



June 22, 2016

The Honourable Diane Lebouthillier  
Minister of National Revenue  
7th Floor  
555 MacKenzie Avenue  
Ottawa ON K1A 0L5

Dear Minister Lebouthillier:

**Re: Assistance from Canada Revenue Agency for Pension Administration Purposes**

I am writing on behalf of the Association of Canadian Pension Management (“ACPM”). ACPM is the informed voice of Canadian retirement income plan sponsors, administrators and their allied service providers. We are a non-profit organization and our objective is to advocate for an effective and sustainable Canadian retirement income system. Our membership represents over 400 retirement income plans consisting of more than 3 million plan members

ACPM has a broad membership consisting of experts that are drawn from different industry segments and all regions of Canada. Our members have a strong interest in retirement income policy.

ACPM held a seminar recently regarding concerns over the number of pension plan members whose benefits cannot be settled because the members cannot be located. Plan administrators need to locate members and pay benefit entitlements in order to comply with the pension legislation and the *Income Tax Act* and Regulations (ITA). Pension legislation generally requires that pension payments commence no later than age 65 if the member previously terminated employment, and the *Income Tax Act* and Regulations (ITA) require that pension payments commence no later than December 31<sup>st</sup> of the year in which the member attains age 71. Additionally, from a member perspective, the retirement income from the pension plan will be of assistance to them in their retirement.

In the past, many plan sponsors, for a nominal fee, used the National Search unit of Human Resources Development Canada to request that a letter be forwarded to missing plan members. The letter requested that the member contact the plan administrator regarding outstanding pension entitlements. For plan administrators, it was a cost-effective way to contact missing plan beneficiaries, and it was often successful. Our ACPM members have indicated that this was useful to them and we are writing to request that this service be reinstated.

We understand that CRA still provides a letter forwarding service but the service can't be accessed unless other search efforts are “exhausted” prior to contacting them and administrators who wish to access the service are required to provide written details of the steps taken to locate the individuals. These conditions are impediments that make the service less useful and appealing to plan administrators and may increase the cost of contacting plan beneficiaries to advise them of pension benefits to which they are entitled.

In addition, as detailed in our letter to the Minister of National Revenue on March 27, 2013, there are issues regarding monthly pension payments being innocently or fraudulently maintained in respect of deceased members. Pension plan administrators do not have an accessible and efficient means of performing periodic audits to ensure that no changes are required to the pension payments. For example, a life only pension may continue to be paid by direct deposit to a bank account after the member is deceased or a pension payment may not be appropriately reduced following a member's death to reflect the surviving spouse's entitlement. Similarly, if a member has died but the pension plan administrator is not aware of that death, the member's surviving spouse or beneficiary may not be receiving the death benefit to which they are entitled.

The recovery process can be costly and complicated for plan administrators, but also frustrating and, in some cases, a hardship for the recipient of the over-payments. In some cases these payments may never be recovered, to the detriment of all beneficiaries of the pension fund. If plan administrators could access a central database to confirm whether pension recipients are living or deceased, the instances and duration of over-payments could be greatly reduced.

To summarize, we are requesting that certain services be made available to plan administrators to ensure ongoing compliance with the ITA and other applicable laws. These services will also minimize potential liability to registered pension plans, help eliminate fraudulent receipt of payments, and reduce hardships on individuals impacted by not receiving a portion of their retirement income or having to repay amounts that were overpaid. After careful consideration, ACPM is requesting that the Canada Revenue Agency do the following:

- a) Reinstate the National Search unit to provide plan administrators with a cost-effective method of contacting plan members to settle pension benefits owed to them;
- b) Permit pension plan administrators to access the Canada Revenue Agency's records to confirm whether a beneficiary is living or deceased.

Once you have reviewed the above proposal, representatives of ACPM would be pleased to meet with any representatives of the Canada Revenue Agency. We have also provided a copy of this letter to the Privacy Commission of Canada.

We look forward to receiving a response at your earliest convenience.

Yours very truly



Bryan Hocking  
Chief Executive Officer, ACPM

cc: Michael Godwin, Canada Revenue Agency, Registered Plans Directorate  
Daniel Therrien, Privacy Commissioner of Canada  
Brenda Watkins, Special Programs and Partnerships Division  
Honourable Jean-Yves Duclos, Minister of Families, Children and Social Development  
Honourable MaryAnn Mihychuk, Minister of Employment, Workforce Development and Labour