



August 17, 2018

Department of Finance Canada  
Ottawa, ON

E-mail: FIN.Pensions-Pensions.FIN@canada.ca

**By email only**

**Re: Modernization of the Unclaimed Balances Regime  
and Proposals for an Unclaimed Pension Balances Framework**

The Canada-Wide Industrial Pension Plan (CWIPP) is a multi-employer pension plan registered in Ontario with nation-wide membership, including federally regulated members. In response to the Department of Finance Canada's Consultation paper "Modernization of the Unclaimed Balances Regime and Proposals for an Unclaimed Pension Balances Framework" (Consultation), we have prepared this submission to express our views and respond to certain questions posed in the Consultation. We are not requesting that the Department of Finance withhold the plan's identity when posting, summarizing or quoting this submission.

We understand the proposed framework in the Consultation is intended for administrators of federally regulated plans. However, CWIPP is a large plan with federally regulated members, and we have prepared submissions to both the Financial Services Commission of Ontario (FSCO) and the Canadian Association of Pension Supervisory Authorities (CAPSA) to suggest that a government-run central search database should be made available to pension plans trying to locate missing members, utilizing data available through Canada Revenue Agency (CRA) and/or the Canadian Pension Plan (CPP). We therefore felt it appropriate to make a submission in response to this Consultation as well.

The plan has about 10,000 inactive lives and of this number, nearly 4,500 are unlocatable. The plan's size, geographic distribution and industry diversity exacerbate the problems posed by missing members. As a result, methods such as internet searches and advertisements in the local newspaper are inefficient means of locating missing members of the plan and contracting private search firms to look for individuals is expensive.

These issues highlight the need for a streamlined and cost-effective process for locating missing members that would be to the benefit of all plans and plan members. We believe that such a process should:

- Be national in scope,
- Use available government resources and databases,
- Operate on a cost-recovery or revenue neutral basis
- Provide plan members and beneficiaries with the ability to, once located, renounce their entitlement (if it is their wish), thereby allowing the plan to take the necessary action, and
- Provide a discharge or other process in respect of missing members whose benefits fall below a specific minimum threshold), to address situations where the cost of locating the missing member might otherwise exceed the cost of the member's benefit.



CANADA-WIDE INDUSTRIAL PENSION PLAN  
RÉGIME TRANSCANADIEN DE RETRAITE

In the absence of a centralized national search database, we are in favour of jurisdictional frameworks to address unclaimed pension balances, such as the framework proposed in the Consultation.

Section 2.2 of the Consultation proposes that the framework will only be available to terminated plans. We suggest that the framework should also be extended to terminated employer groups within-multi employer pension plans. CWIPP has 3,846 unlocatable members from terminated employer groups and 843 unlocatable members from ongoing employer groups, though none are federally regulated.

We agree with the statement in Section 2.3 of the Consultation that "...the degree of effort to locate beneficiaries generally should increase with the size of the unclaimed pension balance ...". The average monthly pension amount for the unlocatable members in CWIPP is \$44, meaning the cost of many suggested search methods outweighs the actual benefits owed to the unlocatable members. Note that approximately 80% of the pensions for unlocatable members in CWIPP fall under the federal "small pension" limit in 2018.

In most cases, CWIPP would be able to comply with providing the designated entity with the proposed prescribed information proposed in section 2.4 of the Consultation, though a last known address may not be on file for members who have been unlocatable for decades.

In respect of the questions posed in section 2.7 of the Consultation, we expect that if the plan administrator is required to withhold and remit tax, the appropriate rate(s) of tax will be clearly prescribed. As noted above, pensions for many unlocatable members in CWIPP would be considered small pensions in the federal jurisdiction, so in these cases, making the unclaimed balance unregistered is not an issue.

Thank you for the opportunity to make a submission in respect of the Consultation.

Sincerely,

Shawn Rahbek, ASA  
CWIPP Relationship Manager

Copy: Board of Trustees, Canada-Wide Industrial Pension Plan