



## Office of the Superintendent of Financial Institutions (OSFI) Overview of Pension Consultation Findings

Last summer, the Office of the Superintendent of Financial Institutions (OSFI) commissioned The Strategic Counsel to conduct a confidential consultation with pension plan sponsors and their professional advisors to obtain their assessment of OSFI's effectiveness as the primary regulator of federally administered pension plans. This document provides a summary of key findings.

Since 1998, OSFI has commissioned consultations with senior members of the financial and pension community, and their professional advisors, to obtain their assessment of our effectiveness. OSFI is committed to monitoring how well we are achieving our strategic objectives, both to be accountable to stakeholders and to help us improve our effectiveness. Because this was a confidential consultation, the report presents responses in summary form. OSFI does not know what specific organizations said about it, nor does it have access to interview notes.

This pension consultation comprised a series of confidential one-on-one interviews with plan sponsors and professionals representing a cross-section of the plans regulated by OSFI, and an Internet study among a cross-section of plan sponsors who did not participate in the one-on-one interviews. Interviews and the Internet study were performed from July to September 2005.

The key findings from the pension consultation are:

- OSFI is viewed as being effective in the discharge of its mandate through its monitoring of plans and willingness to intervene.
- Sponsors and professionals generally hold positive impressions of OSFI pension staff. Staff are described as knowledgeable, approachable and helpful.
- OSFI receives strong positive ratings for its service timeliness in dealing with valuation reports and general inquiries.
- Both the PBSA Update and the OSFI website receive positive ratings among users of these information channels.

While OSFI is viewed as effective in the overall discharge of its mandate, several areas for improvement were identified:

- Improving timeliness in reacting to industry concerns about guidance, management reports and approvals processing.
- Keeping plans better informed about the receipt and outcome of valuations, and providing more open interaction during the approvals process.
- Improving the ability to identify emerging trends and preparedness to deal with pension plan issues of the future.
- Providing more open interaction during the approvals process to keep plans informed as to possible issues and timing.

OSFI appreciates the candid feedback that was provided in this consultation. OSFI is in the process of developing action plans to address the key areas where improvement is required and will monitor our progress against these plans as they are implemented. This consultation will be performed on a periodic basis in order to monitor OSFI's overall effectiveness and the effectiveness of initiatives to address challenge areas.

OSFI is the primary regulator of federally regulated financial institutions and federally administered pension plans. OSFI's mission is to protect the rights and interests of depositors, policyholders, pension plan members and creditors of financial institutions. OSFI advances and administers a regulatory framework that contributes to public confidence in a competitive financial system.

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## REPORT ON PENSION CONSULTATIONS

Presented to  
The Office of the Superintendent of Financial  
Institutions (OSFI)

November 28, 2005

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## Part I: Research Objectives And Methodology

## Background

- ◆ OSFI, as the primary regulator of federally administered pension plans, interacts with representatives of federally regulated private pension plans, and professionals who act on behalf of these plans, in order to fulfil its mandate.
- ◆ In 2005 OSFI commissioned *The Strategic Counsel* as an independent research firm to undertake a process of consultations with these stakeholders in order to explore perceptions of OSFI and the current pension marketplace. The consultations comprised a series of confidential one-on-one interviews with plan sponsors and professionals representing a cross-section of the plans regulated by OSFI, and an Internet study among a cross-section of plan sponsors who did not participate in the one-on-one interviews.
- ◆ Findings reported here are based on the interviews and the Internet survey, which were conducted from July through September of 2005.

# Objectives

- ◆ The primary objective of the research is to obtain an overall perspective of both OSFI's performance as a regulator of federally regulated private pension plans and the challenges it faces in discharging its mandate.
- ◆ Specific objectives are to investigate perceptions of OSFI as they pertain to its:
  - Profile among the general public and pension plan community;
  - Strengths and opportunities for improvement;
  - Effectiveness in carrying out its mandate; and
  - Performance as compared with other Canadian pension regulators on several issues.

# Methodology

## One-on-one interviews

- ◆ A total of 69 one-on-one interviews were conducted among plan sponsors or administrators and their professional advisors.
- ◆ OSFI provided The Strategic Counsel with a list of pension plan sponsors, external actuaries, lawyers, insurance representatives and names of key contacts within each.
- ◆ The sample for the one-on-one interviews among sponsors was drawn from a list of the 100 largest Defined Benefit (DB) plans (total assets) provided by OSFI. OSFI requested that the interviews among professionals be equally distributed among actuaries, lawyers and representatives of insurance companies.
- ◆ The final sample of respondents was selected, contacted and interviewed by The Strategic Counsel independently of OSFI. Interviews were confidential. As such, OSFI does not know who was interviewed.
- ◆ Interviews were conducted in-person or by telephone (at the request of the respondent or due to the geographic location of the respondent).
- ◆ The average interview length was forty-five minutes.

## Online-survey

- ◆ A total of 524 e-mail invitations were sent out to potential participants. These included 357 Defined Contribution (DC) plans and 167 DB plans.
- ◆ We received a total of 125 e-mail bouncebacks, indicating e-mail addresses have changed. Therefore a total of 399 sponsors received an e-mail invitation.
- ◆ Among those who received an invitation, a total of 158 completed the survey. This represents a response rate of 40%.

Distribution of Interviews	Number of Interviews Conducted
<b>SPONSORS</b>	<b>204</b>
DB Plan One-on-One Interviews	46
DB Plan Online Survey	62
DC Plan Online Survey	96
<b>PROFESSIONAL INTERVIEWS</b>	<b>23</b>
Lawyer	7
Actuary	8
Insurance Companies	8
<b>Total</b>	<b>227</b>



## Methodology (continued)

### **A NOTE ABOUT NON-RESPONSES IN THE RESEARCH**

- ◆ For most questions, significant proportions of respondents did not feel they could provide an opinion.
- ◆ In these cases, results have been recalculated to exclude those respondents who were not asked the question, who answered “don’t know”, or who did not offer a response.
- ◆ Where such a recalculation has been made it is noted on the graph.
- ◆ It should be noted that across a number of questions, DC sponsors tend to be more likely than DB sponsors to choose not to provide a response.

## Methodology (continued)

- ◆ **The sample sizes for the consultations are relatively small. Statistically significant differences are identified in the text of the report:**
- ◆ The small sample sizes allow only limited scope for subgroup analysis. However, where statistically significant or thematically consistent differences occur, they are noted. For questions in which there are no statistically significant differences between DB and DC plan sponsors, data is not shown or described for these two groups.
- ◆ Unless otherwise noted, the findings reported here emerged consistently across stakeholder groups.
- ◆ Some graphs may add to slightly more or less than 100% due to rounding issues associated with small sample sizes.

## Methodology (continued)

- ◆ The following short forms are used in the report to describe the sample groups among whom opinions were explored during the research process:

- **“Sponsors combined”** – the total sample of pension plan sponsors who participated in the research. This includes both those who were interviewed on a one-on-one basis and those who participated in the Internet survey.
- **“Sponsors (1:1)”** – refers to only those DB plan sponsors who were interviewed on a one-on-one basis.
- **“Sponsors Internet”** – refers strictly to those DB and DC pension plan sponsors who completed the Internet survey.
- **“Professionals”** – refers to lawyers, actuaries and insurance company representatives who work on behalf of federally regulated private pension plans or their members. Their opinions were sought through one-on-one interviews.
- **“DB plan sponsors”** – refers to only those plan sponsors who administer Defined Benefit plans.
- **“DC plan sponsors”** - refers to only those plan sponsors who administer Defined Contribution plans.

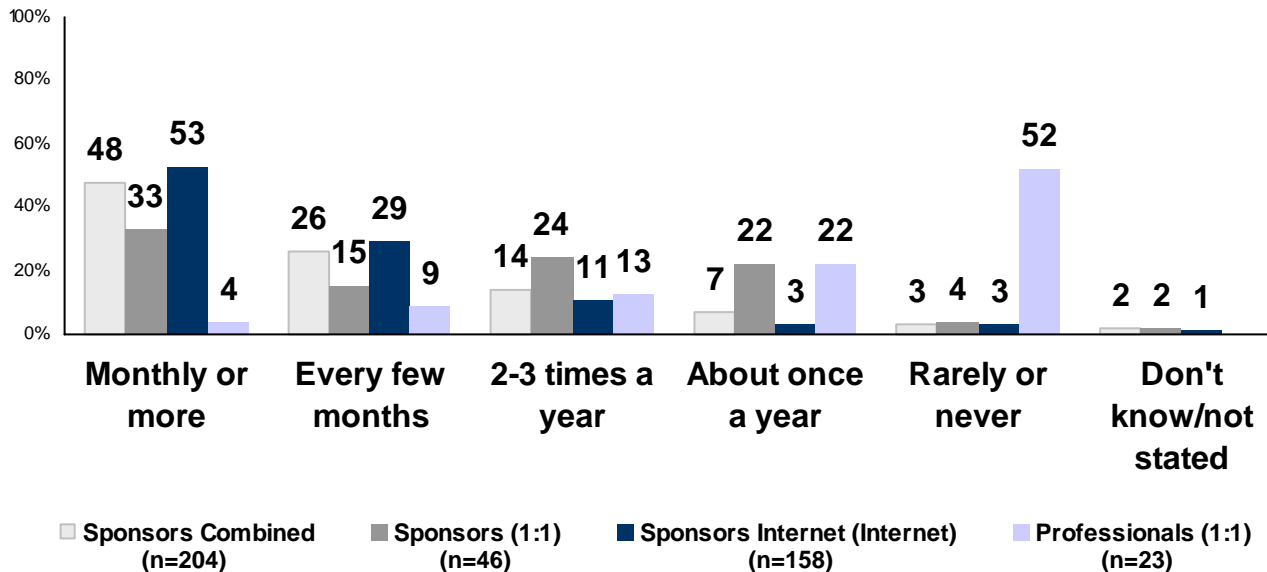
## Part II – Context and Familiarity

Q.1 How often do you or others in your office speak or meet with OSFI concerning pension matters?

A significant group of plan sponsors communicate regularly with OSFI.

*Frequency of Telephone Or In-Person Communication With OSFI*

**Total Sample**



- ◆ Three-quarters (74%) of plan sponsors report having regular verbal communications with OSFI (“two to three times a year” or more often).
- ◆ By contrast, only one-quarter (26%) of professionals report having regular verbal communications with OSFI “two to three times a year” or more).

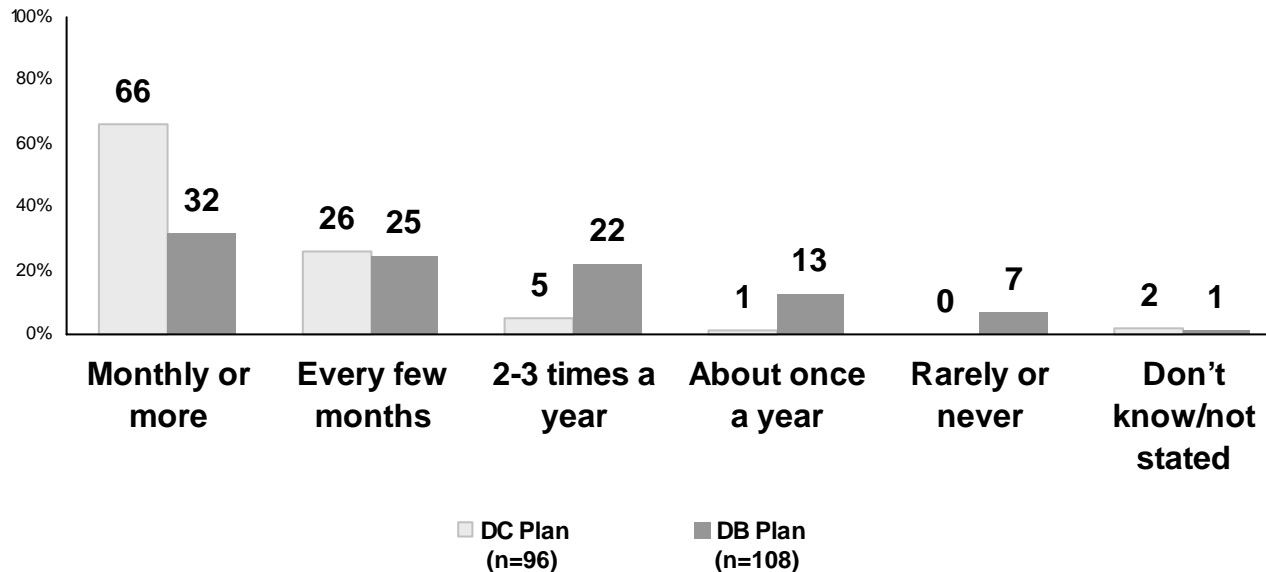
Q.1 How often do you or others in your office speak or meet with OSFI concerning pension matters?

