

PENSION UPDATE

June 2003

CAPITAL ACCUMULATION PLAN (CAP) GUIDELINES RELEASED FOR PUBLIC CONSULTATION

About the Guidelines ...

The discussion paper titled "Regulatory Principles for Capital Accumulation Plans" has been released by the Joint Form of Market Regulators. The document develops detailed guidelines intended to help manage the implementation of the principles of good governance that are set out in the paper.

Since the release of the document, a public consultation period of 120 days has begun. Once 120 days have passed, organizations such as CAPSA (Canadian Association of Pension Supervisory Authorities) and CLHIA (Canadian Life & Health Insurance Association) will likely adopt the Guidelines.

The guidelines involve ...

The steps that must be followed when establishing a CAP, including defining the purpose of the CAP, selection of service providers if the sponsor does not have the in-house expertise or capacity, the determination of investment options available to members, the default investment option and the allowed frequency of transfers.

The Guidelines also set out requirements for education, decision making tools, investor profile questionnaires, income projection tools, reporting frequency and minimum disclosure of plan design and costs.

The Guidelines require plan sponsors to monitor investment performance, administration, decision making tools and providers that provide investment advice. The guidelines require appropriate action by the plan sponsor should there be a deficiency in any of these services.

These broad categories will include the majority of defined contribution (DC) pension plans, registered retirement savings plans (RRSP), deferred profit sharing plans (DPSP) and employee savings plans.

When the Guidelines are eventually accepted, they may be adopted by federal and provincial regulators. However, even if they are not adopted by the regulators, the courts may use them as a 'Best Practices' reference when settling cases.

The good news...

If you are currently a client of Proteus who employs our comprehensive *Governance Process*, your plan currently meets or exceeds the minimum requirements as set out in the document.

You can get a copy of the 'Regulatory Principles for Capital Accumulation Plans' document in the 'Articles and Information' section of our website (www.proteusperformance.com).

If you have any questions on what will be required for your plan, or would like to learn more about our *Governance Process* please contact us at (416) 421-3557 ext. 12 or toll free at 1-877-360-6363.

Who Should be concerned ...

The guidelines would apply to all plans that:

- are investment or savings plans established by an employer, union or association;
- are intended for employees or members of the sponsoring organization; and
- allow plan members to make investment decisions.

Proteus is on the Web!
proteusperformance.com

**Proteus Performance
Management**

250 Ferrand Drive
Suite 303
Toronto, ON M3C 3G8

Phone: 416-421-3557
Fax: 416-421-1348
Email: pension@proteusperformance.com

Proteus Performance Management will be the premier provider of pension governance and cost efficiency to Canadian Pension and Investment Funds. We will create an environment of participation and teamwork in a selection & review process which focuses on specific client needs. The firm will maintain itself free of conflicts of interest and in all cases act in the best interests of the client.