. The reasons the PWU causes concerns relates to surplus ownership, accelerated funding and grow-in concepts. If these issues are satisfactorily addressed,

Section IV: Pension Plan Wind Ups

a PWU declaration becomes less relevant. We therefore submit that priority be given to first resolving these latter issues.

13. Plan wind ups when an employer is in deficit

We believe the phrase "employer is in deficit" was meant to be "plan is in deficit".

Ontario currently requires the funding shortfall to be made up in the cases of plan wind-ups in deficient positions. The notable exception to this in the DB realm would be MEPPs, where some form of benefit cutback would occur. Technically, the deficiency can be made over as many as 5 years from the wind up date subject to a number of constraints including limitations on benefit distribution, requirements for annual actuarial valuation reports, etc.

Many other jurisdictions do not require the terminal funding of wind up deficiencies. In these cases benefits to members get cut back and the members' only recourse would be to sue the sponsor for the loss of benefits.

From the perspective of benefit security for members, the Ontario position is the better alternative. Except for the limited force of the PBGF, this does not assist the members in a bankruptcy situation. Possible protection can occur through the use of LCs, though these would admittedly be expensive for companies who are near the brink of insolvency. Alternatively as previously mentioned, if member security is truly sacrosanct, then priority should be given ahead of other creditors in any bankruptcy proceedings and the provincial government should seek to have the federal government amend such bankruptcy laws accordingly.

It is theoretically possible to modify the "pace" of solvency funding relative to the solvency of the sponsor itself. However, such a technique would be saddled with subjective judgement and add cost to a system already saturated with high expenses of administration.

14. Unlocated beneficiaries

As the system has matured and plan wind ups or conversions have become commonplace, the challenge related to unlocated beneficiaries has become almost overwhelming. The challenge mostly, but not solely, relates to the older members who terminated before portability became a right.

Section IV: Pension Plan Wind Ups

Insurance companies have been reluctant to take on these obligations at almost any price leaving plan sponsors in a quandary as they are unable to close out the plan in complete fashion. Couple this with the normal turnover of HR staff in the sponsoring company and the issue gets even cloudier.

In our experience, professional search firms have had only limited success.

The defunct Bill 198 had proposed a reasonable remedy to this problem whereby an arm of the Ontario government would have acted as a public trustee for such benefits (similar to an escrow arrangement) in order that sponsors could transfer the obligations for an appropriate "annuity premium" and have settled the benefit, thereby allowing the plan to truly wind up.

This particular aspect of Bill 198 appeared not to have been problematic to any stakeholder, yet was quashed with the more contentious issues in the Bill.

We recommend this component of Bill 198 be resurrected and instituted as soon as possible. We note that Quebec and some other provinces provide for something along these lines currently. However, we would further suggest that Ontario take this remedy a step further than Quebec and others by allowing for settlement of all unfound members in the plan, not just Ontario unfound members. Anything short of this renders the solution meaningless.

Lastly, there is no reason to limit this solution to wind up situations. It should be equally available in ongoing plans with the same historical challenges. MEPPs, in particular, would benefit immensely from this solution.

We would expect that the government would likely benefit from this in the long run in light of the very high expectations of unclaimed entitlements – analogous to unclaimed accounts with the Bank of Canada.

Section V: Pension Plan Splits and Mergers

Pension Plan Splits and Mergers

15. The allocation of plan surpluses and deficits following mergers and divestments

Mergers, divestments and acquisitions from Mergers and Acquisitions (M&A) activities are generally viewed as problematic under the current pension regime. The degree of perfection in equity sought between transferred groups and residual groups is overly precise. The situation becomes ridiculous where the merger relates to plans from the same sponsor given that the ultimate security of each of the plans stems from the same entity.

The heart of the matter gets back to the surplus ownership issue and the related inability to commingle funds. Attribution analysis on surplus would require knowledge of every cash flow source since inception of the plan – an unrealistic analysis. Moreover, the attribution would be nothing other than a DC exercise as it presumes an earmarking and related trail that one would see in an individual segregated account of a DC or RRSP member.

This orthodox approach to precision creates great expense to vendors and purchasers alike and interferes with the ability to strike a purchase price in a sale or acquisition. This only adds more fuel on the fire for the parties to try and dump the DB arrangement. The fact that M&A is so much easier with DC plans than with DB plans is a clear factor in the trend to convert from DB to DC.

We suggest that if some combination of

- (i) clarity of surplus ownership,
- (ii) use of LCs, and
- (iii) the use of simple proration techniques were in place,

the operational mechanics could be simple to apply.

In M&A situations, numbers matter, and it is unsatisfactory to have uncertain attribution of large pension assets and obligations. If the surplus ownership question is resolved in favour of the parties who are required to fund the deficits, then we submit that the vast majority of M&A constraints would fall by the wayside.

Section V: Pension Plan Splits and Mergers

16. Pension asset transfers involving groups of employees

This is really a micro version of a divestiture. Unless there had been separate accounting ab initio on these groups via sub-trusts, our comments stated in point 15 above apply. Where the sub-trust issue was in place, then the dedicated assets within could be moved as though the group in question had operated as a stand-alone plan.

Section VI: General

General

17. Pensions as an important policy instrument that support workforce attachment and foster an entrepreneurial economy

Pensions already are a very important policy instrument. The investment in the economy of pension funds is already staggering and the private pension system still has a long way to mature.