Direct interaction with OSFI is much more regular among DC than DB plan sponsors.

*Frequency of Telephone Or In-Person Communication With OSFI*

- ◆ DC plan sponsors are significantly more likely than DB plan sponsors (97% and 79%, respectively) to report speaking or meeting with OSFI two to three times a year or on a more frequent basis.

**Total Sample**

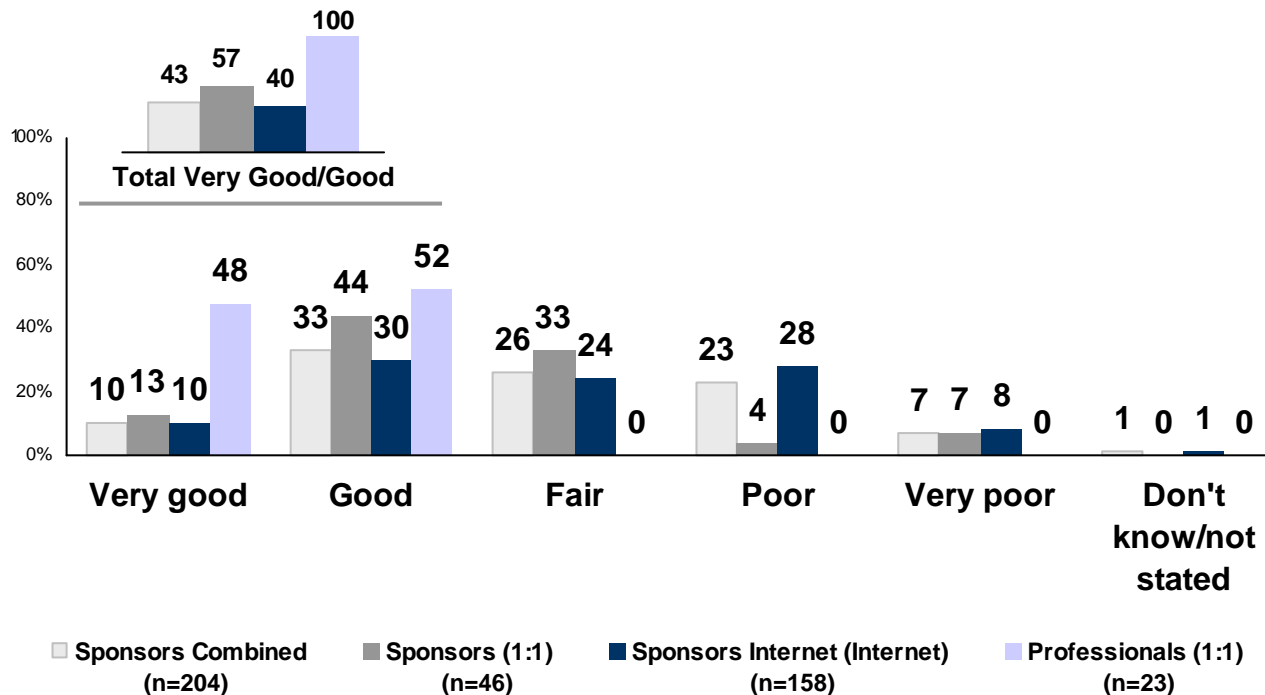


Q.2 Generally speaking, how would you rate your knowledge level about OSFI's mandate as it relates to federally regulated private pensions?

Overall, knowledge of OSFI's mandate among sponsors is somewhat limited. By contrast, all professionals report having "very good" or "good" knowledge.

*Perceived Knowledge Level About OSFI's Mandate*

**Total Sample**



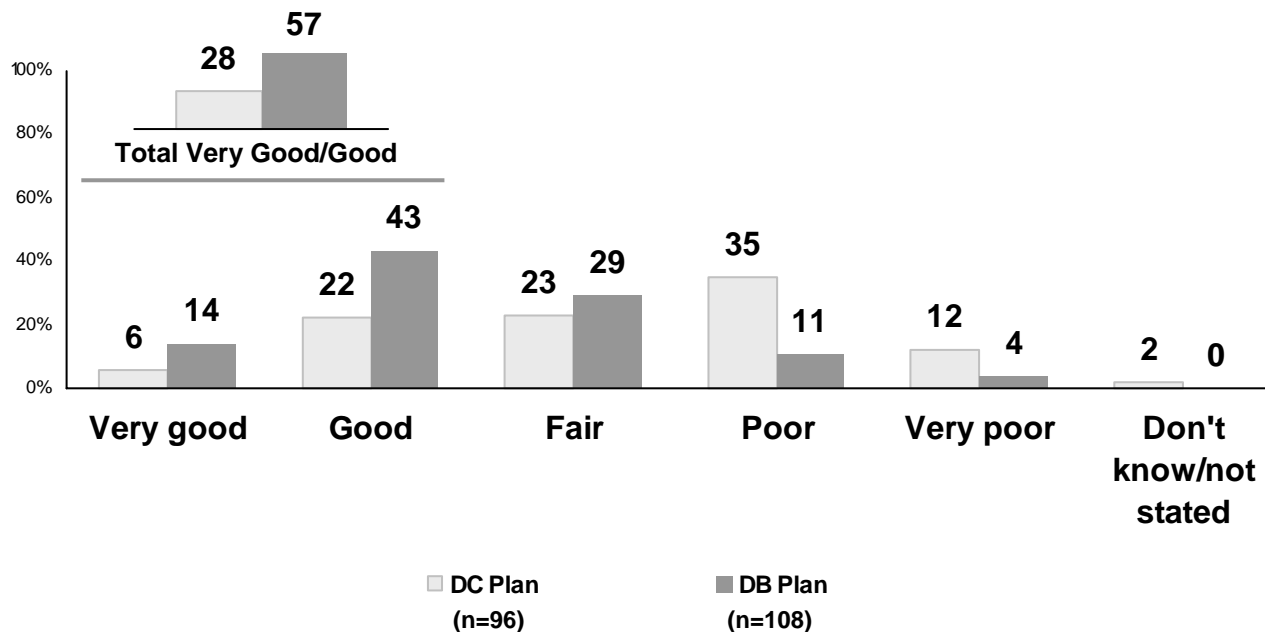
- ◆ Four-in-ten (43%) sponsors feel they have "very good" or "good" knowledge of OSFI's mandate.
- ◆ Among professionals, self-assessed knowledge is strong. All of the professionals report having "very good" or "good" knowledge about OSFI's mandate.

Q.2 Generally speaking, how would you rate your knowledge level about OSFI's mandate as it relates to federally regulated private pensions?

DB sponsors are twice as likely as DC sponsors to report having "very good" or "good" knowledge of OSFI's mandate.

*Perceived Knowledge Level About OSFI's Mandate*

**Total Sample**



- ◆ Almost one-half (47%) of DC plans feel their knowledge is weak ("poor" or "very poor").
- ◆ By contrast, only 15% of DB plan sponsors assess their knowledge as poor. The majority (57%) of DB plan sponsors rate their knowledge of OSFI's mandate as good ("good" or "very good").

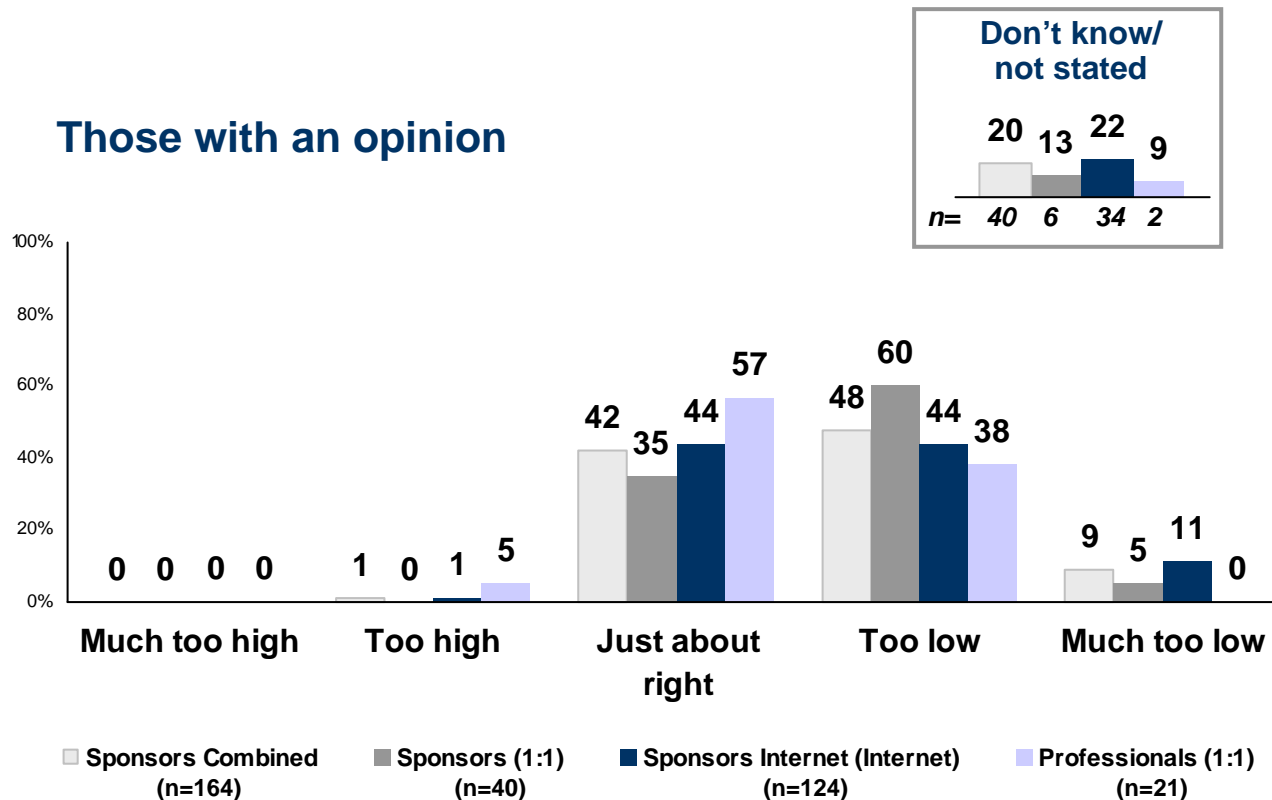


## Part III – OSFI's Profile and Communications

Q.3 Overall, what do you think of OSFI's profile among the general public in promoting its role as regulator of federally regulated private pension plans?

Opinions of OSFI's profile are mixed, with a slight majority perceiving it to have "too low" a profile.

