



Review of the Mandates of the Financial Services Commission of Ontario, Financial Services Tribunal and the Deposit Insurance Corporation of Ontario

Submission on the Ministry of Finance
Consultation Paper

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The CAAT Pension Plan commends the Government of Ontario for establishing an Expert Advisory Panel to undertake a Mandate Review of the Financial Services Commission of Ontario (FSCO), the Financial Services Tribunal (FST) and the Deposit Insurance Corporation of Ontario (DICO). The CAAT Pension Plan is pleased to provide its comments to the Expert Advisory Panel. This submission is focused on the FSCO Mandate Review.

Background

Created at the same time as the Ontario college system in 1967, the CAAT Pension Plan assumed its current jointly sponsored governance structure in 1995. The CAAT Plan is a Defined Benefit pension plan with equal cost sharing. Decisions about benefits, contributions, and investment risk are also shared equally by members and employers. The Plan is sponsored by Colleges Ontario, OCASA (Ontario College Administrative Staff Association), and OPSEU (Ontario Public Service Employees Union).

With assets of \$8 billion, the CAAT Plan is Ontario's only postsecondary sector plan and serves over 40,000 members from the college system. In its valuation as at January 1, 2015, the CAAT Plan is 107.2% funded on a going-concern basis with a funding reserve of \$773 million.

The CAAT Plan's well-diversified investment portfolio has earned a 5-year average annual rate of return of over 10.5%, net of investment management fees.

FSCO Mandate Review

The CAAT Plan is encouraged that the Ministry of Finance's Consultation Paper refers to the recommendations made by the Ontario Expert Commission on Pensions ("OECF"), as these recommendations were the result of extensive consultation with a broad spectrum of pension stakeholders. The CAAT Plan urges the Expert Advisory Panel to be cognizant of these recommendations as part of its own review and cautions that any proposals resulting from its review should not impair the government's ability to implement existing OECF recommendations.

The CAAT Plan also asks the Expert Advisory Panel to be mindful of the different function FSCO performs relative to pensions, as opposed to the other areas it oversees. In this regard, FSCO's pension functions should not be viewed as being akin to a consumer protection agency (as may be the case with FSCO's non-pension functions), but rather its role should be to regulate the pension system as a whole. This larger role and distinction should be central in any review of FSCO's pension mandate.

All pension plans have a stake in a well-resourced pension regulator whose primary function is to promote and ensure a vibrant pension system for all stakeholders. It is the CAAT Plan's view that in order to further support this, the regulator should also be supported by a purpose mandate in the *Pension Benefits Act*, one that gives it a mandate to "maintain a balance among stakeholder interests, to keep pensions both secure and affordable, to both protect and promote the pension system, and to encourage innovation within the system," as was recommended by the OECF.¹

Thank you for your consideration. We would be happy to answer any questions you have about our submission.

¹ Ontario Expert Commission on Pensions, *A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules: Report of the Expert Commission on Pensions* (Queen's Printer for Ontario, 2008), Recommendation 7-17.