The Canadian economy cannot easily accommodate the investment requirements of all pension funds (inclusive of RRSPs, non-registered arrangements, and the huge public plans including the CPP). Public policy issues thus become more critical.

Some positives have come from this, such as the removal of foreign content limits. On the other hand, funds of these sizes can lead to long-lasting consequences when politicians set forth policies to serve particular agendas that are myopic and are meant to last until the next election - not for the long-term future. As it stands, our tax-deferred limits in the retirement area pale in comparison to most G-7 countries, particularly the U.S. While we appreciate this is beyond the province of Ontario's purview, it is a classic example of a force to the pension system which is not conducive to expansion or at least reasonable maintenance of a program. When considered in context of a Canadian dollar near par with the U.S. currency and a federal government with a history of racking up budgetary surpluses, it is all the more confounding.

From a different perspective, our private pension system is unnecessarily complicated. The first step to simplifying the system is to move to a national regulatory system or something close to this, similar to our friends in the U.S. – at least for multi-provincial plans. Political egos need to be set aside to accomplish this, but it can be done if the will is there. This is where Ontario as the largest and arguably the most powerful province, can lead the way.

This move is not unique to pensions. We face the same awkwardness with our lack of a national system for securities regulation and with multiple stock exchanges.

If politicians want to attract business to their economies, they need to make the environment attractive in all respects. As wages and benefits are critical components at the most basic levels, it would seem that efforts to remove any perceived impediments should be at the forefront of political thinking – and make no mistake about it, as

Section VI: General

practicing advisors in the field, we can assure you that the pension quagmire, related to DB plans in particular, is an impediment.

18. Any other matters relevant to enhancing the viability of defined benefit pension plans in Ontario

There are many matters requiring attention. If Ontario is to continue administering its own PBA and supporting regulations, then a complete and total review of each provision therein is required with an overhaul as necessary. A few illustrative examples of sections in the Act and regulations reflecting this necessity include the following:

- (i) Section 53 of the PBA related to inflation protection is a red herring with no force. It seems clear that regulations were never developed to actuate this provision once the obvious became better known regarding the expense such a provision would add in terms of a minimum standard;
- (ii) Section 51 of the PBA related to marriage breakdown situations is highly paternalistic. It presupposes that the government knows what is best in all breakdown situations and adds to the complexity of the spouses trying to reach complete and final settlement. In light of the general movement afoot which eases locking-in rules, shortened life expectancy, bounds for when retirement benefits must be drawn, etc., it seems that the restrictions in Section 51 are unnecessary.

In this regard we recommend adoption of the CIA report found at <http://www.actuaries.ca/members/publication/2003/203015e.pdf>.

- (iii) The regulations (Section 19) require that the interest to be credited on commuted values (CVs) of the basic entitlements is the rate used in calculating that value. It is applied from the termination date or wind up date until the beginning of the month in which the CV is transferred out.

In wind up situations it is quite normal for the fund's asset mix to move into money market investments or a long bond strategy for retiree obligations in an effort to immunize the fund against market risk. With this strategy, it is unlikely that the fund will yield the required CV rate on its assets. Therefore, the longer the time to approve the wind up and effect the distribution, the greater the losses to the fund and plan sponsor.

Section VI: General

It would seem reasonable that this regulation be changed so as to only credit net fund returns on such CVs.

- (iv) The definition of "transfer ratio" in Section 1(2) of the regulations does not distinguish between DB and DC provisions. Therefore, plans with hybrid provisions should theoretically include the DC assets and (equal) liabilities in both the numerator and denominator of the ratio. The result would be a ratio which more closely approaches 1.0 from either direction.

While the intent was surely to have the ratio applied solely to the DB provision, the drafting of the regulation does not indicate this.

There are numerous other issues which need consideration in order to expedite smooth operational mechanics. Limited samples of these include the following:

- (a) Greater decision making power should be provided to the pension arm of the FSCO. Of course, this implies that the staff charged with this responsibility are experienced and capable of executing such decisions and apply such power in a highly judicious manner.
- (b) The Act and regulations has to better delineate the rules to apply to different arrangements such as MEPPs, hybrid plans, DC provisions or plans, designated plans, etc. They should also incorporate enough flexibility to allow new forms of plan design to evolve.

The existing approach of one Act fits all is not workable.

- (c) Use the professional advisory groups as part of the decision making process with an ability to veto a proposed regulatory change rather than simply bounce ideas against them and then proceed with changes regardless of the "protest". There are a lot of experts on these committees who are committing their time on a pro bono basis – use their expertise wisely.

Better yet, ensure that the governing forces responsible for actuarial, accounting, investment and legal issues do not act in a unilateral matter when it comes to pension issues.

Section VI: General

- (d) Find a way to encourage implementing new ideas and design rather than pointing to existing rules as reasons why something cannot be accomplished. In the same vein, introduce "safe harbour" rules in order to remove uncertainty.

Section VII: Conclusion

Conclusion

Aon again wants to thank the Commission for allowing us to offer our comments and suggestions in an effort to execute the Commission's mandate. We appreciate that the Commission's task is monumental in nature. We hope our input has assisted this cause in some small way.

We look forward to presenting our views during the public hearings at our November 14 allocated time slot.

We remain available to clarify or further discuss any and all aspects of our submission with any of the Commission members and would encourage them to take advantage of this offer.

Please contact the undersigned if you have any questions.

On behalf of Aon, I remain

Yours truly,



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