Perceptions of OSFI's Profile Among the General Public

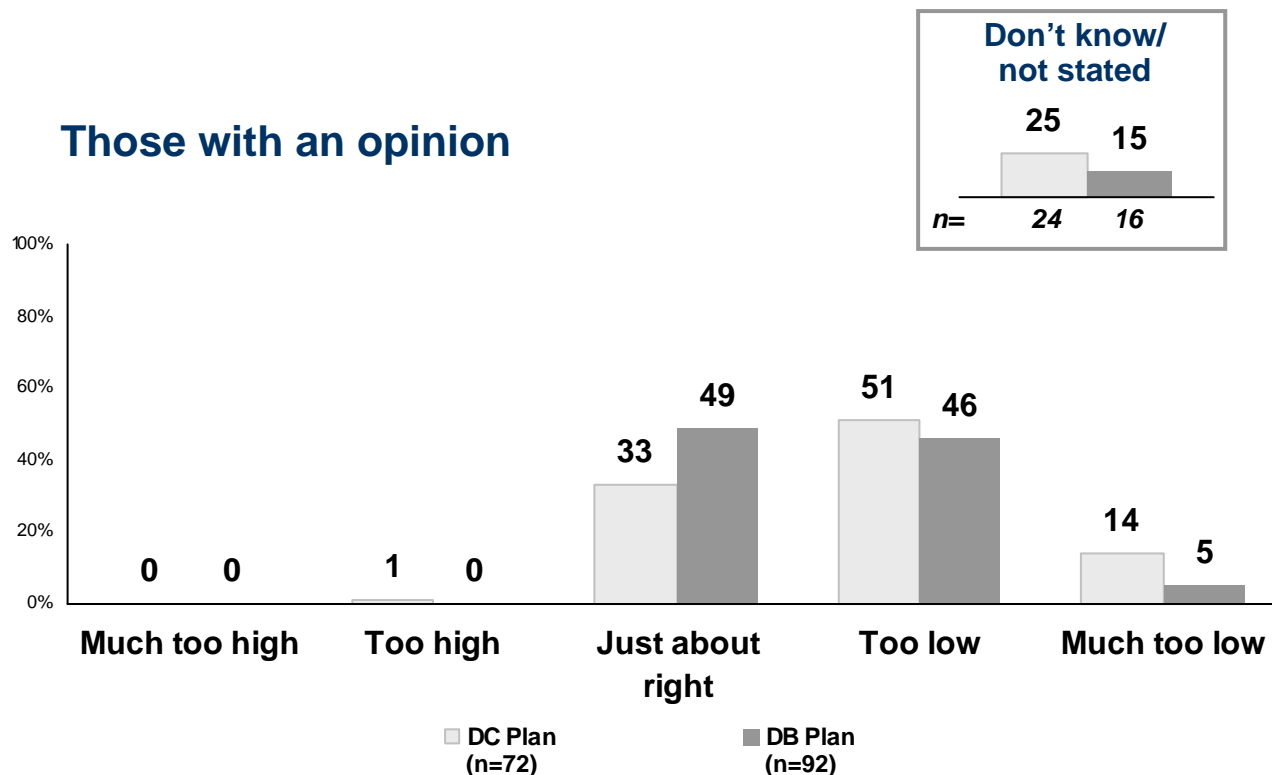


- ◆ Among sponsors providing a response, opinions are split as to whether OSFI's profile is "just about right" (42%) or too low (57%) ("too low" or "much too low").
- ◆ A slight majority (57%) of professionals view OSFI's public profile as about right.

**Q.3 Overall, what do you think of OSFI's profile among the general public in promoting its role as regulator of federally regulated private pension plans?**

A majority of DC sponsors believe OSFI's profile among the general public is too low. DB sponsors are almost evenly divided on this issue.

*Perceptions of OSFI's Profile Among the General Public*



- ◆ DC sponsors are more likely than DB sponsors to indicate that they don't have an opinion about OSFI's public profile.
- ◆ Among DC sponsors with an opinion, the majority (65%) believe OSFI's profile is too low.
- ◆ Among DB plan sponsors, opinion is almost evenly split between those who believe that OSFI's profile is about right (49%) and those who believe it is too low (46%).

3a. Why do you offer that response [Q.3]? / Q.3 Overall, what do you think of OSFI's profile among the general public in promoting its role as regulator of federally regulated private pension plans?

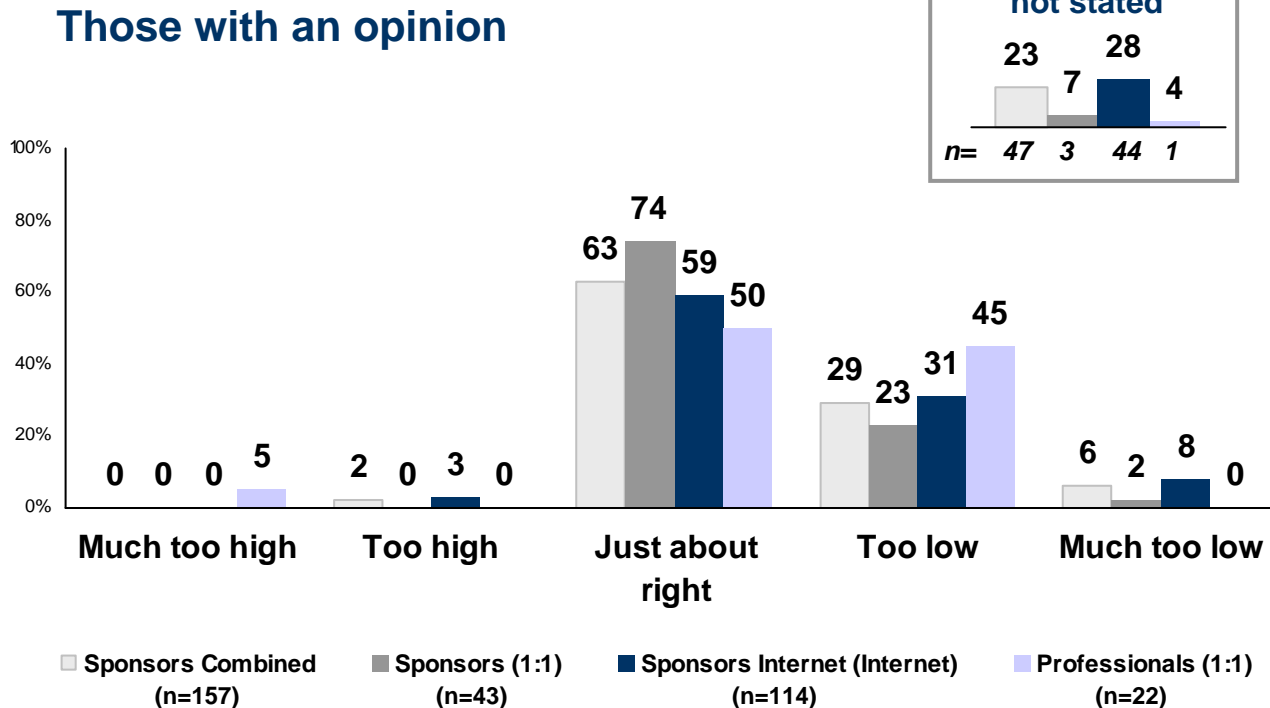
## Sponsors believe that by raising OSFI's profile among the general public, there will be greater confidence in the pension system, and in plan sponsors.

- ◆ Often when answering this question, sponsors equated the term “general public” with plan members.
- ◆ Most plan sponsors and professionals believe that the general public is not aware that there is a regulator of federal pension plans in Canada.
- ◆ A slight majority believe that OSFI should raise its profile among the general public. However, the reasons why respondents believe the profile should be elevated differ:
  - Some feel that plan members specifically need to know that there is a regulator looking out for member interests. These respondents suggested that if plan members were aware of a regulator it would likely raise their overall confidence in their plan and the pension system.
  - Some propose that OSFI should raise its profile by becoming more active in member education. The perception is that there is a need for members to be more informed about their pensions and the role they play in their retirement saving and that OSFI has an opportunity to take a role in this educational process.
  - A small group believe that in elevating OSFI's profile plan members would likely be less suspicious of the approach employers take in plan administration.
- ◆ Among those who believe the profile is “about right” there is a perception that OSFI has been effective in public communications on the Air Canada issue. It is viewed as appropriate that OSFI should speak out when there are issues affecting plan members, but there is also an expectation that it should remain in the background when all is well.

**Q.4 Overall, what do you think of OSFI’s profile within the pension community, that is among plan administrators and professional advisors to plans (e.g., presentations, participation in industry conferences, educational training conferences, its level of press coverage, etc.)?**

Overall, OSFI is perceived to have an appropriate profile within the pension community.

*Perceptions of OSFI’s Profile Within the Pension Community*

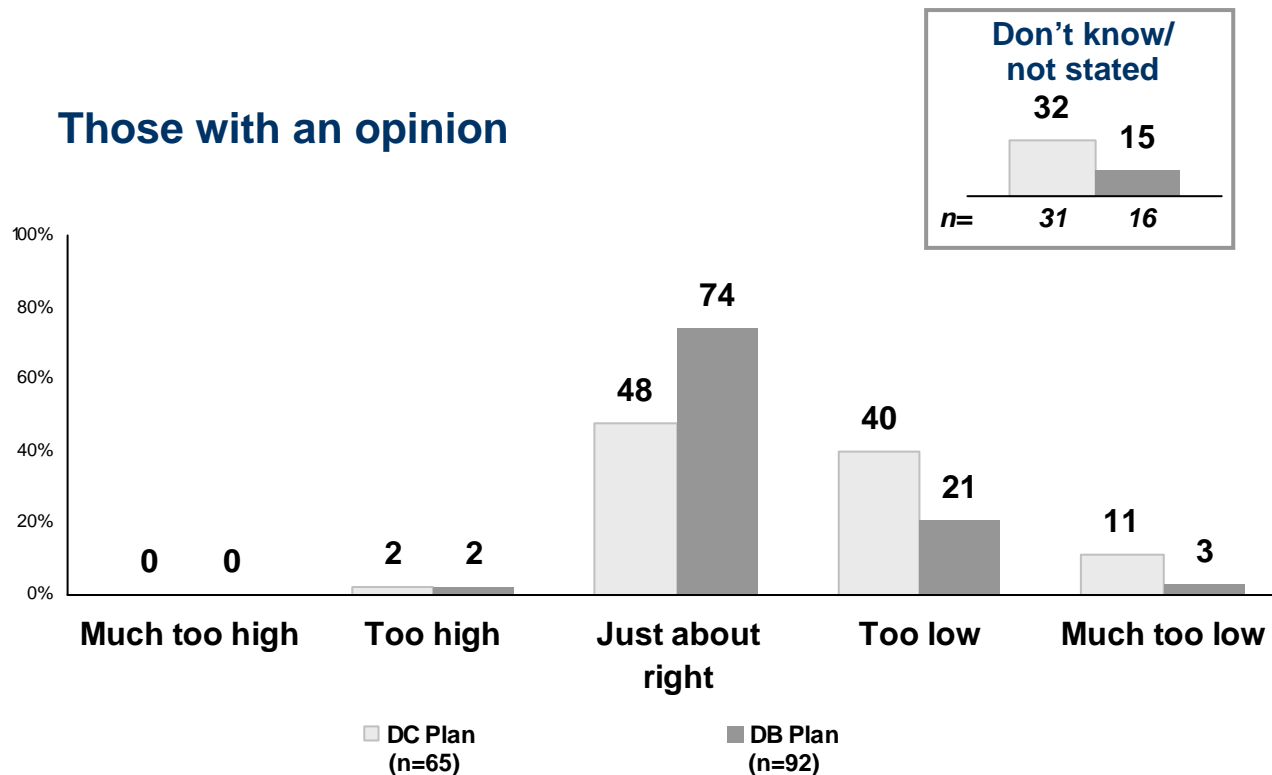


- ◆ A majority (63%) of sponsors with an opinion view OSFI’s profile within the pension community to be “just about right.”
- ◆ Larger DB plans (those represented through the one-on-one interviews) are most likely to perceive the profile to be about right.
- ◆ Perceptions among professionals are split between those who view OSFI’s profile as about right (50%) and those who believe it to be too low (45%).

**Q.4** Overall, what do you think of OSFI’s profile within the pension community, that is among plan administrators and professional advisors to plans (e.g., presentations, participation in industry conferences, educational training conferences, its level of press coverage, etc.)?

DB plan sponsors are more likely to view OSFI’s profile within the pension community as appropriate, while perceptions among DC sponsors are split.

*Perceptions of OSFI’s Profile Within the Pension Community*



- ◆ DC plan sponsors are almost evenly split in their evaluation of OSFI’s profile within the pension community – “just about right” (48%) and “too low” (51% “too low” and “much too low”).
- ◆ By contrast, DB sponsors are significantly more likely to perceive OSFI’s profile as just about right (74%).

