



March 13, 2023

CAPSA Secretariat  
25 Sheppard Avenue West,  
Box 21 - Suite 100  
Toronto, Ontario M2N 6S6

Sent via email

**To Whom It May Concern:**

**RE: Response to CAPSA Strategic Plan 2023-2026**

Thank you for the opportunity to provide our comments on the CAPSA Draft Strategic Plan 2023-2026.

ACPM is the leading advocacy organization for plan sponsors and administrators in the pursuit of a balanced, effective and sustainable retirement income system in Canada. We are the voice of retirement plan sponsors, administrators and trustees in the private and public sector and our membership represents retirement income plans that cover millions of plan members.

We have reviewed the Draft Strategic Plan and have the following three items that we recommend that CAPSA consider in finalizing its priorities:

- 1) ACPM is encouraged to see CAPSA's intention to update current guidelines in the area of the decumulation of defined contribution (DC) account balances.

On November 24, 2022, ACPM published a white paper, "Decumulation 2.0: Converting Retirement Savings to Lifetime Income – A Prescription to Help Canadians Navigate their Retirement Income Needs" [English](#); [French](#). This paper includes a number of calls to action to illuminate what ACPM believes are the most pressing items to address Canada's current decumulation challenges, several of which could be addressed by CAPSA.

Addressing the area of decumulation of DC account balances is an area where CAPSA can positively impact the retirement outcomes of hundreds of thousands of Canadian retirees each year. A significant number of Canadians hold their entire workplace pensions in capital accumulation plans and, as these individuals retire, solutions are needed to provide them with adequate and sustainable income for the rest of their lives. There is significant value to the industry for CAPSA to address some of these matters, including, as identified, a policy framework for variable payment life annuities.

We would encourage CAPSA to consider this a priority initiative of the next Strategic Plan and would encourage CAPSA to schedule this work for earlier completion, in priority to other deliverables.

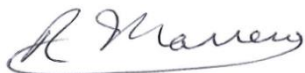
We recommend expanding the scope to incorporate all potential decumulation income sources. Decumulation strategies for DC assets do not happen in a vacuum; all sources of income need to be factored into the process. Understandably, a focus on DC assets is critical, given their prominence and importance. However, considering decumulation for other forms of retirement income would be extremely helpful in assisting Canadians with multiple sources of retirement income.

We are also encouraged to see that CAPSA intends to finalize its work on the CAP Guideline by the end of 2023, although we note that given the scope of that Guideline, it is not clear if the Joint Forum of Financial Market Regulators has been engaged with respect to the revisions and/or if their input would further support CAPSA's work in this area.

- 2) ACPM is also encouraged to see ongoing engagement amongst CAPSA members to support coordinated and harmonized practices where possible. Harmonization of practices and requirements applicable to pension plans is a key element of encouraging and enabling a robust pension system across Canada and remains important to ACPM members. Some areas where further harmonization would be beneficial relates to discharge provisions related to annuity purchases and the methodology for calculating PfADs. Having member regulators coordinate on these items would improve benefit security for all Canadians.
- 3) While it is recognized that CAPSA has started its work on an inclusive Risk Management Guideline, the timeline to complete this work may be aggressive, particularly if decumulation of DC account balances is to receive greater priority.

Thank you for the opportunity to provide our comments. Please contact us if we can be of assistance in the future.

Sincerely,



Ric Marrero  
Chief Executive Officer  
[Ric.marrero@acpm.com](mailto:Ric.marrero@acpm.com)  
ACPM