

*Pension Benefits Standards Act*

terms of the pension plan, since this appears of major importance to him in planning his financial affairs. There may be some argument, too, that he should receive information year-by-year concerning his accrued benefits. Great care would have to be taken, however, in legislating in this respect. Some employers now provide this information to their employees on a regular basis. Where the records of the pension plan are on computers, it may be fairly simple to compute the accrued benefit for each employee and provide an annual statement to him. However, in some cases the calculation of such information would be extremely difficult and costly. One could probably feel that such information would be valuable to each employee, but it would be better to leave this matter to the particular employer and employee to work out between them having regard to its complexity and the administrative costs involved. It is to be kept in mind that any such calculation would have to be accurate, otherwise employees might be led to rely on incorrect information in their pension planning. This would give rise to much controversy and difficulty later on.

• (1730)

The amendment proposed by this bill seems to concentrate on the financial position of the fund rather than on the terms of the plan and the position of each individual as regards his own benefits. The Pension Benefits Standards Act as it now stands contains considerable material concerning the financial position of the plan. In fact, the main purpose of the act is to require that pension plans be put on a sound financial basis. Periodic actuarial reports are required to be made and these have to be submitted to the Department of Insurance which administers the act. Annual returns are also required to be made in respect of each plan in order that its financial position may be known. The act and the regulations control the investments of funds of the pension plan. The act contains requirements concerning the liquidation of any deficits which may be revealed as a consequence of the actuarial valuations.

It would appear, therefore, that the legislation goes as far as is reasonably possible to ensure that the promises made in the pension plan are adequately funded. Where there is a deficit, that is, where the assets in the pension fund are not sufficient to cover the liabilities represented by the benefits accrued to the valuation date, the law requires that this deficit be liquidated over a period of years. It is generally desirable to have such deficits liquidated as soon as possible, but some balance is always needed between a rapid liquidation of existing deficits, on the one hand, and appropriate modifications to the pension plan, on the other, to try to maintain benefits at an adequate rate.

The principal purpose of the Pension Benefits Standards Act is to require adequate financing of pension plans and thereby to increase the confidence employees have in the payment of their pensions when they reach retirement age. One cannot, of course, object to the provision of more information to employees and to their associations concerning the financial position of the plan, but it is not clear that the provision of such information would of itself serve to increase employee confidence. The existing

[Mr. Guay (St. Boniface).]

legislation dealing with the requirements of funding is better designed for this purpose.

Some of the difficulties in legislating in this respect are illustrated by the terms of Bill C-5 itself. It refers to the trust deed or to pertinent financial information. Usually, the trust deed will be the terms of the arrangement between the employer and a trustee. The trustee will usually be the custodian of the assets of the pension plan fund, but his responsibilities will vary widely from one plan to another. In some cases he will be the custodian of the assets only and will be required to pay them out on direction from the pension committee or the employer. Thus, the trust deed would spell out the responsibilities of the trustee but would not contain any particular financial information. It is not likely that the terms of the trust deed would be helpful in ascertaining the current financial position of a pension fund.

The reference to pertinent financial information seems to be very imprecise. It might refer to the assets of the fund, to the interest rate earned on the assets, to contributions received from employees and from the employer, to special contributions in respect of unliquidated deficits, or to estimated liabilities under the plan. Uncertainty exists, also, as to the frequency with which such information would have to be provided. It is to be noted, also, that in many cases there would be no employees' association or employees' union. It would be uncertain, then, whether any information should be provided or not. One might note, also, that there are a number of plans to whose funds employees do not make any contribution. There is, thus, such a variety of cases that it is difficult to legislate the provision of information of this type. In many cases there are pension administration boards which include representation from employees as well as from the employer. Such a board would receive all financial information concerning the plan, and since there are representatives of the employees on it one would suppose that this would be an adequate disclosure of information for employee purposes.

I referred a while ago to the CNR pension plan, and I am sure that I got a smile from some hon. members on the other side when I did so. But I wish to end by saying I was pleased to hear from the hon. member for Winnipeg North Centre (Mr. Knowles), who the other day also made representations on the subject during the debate on the address. He attended the meetings to which I referred a while ago; I believe he has been doing so for a number of years. I am not associating myself directly with him but indirectly I may say that in this instance, as in so many others, I wholeheartedly agree with him.

**Mr. Duncan M. Beattie (Hamilton Mountain):** Mr. Speaker, the principle of the bill now before us is an excellent one and it is supported, I am sure, by all members of this House. The confidence of employees in contributory pension programs would be enhanced if more information were made available to employee contributors. The whole area of private pension plans has been attracting growing public concern. Their viability, and in some cases their integrity, has been questioned. While I believe they have been and can continue to be useful institutions, this area has not been reviewed for a long time and should be reviewed now. It is understandable that questions are