4a. Why do you offer that response? [Q.4] / Q.4 Overall, what do you think of OSFI's profile within the pension community, that is among plan administrators and professional advisors to plans (e.g., presentations, participation in industry conferences, educational training conferences, its level of press coverage, etc.)?

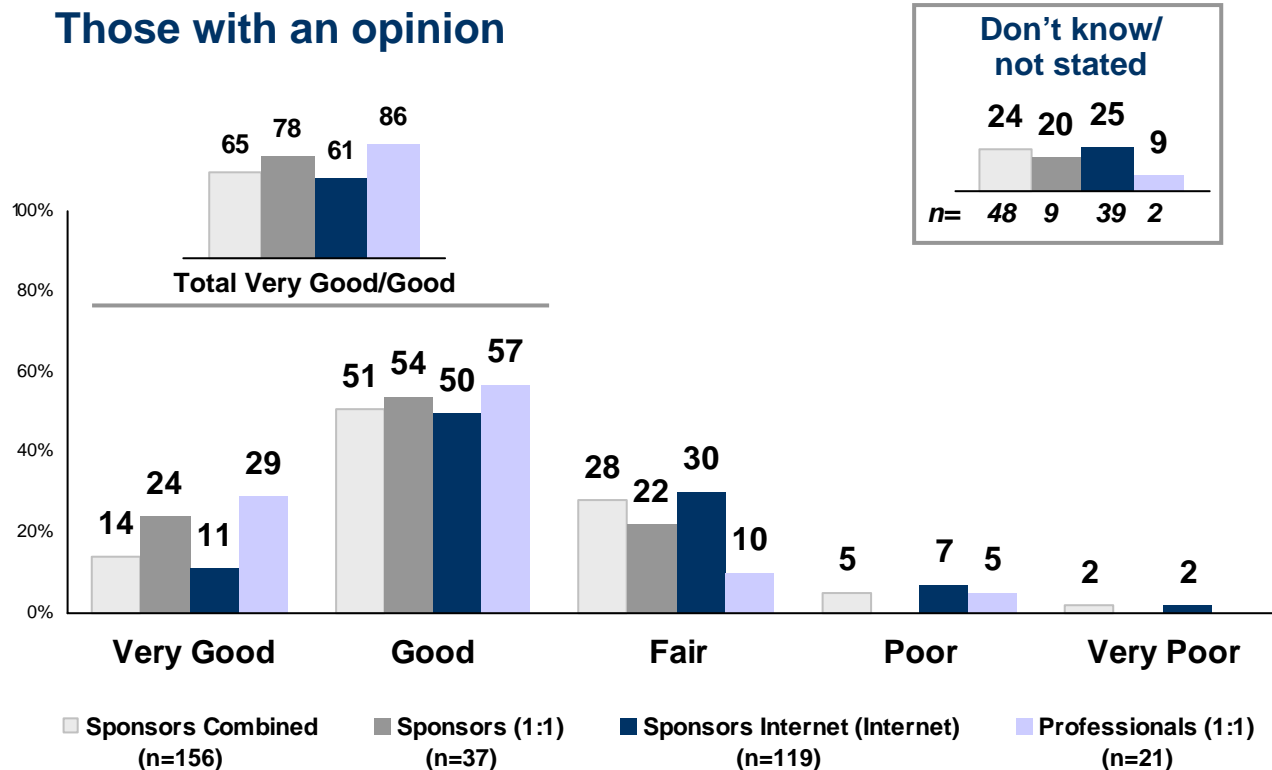
## OSFI's participation in industry conferences and fora is the main reason it is perceived to have an appropriate profile in the pension community.

- ◆ A majority of sponsors feel that OSFI's profile is "about right" within the pension community. Those who hold this view mention a number of reasons for their evaluation:
  - Many note that OSFI has been attending and contributing to pension-related conferences and fora. This is viewed positively.
  - A number also refer positively to OSFI's communications efforts (e.g., updates, website, PBSA).
  - There remains, however, a call among some for OSFI to participate in more conferences and forums.
- ◆ Among those who think OSFI's profile in the pension community is "too low", attendance at community fora is the key issue:
  - There is a perceived need for OSFI to both attend and contribute to conferences held within the pension community. Those who feel that OSFI's profile is too low believe that OSFI's presence at these conferences has not been consistent enough.
  - A few respondents suggested that OSFI itself should be holding conferences to help educate sponsors and to provide insight into OSFI's position on issues.

Q.5 How would you rate the usefulness to the pension industry of the information provided in OSFI's PBSA Update?

Both sponsors and professionals rate the information in OSFI's PBSA Update as useful.

Perceived Usefulness of Information in OSFI's PBSA Update



- ◆ The strong majority of both sponsors and professionals find the usefulness of the information provided in the PBSA Update to be good (“very good” or “good”).
- ◆ Less than one-in-ten rate the publication’s usefulness as poor.



5a. Why do you offer that response? [Q.5] / Q.5 How would you rate the usefulness to the pension industry of the information provided in OSFI's PBSA Update?

Those with positive perceptions of the PBSA Update are most likely to feel that the content is useful and the communication of information is clear.

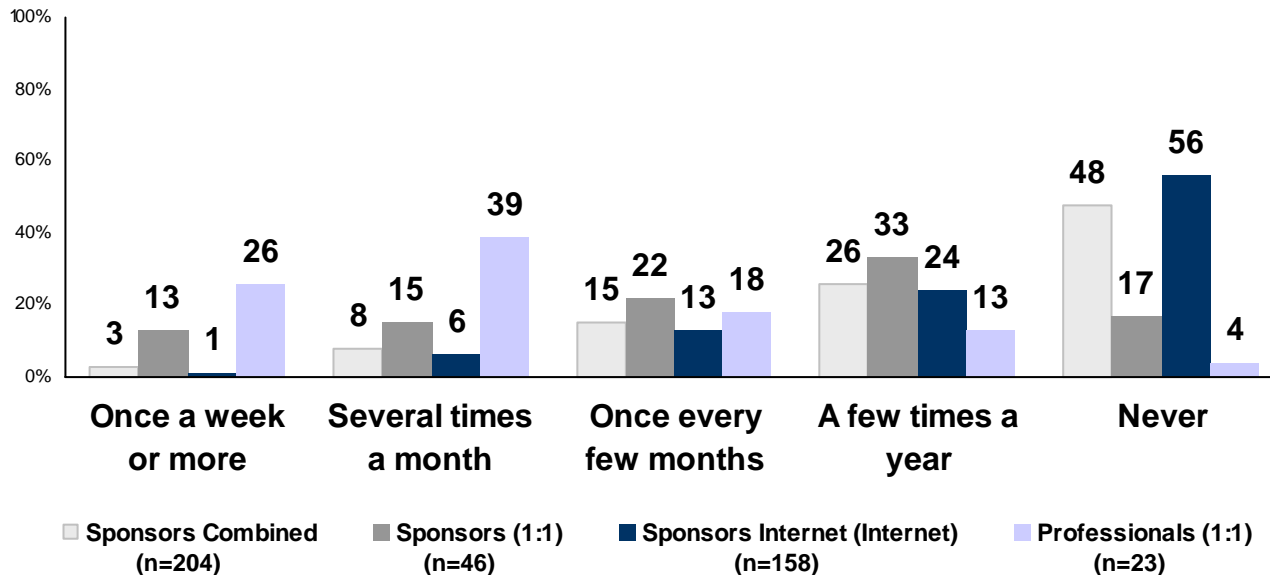
- ◆ Positive perceptions of the PBSA Update tend to focus on three key issues.
  - The way in which the information is communicated is perceived to be clear and concise.
  - The publication covers a variety of issues.
  - The content is perceived to be of value to sponsors.
- ◆ While perceptions are generally positive, some sponsors believe that the PBSA Update is published too infrequently.

## Q.6 How frequently do you access the OSFI website?

Professionals tend to be active users of the OSFI website. By contrast, almost half of sponsors report that they don't use the site.

### Frequency of Accessing the OSFI Website

#### Total Sample



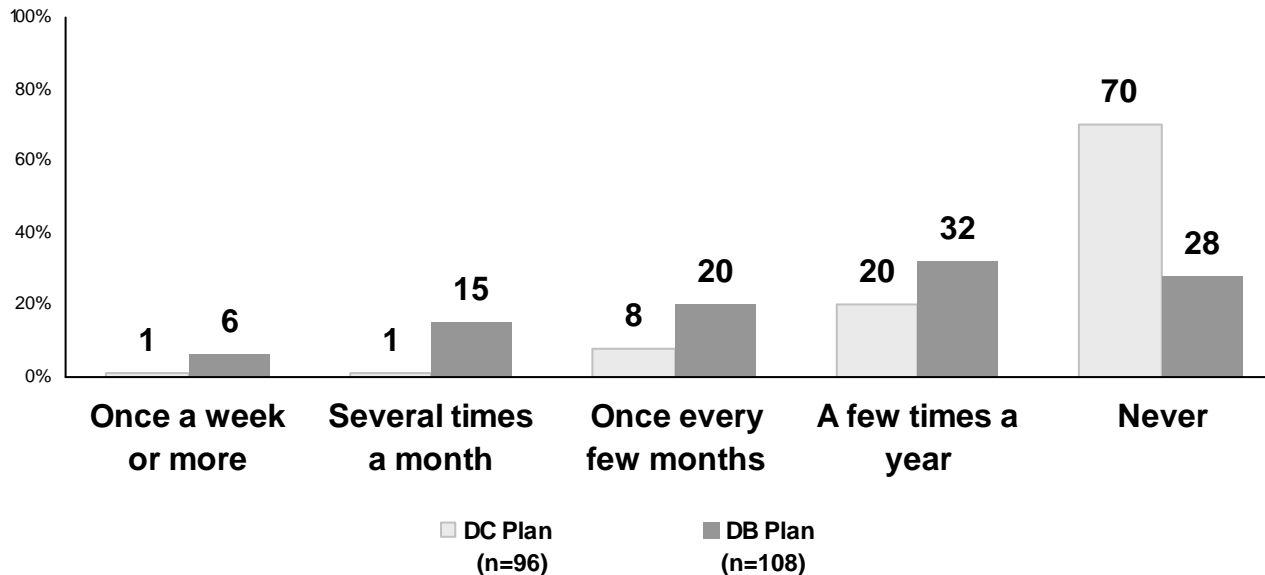
- ◆ About one-half (48%) of sponsors say they “never” access OSFI’s website.
- ◆ Professionals are the most frequent users of the site with almost two-thirds reporting that they access the site at least several times a month.
- ◆ Only one-in-ten sponsors report using the site to this extent.

## Q.6 How frequently do you access the OSFI website?

DB sponsors are significantly more likely than DC sponsors to have accessed OSFI's website.

