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**Re: Consultation: Individual Pension Plans (IPPs) and Designated Plans (DPs)**

Thank you for providing us with the opportunity to comment on your proposal to exempt certain IPPs and DPs from the Pension Benefits Act (PBA).

TT Actuarial Inc. is a professional actuarial practice specializing in pension plans for corporations, individuals and associations. Our firm is one of the pioneers of the individual pension plan concept and we continue to develop innovative programs and service products while delivering actuarial consulting, administration and plan governance in a clear and understandable manner, in accordance with the PBA and the Income Tax Act (ITA).

Proposed Changes

The proposed changes to the PBA would allow certain IPPs and DPs to elect to be exempt from the PBA including existing and newly established IPPs and DPs. In addition, the proposed changes would exempt IPPs and DPs that have had their *Income Tax Act* registration revoked from the PBA.

We would expect that certain IPPs and DPs would include plans that are established for members who are business owners/managers at the time of their inception. We would also expect that certain IPPs and DPs that are exempt from the requirements of the PBA would remain exempt for the duration of the plan. Such exemption would continue even if there was a sale of the business after inception or for a plan where the member (s) are in receipt of a pension and no longer meet the definition of "significant shareholder" or a "connected person".

Similarly, we would expect IPPs and DPs that are established for members who are not considered a "significant shareholder" or a "connected person" would be subject to the registration and ongoing compliance afforded to them under the PBA unless jointly waived at the time of registration or at the time the member would be considered a "significant shareholder" or a "connected person". We will refer to these plans as "Exempt Key-Person IPPs and DPs". A one-time opt out feature should be permitted for existing "Exempt Key-Person IPPs and DPs" once the PBA amendments are put forth.

Our Opinion

We welcome these changes for the following reasons:

1. The PBA and Regulations are more appropriately applied to a plan type that is either Single Employer, Multi-Employer or Jointly Sponsored Employer.
2. The services required to administer and regulate the above plan type compared to an IPP and DP are the same yet the cost to administer and regulate as a percentage of assets or on a per member basis are disproportionately high for IPPs and DPs.
3. Consistent regulatory approach with most jurisdictions who have exempted IPPs and DPs many years ago.
4. Permit funding flexibility consistent with the challenges of operating a small business.
5. Permit benefit reductions and the timing of those reductions during the accumulation period or decumulation period, if needed.
6. Permit lump sum portability options after pension commencement.
7. IPPs and DPs would still be subject to the ITA registration process and ongoing requirements to comply with investments, funding, and administration reporting under the ITA.
8. Allow "Exempt Key-Person IPPs and DPs" to apply for exemption would better align compensation flexibility and risk/reward between shareholders and key-persons in terms of salary and pension contributions/benefits without the onerous costs to administer.
9. Deliver clean and concise message that the Ontario government is helping Ontario small business owners and key persons to save for their retirement by enabling efficiencies and reducing red tape.
10. Exemption of IPPs and DPs would allow more time to FSRA staff to focus on the expansion and regulation of Single Employer, Multi-Employer and Jointly Sponsored Employer pension plans.

We would be happy to participate in future discussions on this topic or to answer questions that you may have on our submission.

Respectfully submitted,



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Partner and Actuary