

PENSION UPDATE

June 2004

FINALIZED CAPITAL ACCUMULATION PLAN GUIDELINES RELEASED

On May 28, 2004, the Joint Forum released the *final version* of the Guidelines for Capital Accumulation Plans.

What is a CAP

A capital accumulation plan (CAP) is a tax-assisted investment or savings plan that permits the members of the CAP to make investment decisions among two or more options (examples may include a defined contribution pension plan; a group registered retirement savings plan; a registered education savings plan; and a deferred profit sharing plan). A CAP may be established by an employer, trade union, association for the benefit of its employees or members.

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Purpose of the Guidelines

The Joint Forum issued its first discussion paper "Regulatory Principles for Capital Accumulation Plans" in April 2001, and on April 25, 2003 released the "Proposed Guidelines for Capital Accumulation Plans".

The purpose of the Guidelines are to:

- Outline and clarify the rights and responsibilities of CAP sponsors, service providers and members
- Ensure that CAP members have the information and assistance they need to make informed investment decisions within a capital accumulation plan
- Ensure that there is a similar regulatory result for all CAP products and services regardless of the regulatory regime that applies to them

Industry Feedback

In June and July of 2003, the Joint Forum held a number of CAP Guideline information sessions across the country. The regulators accepted comments on the Guidelines up until August 31, 2003.

The comments addressed a number of specific concerns regarding fiduciary language, regimes for compliance of investment funds under the CAP, prescriptive language dealing with the need for members to obtain investment advice and the requirement for plan

The complete version of the Guidelines are available for download on the web, at: www.proteusperformance.com/articles.shtml

If you have any questions about what will be required for your plan, or would like to receive a copy of our '**Summary of the CAP Guidelines**' which outlines the implications for plan sponsors please contact us at (416) 421-3557 ext. 12 or toll free at 1-877-360-6363.

sponsors to consider the financial sophistication of their members when making decisions.

The Joint Forum Working Committee met in late October 2003 to consider the comments and, as a result, the Guidelines were redrafted into a final version.

Legal Implications

These Guidelines apply to all capital accumulation plans and supplement any legal requirement applicable to these plans. They do not replace legislative requirements.

CAP sponsors are responsible for meeting any applicable legal requirements, including any requirements that may extend beyond the scope outlined in the Guidelines.

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.