### Frequency of Accessing the OSFI Website

#### Total Sample



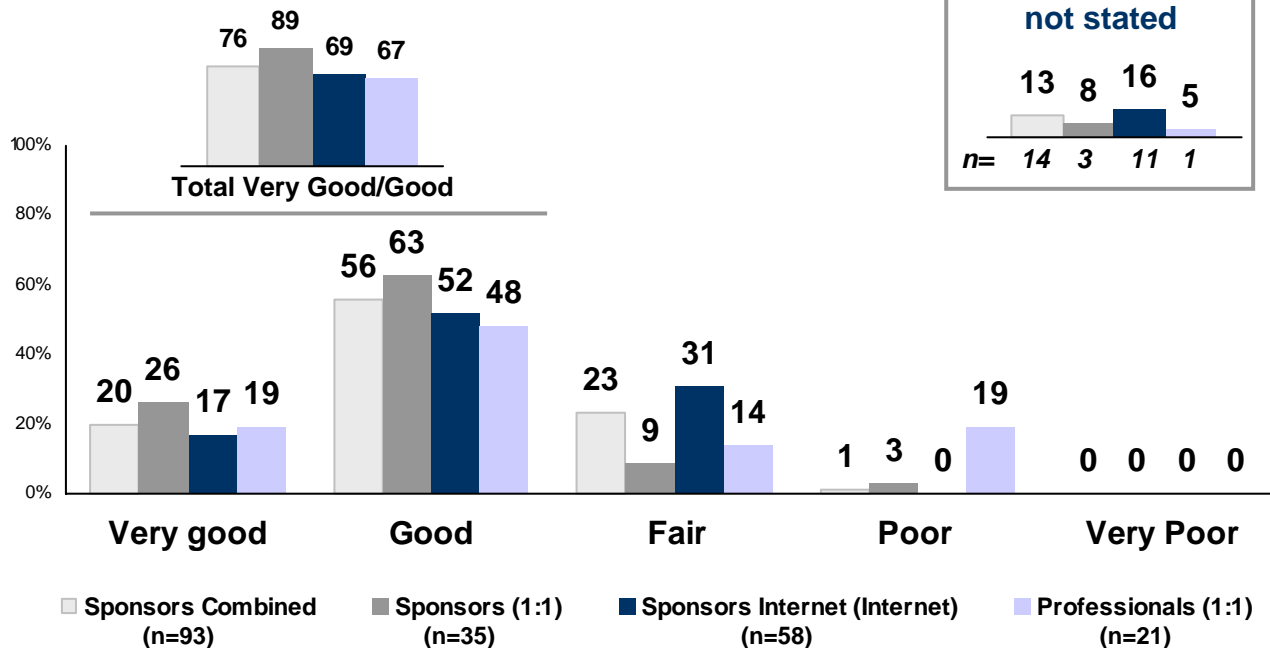
- ◆ A strong majority (70%) of DC plan sponsors have never accessed OSFI's website.
- ◆ By contrast, only one-quarter (28%) of DB plan sponsors have never done so. The majority (52%) of DB plan sponsors use the site infrequently (once every few months or a few times a year).

Q.7 How would you rate the usefulness to the pension industry of the information posted on OSFI's website pertaining to the regulation of private pension plans?

## Most users perceive OSFI's website as useful.

*Perceived Usefulness to the Pension Industry of Information on OSFI's Website*

### Those who have visited OSFI's website and have an opinion



- ◆ The majority (76%) of sponsors who have accessed OSFI's website rate its usefulness as "good" or "very good".
- ◆ Professionals are, however, more likely to rate it negatively.

Q.8 How could the usefulness of OSFI's website be improved? / Q.7 How would you rate the usefulness to the pension industry of the information posted on OSFI's website pertaining to the regulation of private pension plans?

## The most frequently cited areas for improving OSFI's website include its search engine, navigability and breadth of content.

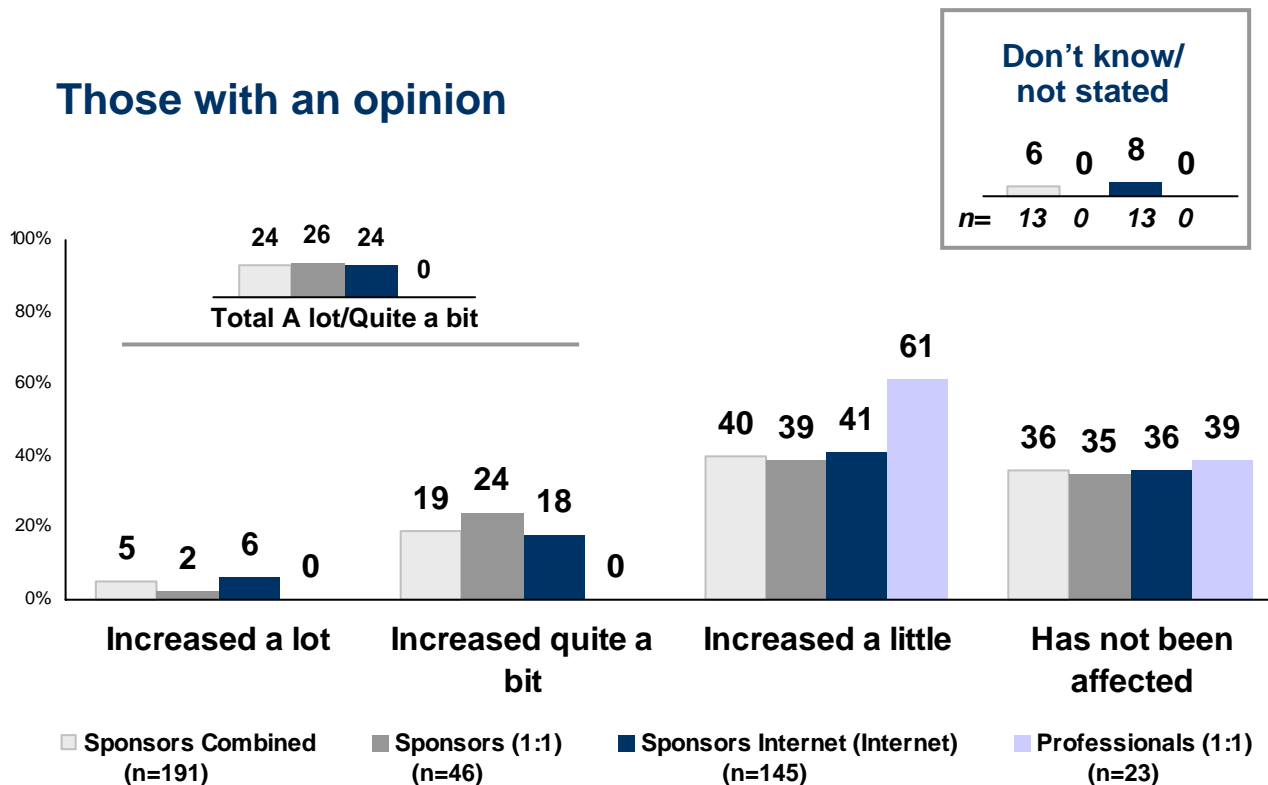
- ◆ Most sponsors provide positive ratings of the usefulness of OSFI's website. In probing to establish the reasons for these positive ratings, a few sponsors and professionals noted that the site has improved in the past year or so.
- ◆ However, sponsors identified a number of areas in which they believe OSFI's website could still be improved:
  - By updating the search engine - Some sponsors requested a search engine that is more user-friendly and produces more refined results.
  - Improving the navigation of the site - Some sponsors commented on the difficulties they encounter when navigating and trying to locate information on OSFI's website. A few suggested that a more effective site index would be helpful.
  - Including a greater breadth of information - Some sponsors requested additional information be provided on the website. Suggestions include a question and answer/frequently asked questions section, real case studies, wind-up trends, information on best practices, and standards policies.
- ◆ The following areas in which the website could be improved were mentioned by minorities.
  - Pension-specific information accessible through a dedicated pension section, rather than throughout the website.
  - Several sponsors requested that OSFI's forms be made available on its website.
  - A few sponsors requested that OSFI update the content on its website more frequently.

**Q.9** Over the past few years, to what extent, if at all, has OSFI directly contributed to increasing your awareness of pension issues?

## OSFI is perceived to have contributed to increased awareness of pension issues.

*Extent to Which OSFI Has Contributed to Increasing Awareness of Pension Issues*

### Those with an opinion

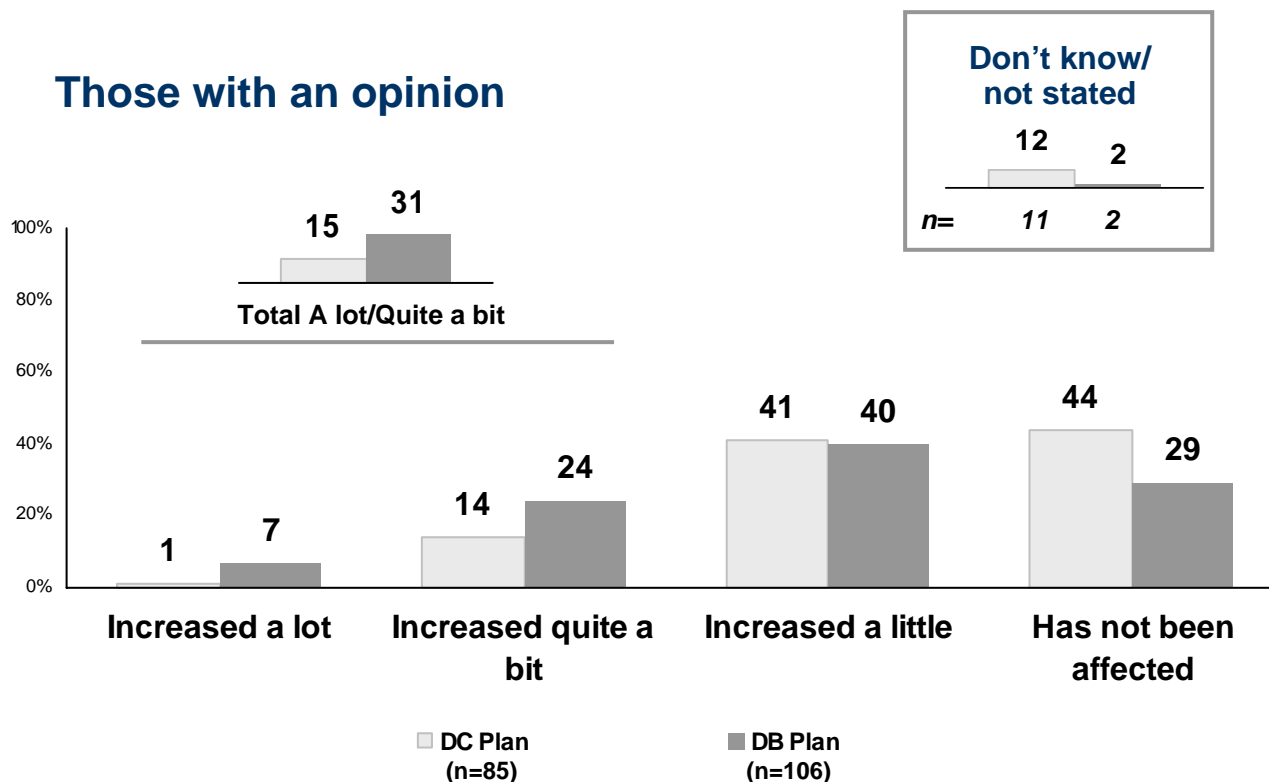


- ◆ One-quarter (24%) of sponsors believe that OSFI has significantly increased their awareness of pension issues (“a lot” or “quite a bit”).
- ◆ Just over one-third (36%) of sponsors report that OSFI has had no impact on their awareness levels.
- ◆ The majority of professionals report that OSFI has increased their awareness of pension issues “a little”, with the balance indicating their knowledge level has not been affected.

Q.9 Over the past few years, to what extent, if at all, has OSFI directly contributed to increasing your awareness of pension issues?

DB sponsors are most likely to report that OSFI has contributed to increasing their awareness of pension issues.

*Extent to Which OSFI Has Contributed to Increasing Awareness of Pension Issues*



- ◆ DB plan sponsors are more likely than DC plan sponsors (31% vs.15%) to report that OSFI has increased their knowledge of pension issues significantly (“a lot” or “quite a bit”).

10. What could OSFI do to improve its communications with the federally regulated private pension plan community (i.e., not direct communication with you or your plan)?

Respondents believe that a key way for OSFI to improve its communications is to participate in and hold more conferences, and to provide more frequent updates regarding emerging issues in the pension community.

- ◆ Just under one-quarter of sponsors and professionals (23%) did not provide a response to this question.
- ◆ Among those with an opinion, almost one-quarter (24%) identify a need for OSFI to both attend conferences and to offer seminars or workshops for both sponsors and plan members.
  - A theme that emerges across different issues in the consultation is that OSFI should be taking a greater role in educating both sponsors and members. According to respondents, OSFI has an opportunity to inform sponsors about emerging issues and factors that are likely to affect plan administration. Respondents are less clear about the specific role OSFI should play in educating plan members.
- ◆ Just over one-quarter of respondents suggest that OSFI should be improving its written and electronic communications channels. Specifically:
  - One-in-five (19%) believe that OSFI should be producing a monthly or more regular newsletter or e-mail bulletin to keep sponsors up to date on emerging trends and OSFI's position on specific pension issues.
  - A few respondents also note that OSFI's profile in the pension community would benefit by contributing articles/ content to industry publications.
- ◆ One-in-ten (10%) respondents suggest that to improve its communications OSFI should be more proactive in providing information about emerging issues affecting the pension community.



10. What could OSFI do to improve its communications with the federally regulated private pension plan community (i.e., not direct communication with your or your plan)?

Improvements to the website and using more user-friendly language are other suggestions for improving communications.

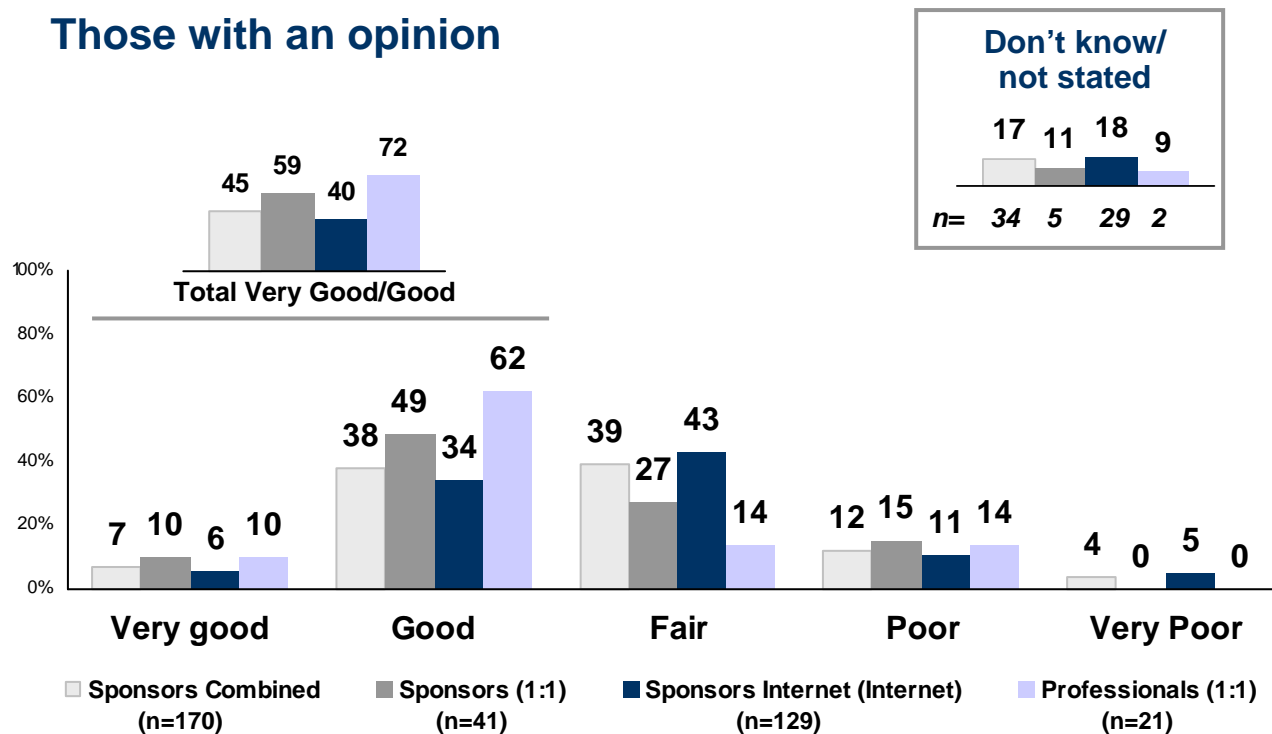
- ◆ Some feel that a way in which OSFI could improve its communications is to simplify the language it uses. Some believe that OSFI information is unnecessarily technical in its language.
- ◆ Improvements to OSFI's website are also identified as a means of improving communications. Similar to comments reported earlier, suggestions include providing a greater breadth of information and improving the search function and navigability of the site.

Q.11 Overall, that is all things considered, how would you rate the quality of OSFI's communications with federally regulated private pension plans?

## Professionals are most satisfied with the quality of OSFI's communications with pension plans.

### *Impressions of the Quality of OSFI's Communications With Pension Plans*

#### Those with an opinion



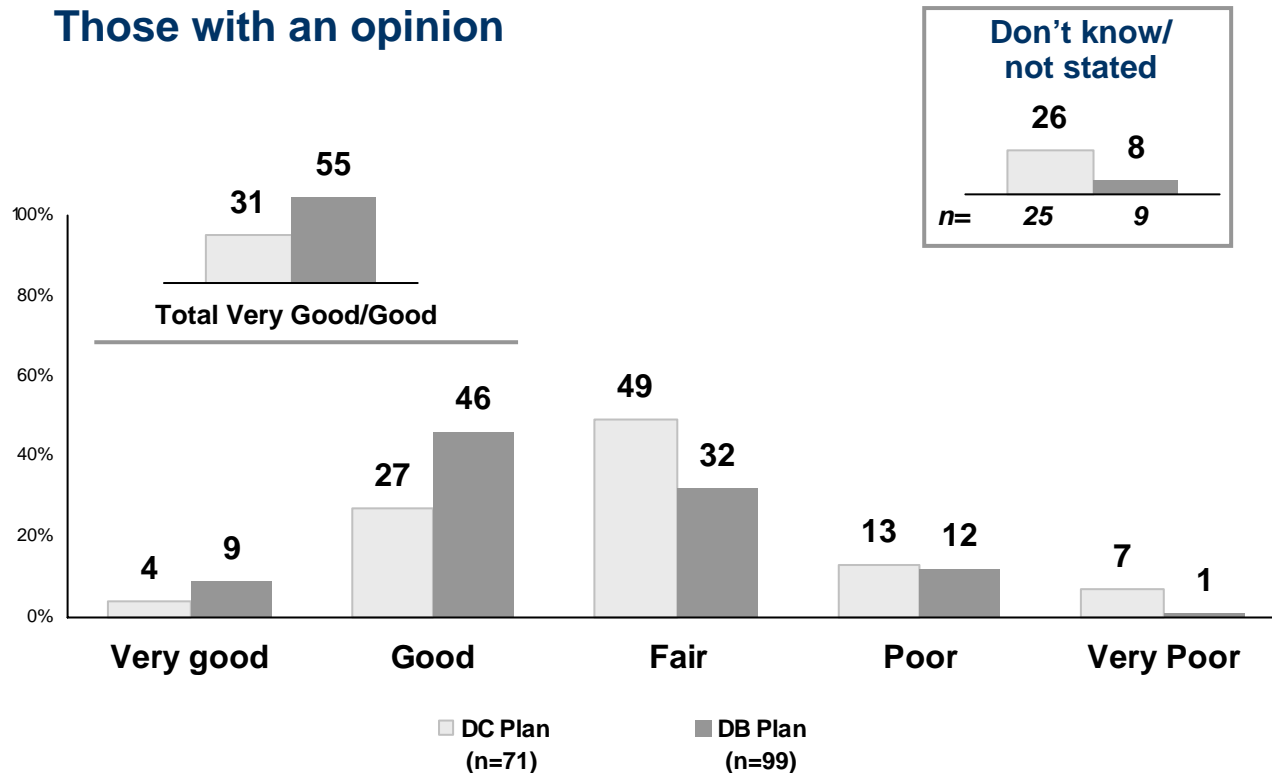
- ◆ Sponsors' perceptions of the quality of OSFI's communications with their plans are split. Over four-in-ten (45%) sponsors rate OSFI's communications with plans as good ("very good" or "good") while four-in-ten (39%) provide a rating of "fair".
- ◆ Most professionals (72%) rate OSFI's communications with plans as "very good" (10%) or "good" (62%).

Q.11 Overall, that is all things considered, how would you rate the quality of OSFI's communications with federally regulated private pension plans?

Positive ratings of OSFI communications are higher among DB sponsors than DC sponsors.

*Impressions of the Quality of OSFI's Communications With Plans*

**Those with an opinion**



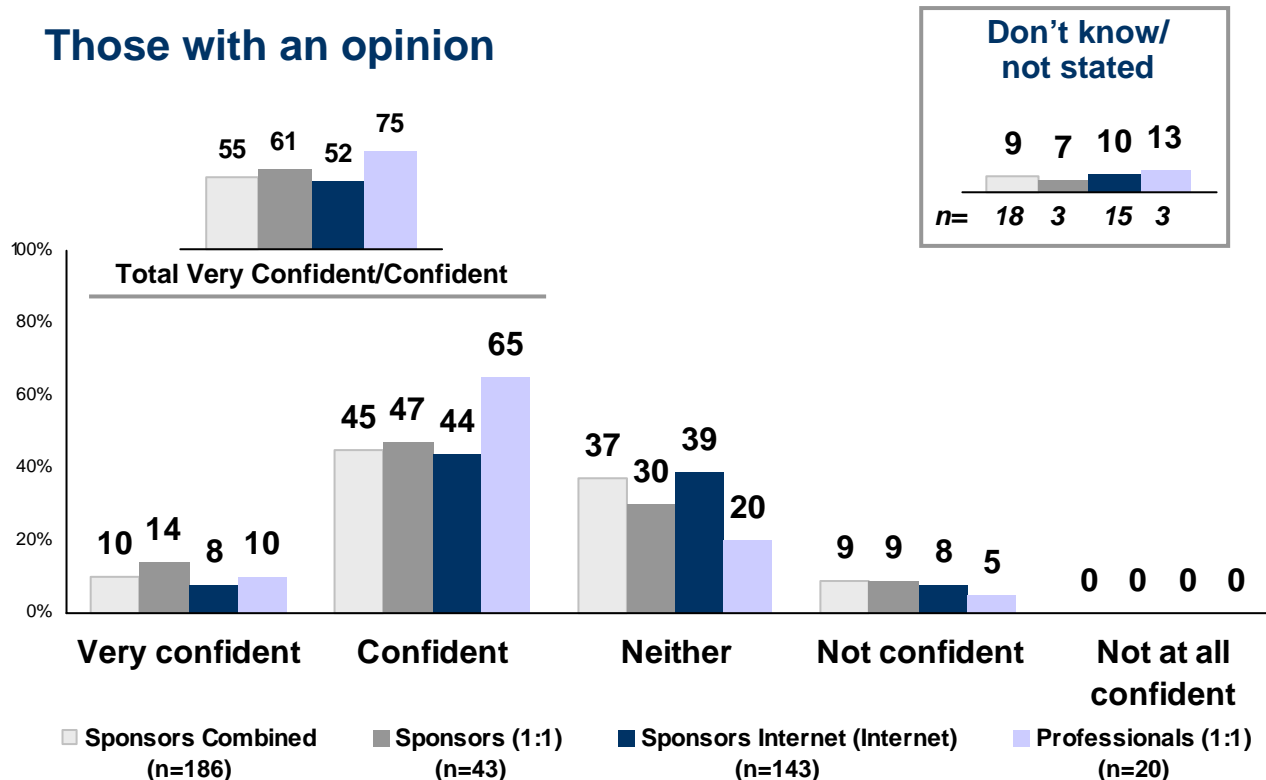
- ◆ Among those with an opinion, DB plan sponsors (55%) are much more likely than DC sponsors (31%) to provide a positive rating of OSFI's communications with federally regulated pension plans.
- ◆ One-in-five DC sponsors rate OSFI's communications in this area as "poor" (13%) or "very poor" (7%).

Part IV – Confidence in Federally  
Regulated Pension Plans and  
OSFI's Regulation of These  
Plans

**Q.12** Generally speaking, how confident are you that federally regulated private pension plans will be able to meet promised benefits?

Overall, a majority of professionals and sponsors are confident that plans will meet promised benefits, although confidence is higher among professionals.

*Confidence that Plans Will be able to Meet Promised Benefits*



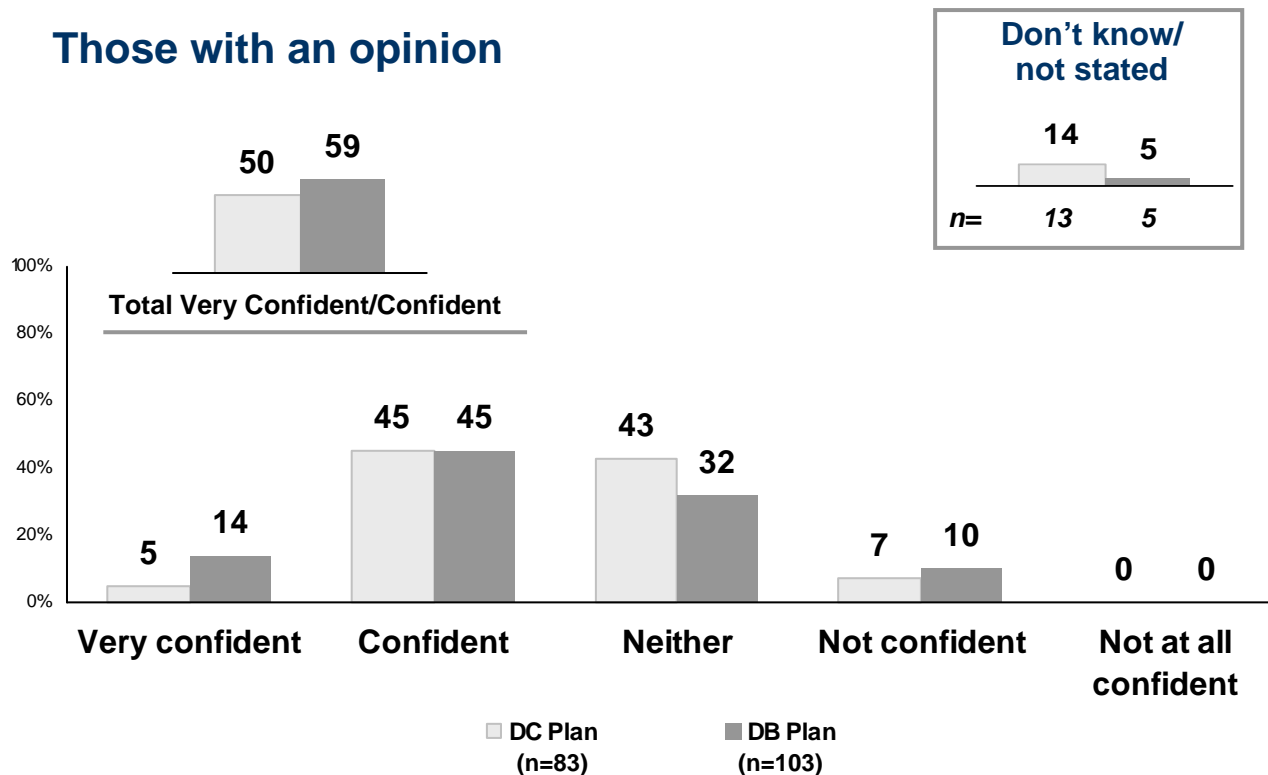
- ◆ The slight majority of sponsors (55%) are confident that federal plans will be able to meet their promised benefits (“very confident” or “confident”). Four-in-ten (37%) hold neutral views (“neither confident or not confident”).
- ◆ About one-in-ten are “not confident” that plans will be able to meet promised benefits.
- ◆ Confidence among professionals is somewhat higher, with three-quarters (75%) reporting that they are “confident” or “very confident”. Two-in-ten (20%) hold neutral perceptions.

Q.12 Generally speaking, how confident are you that federally regulated private pension plans will be able to meet promised benefits?

Strong confidence is higher among DB plan sponsors than DC sponsors.

Confidence that Plans Will be able to Meet Promised Benefits

Those with an opinion



- ◆ DB sponsors are significantly more likely than DC sponsors to be “very confident” that plans will meet promised benefits.

12a. Why do you offer that response? [12] / Q.12 Generally speaking, how confident are you that federally regulated private pension plans will be able to meet promised benefits?

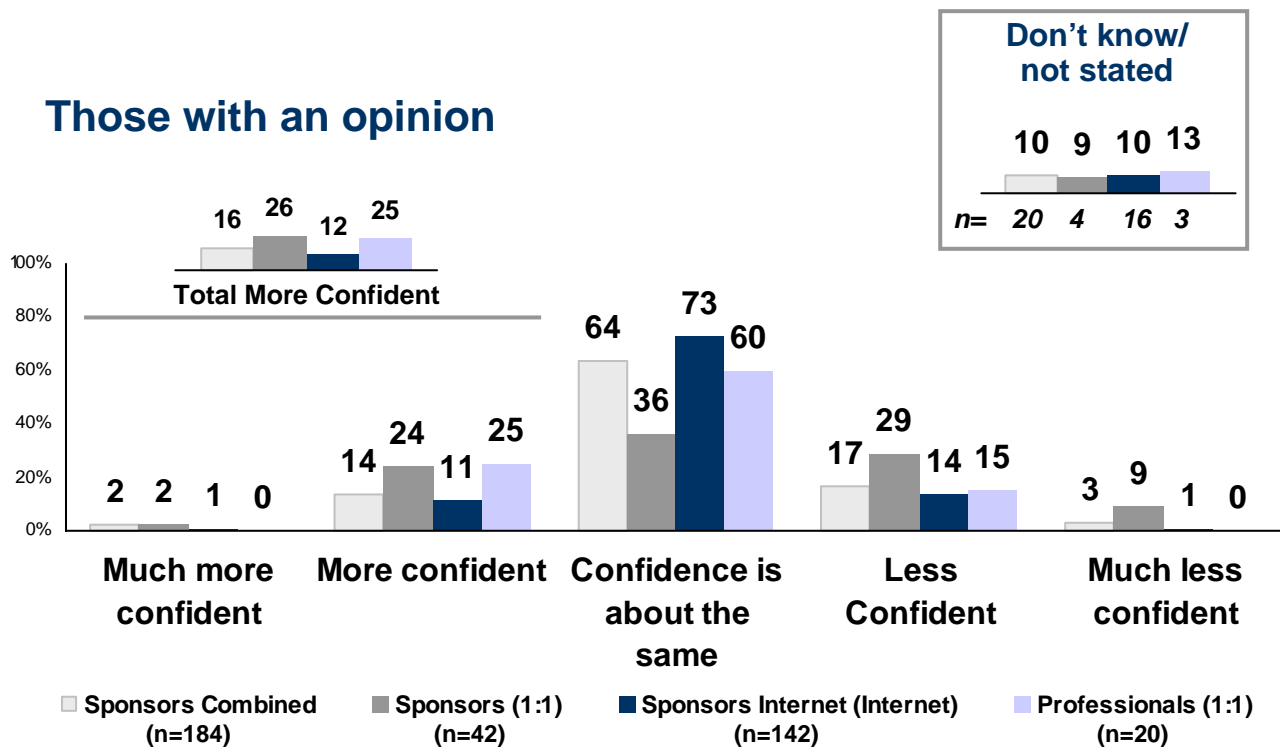
## OSFI's approach to pension plan regulation is viewed as a main factor driving confidence that federally regulated plans will be able meet promised benefits.

- ◆ A slim majority of sponsors (55%) are confident that pension plans will be able to meet promised benefits. However, a significant proportion report that they are neither confident nor lacking in confidence.
- ◆ Sponsors who are confident are most likely to cite the activities undertaken by OSFI as the reason for their confidence. Specifically:
  - OSFI's willingness to intervene as and when necessary is viewed by some as a key aspect in promoting confidence.
  - OSFI's regulatory framework, its regulations, guidelines and solvency testing, are also viewed as important factors in bolstering confidence.
- ◆ Some attribute the reason for their confidence assessment (both positive and negative assessments) to recent interest rate and market performance trends.
  - Some sponsors specifically note that their confidence in plans' abilities to meet promised benefits is driven by factors that are outside of OSFI's control or influence.
- ◆ Some sponsors who are more neutral in their assessment note that their confidence depends on the nature of each plan, and the industry within which the plan sponsor operates.
  - While they are confident in the ability of their own company's pension plan to meet promised benefits, they may have less confidence in plans from other companies or those in other industries. In some cases, sponsors are not willing to offer an opinion beyond their own plan.

Q.13 Are you more or less confident than you were two years ago in the ability of federally regulated private pension plans to meet promised benefits?

Confidence among the majority of sponsors that plans will be able to meet promised benefits is unchanged from a few years ago.

*Confidence in Ability of Pension Plans To Meet Promised Benefits Compared to Two Years Ago*



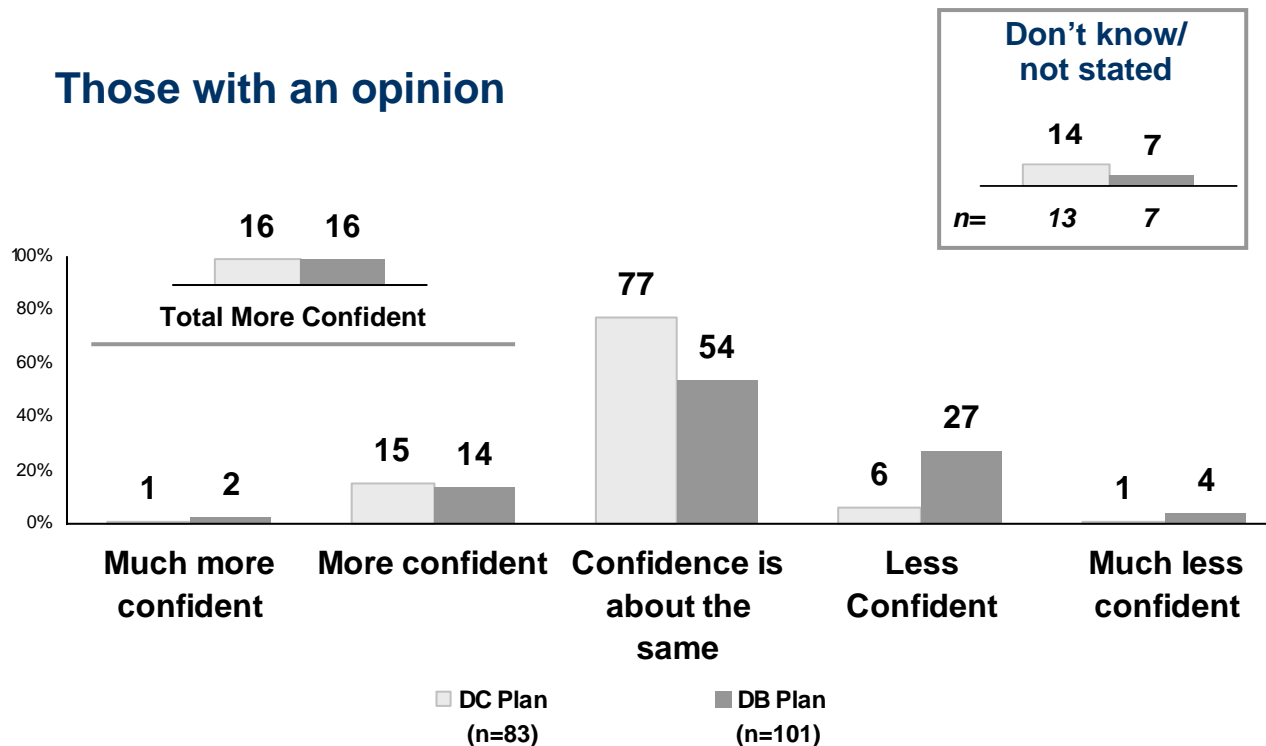
- ◆ Almost two-thirds (64%) of sponsors report that their confidence in pension plans remains unchanged compared to two years ago. The balance of sponsors are split between those who are more confident (16%) and those who are less so (20%).
- ◆ Confidence levels among professionals are similar.



Q.13 Are you more or less confident than you were two years ago in the ability of federally regulated private pension plans to meet promised benefits?

## Confidence in the ability of plans to meet benefits is lower among DB than DC plan sponsors.

*Confidence in Ability of Pension Plans To Meet Promised Benefits Compared to Two Years Ago*



- ◆ DB plan sponsors are more likely than DC plan sponsors to be less confident/have lost confidence.
- ◆ DC plan sponsors (77%) are more likely than DB plan sponsors (54%) to report that their confidence is the same as it was two years ago.
- ◆ By contrast, DB plan sponsors (31%) are more likely than DC plan sponsors (7%) to be less confident.

13a. Why do you offer that response? [13] / Q.13 Are you more or less confident than you were two years ago in the ability of federally regulated private pension plans to meet promised benefits?

Again, OSFI's regulatory activities are identified as factors driving increasing confidence. The economic environment is the key factor driving decreasing confidence.

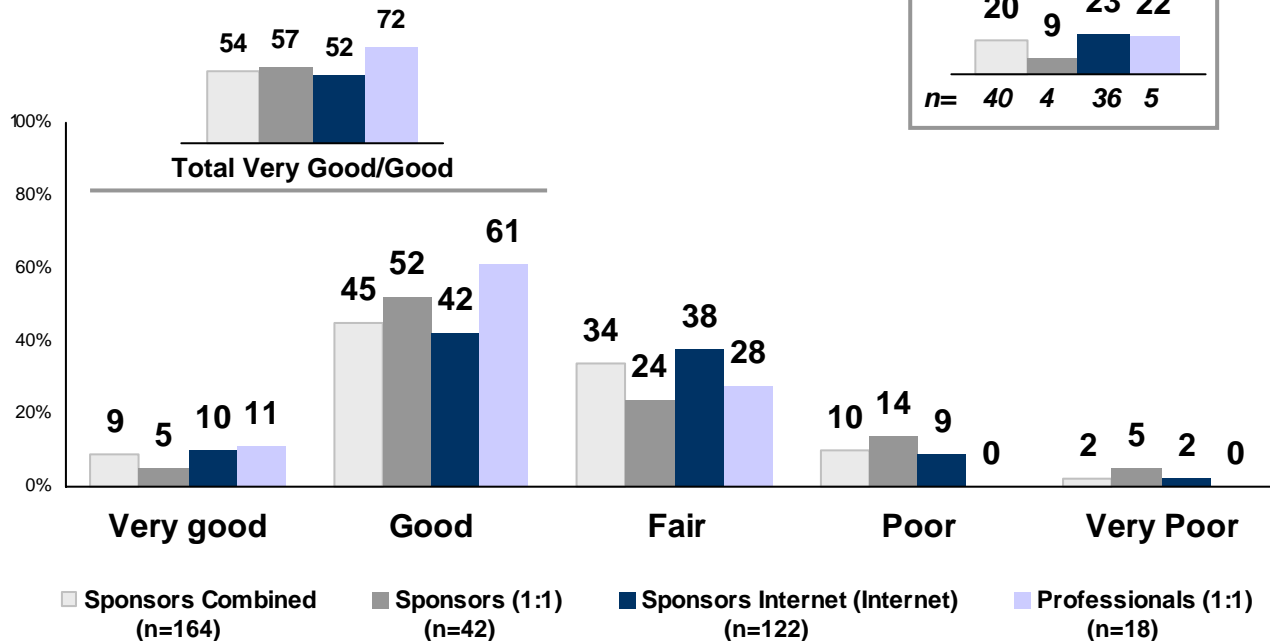
- ◆ Relative to a few years ago, the majority of sponsors are as or more confident in the ability of plans to meet promised benefits.
- ◆ Among those who are more confident, most say that it is because of OSFI's activities:
  - OSFI's guidance, solvency testing and willingness to intervene when necessary again emerge as the key reasons for increasing confidence.
- ◆ Among those who are less confident, confidence is based on the overall economic environment (i.e., interest rates and overall economic health, and the health of the industry in which a company operates).
- ◆ Among those whose confidence level has remained the same, there are a range of reasons provided. These include:
  - That they could only speak to issues specific to their own plans and nothing significant has changed with these plans.
  - That the regulatory environment has not changed over the past couple of years.
  - A challenging economic environment has remained unchanged.
  - OSFI's activities.
- ◆ Not tied to any specific confidence level, some respondents spontaneously observed that a variety of factors have combined to make employers less willing to offer DB plans than has been the case historically.

Q.14 Overall, how would you rate OSFI's performance in contributing to the confidence that federally regulated private pension plans will be able to pay the benefits they are supposed to?

OSFI's performance in contributing to confidence that plans will be able to pay benefits generally receives positive ratings.

*Impressions of OSFI's Performance in Contributing to Confidence that Plans will be Able to Pay Promised Benefits*

### Those with an opinion



- ◆ A majority (54%) of sponsors rate OSFI's performance in contributing to the confidence that pension plans will be able to pay benefits as "good" or "very good".
- ◆ One-third (34%) rate OSFI's performance as "fair".
- ◆ Three-quarters (72%) of professionals rate OSFI's performance in contributing to confidence as good ("good" or "very good").

## Part V – Overall Impressions of OSFI

15. In your view, what one or two things does OSFI do well as the regulator of federal private pension plans?

A number of key organizational strengths are identified. In particular, OSFI is viewed as having effectively carried out its prudential mandate.

- ◆ Almost one-half of respondents (49%) identify OSFI's greatest strength as its approach to the discharge of its prudential mandate as a regulator of federal pension plans. Specifically:
  - Its rigour in monitoring plan funding and compliance;
  - Its enforcement of regulations and willingness to intervene where appropriate;
  - Its reporting requirements for federally regulated plans.
- ◆ OSFI's communications with pension plans are identified by about one-quarter of respondents as an area of strength. Positive commentary focuses upon:
  - OSFI's regular or frequent contact with sponsors.
  - OSFI's efforts to update sponsors on the types of actions that OSFI is taking or regarding changes in regulations.
  - OSFI as a reliable source of information about pension issues facing stakeholders.
  - Its provision of well considered and clearly written communications and guidance.
- ◆ Almost one-in-ten respondents (8%) identify the collaborative approach taken by OSFI in its interaction with plan sponsors and professionals as one of its strengths.
- ◆ Some respondents (7%) identify staff knowledge as one of OSFI's strengths. Specifically, staff are viewed as a solid resource when sponsors have specific questions about plan administration. Staff are described as providing thoughtful responses to inquiries.

16. And in your view, what one or two things does OSFI need to improve on as the regulator of federal private pension plans?

There are four key areas where sponsors believe OSFI can improve.

- Response time:
  - About one-in-five respondents believe that OSFI’s timeliness of response to issues needs to be improved.
  - Some respondents specifically reference difficulties in receiving not only feedback from the regulator, but also acknowledgement of receipt of filings or applications in areas related to “partial wind-ups”<sup>1</sup> and asset transfers. Sponsors often assume that the delays in response are linked to the Monsanto and TransAmerica cases. However, it is felt that OSFI has not been sufficiently transparent in explaining the timing issues associated with these approvals.
- Communications:
  - While communications has been identified as one of OSFI’s strengths, it is also an area where almost four-in-ten believe there could be improvement.
  - Some feel that OSFI should be providing plans with more feedback about issues affecting the pension community. Further, there is a call for OSFI to more proactively communicate how pension plans should be dealing with specific issues and the positions that OSFI is taking on specific pension plan issues.
  - OSFI’s profile in the pension community should be raised by attending conferences and offering seminars more frequently.

<sup>1</sup> The reference to “partial wind-ups” is used as it reflects the words used by respondents in the interview process. This may be a reference to “partial terminations”

16. And in your view, what one or two things does OSFI need to improve on as the regulator of federal private pension plans?

There are four key areas where sponsors believe OSFI can improve (cont'd).

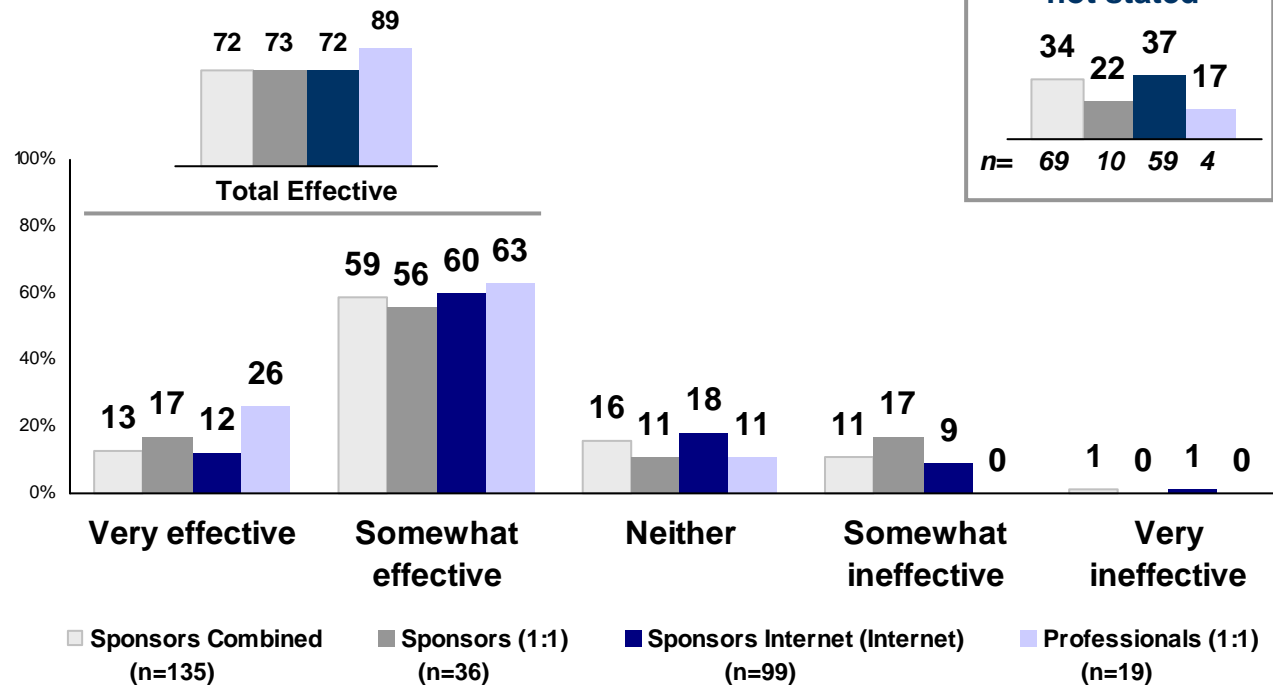
- Taking into account big picture issues:
  - Underfunding is consistently identified as a key challenge facing DB pension plans and the pension community as a whole. In response to this issue, some believe that:
    - OSFI should be taking a more proactive stance in lobbying for change to the actuarial requirements for federally regulated plans in order to ensure the health of the DB marketplace in Canada.
    - Others believe that OSFI needs to be more flexible in its application of its regulatory mandate in response to the stringent actuarial requirements. Specifically, some sponsors argue that their organizations are committed to their DB pension plans and will continue to fund them well into the future. However, they believe that actuarial requirements only take into account a plan's position at a single point in time – they do not take into account the longer term picture of plan funding. Some sponsors believe that OSFI should take this longer term view, or at least consider it, in its evaluation of the solvency position of DB plans.
  - Education:
    - Almost one-in-ten respondents believe that OSFI should play a role in educating both sponsors and plan members.

Q.17 How effective do you believe OSFI processes are in identifying actual and potential problems in pension plans?

OSFI is perceived as effective in identifying problems in pension plans.

*Perceived Effectiveness of OSFI's Processes for Identifying Problems in Plans*

**Those with an opinion**



- ◆ Among those with an opinion, almost three-quarters (72%) of sponsors believe that OSFI's processes for identifying problems in plans are effective ("very" or "somewhat").
- ◆ The greatest proportion (59%) rate OSFI as "somewhat" effective on this measure.
- ◆ Most professionals (89%) feel that OSFI's processes for identifying problems in plans are at least "somewhat" effective.
- ◆ DB plans are more likely than DC plans (16% vs. 4%) to report that the processes are ineffective ("somewhat" or "very").

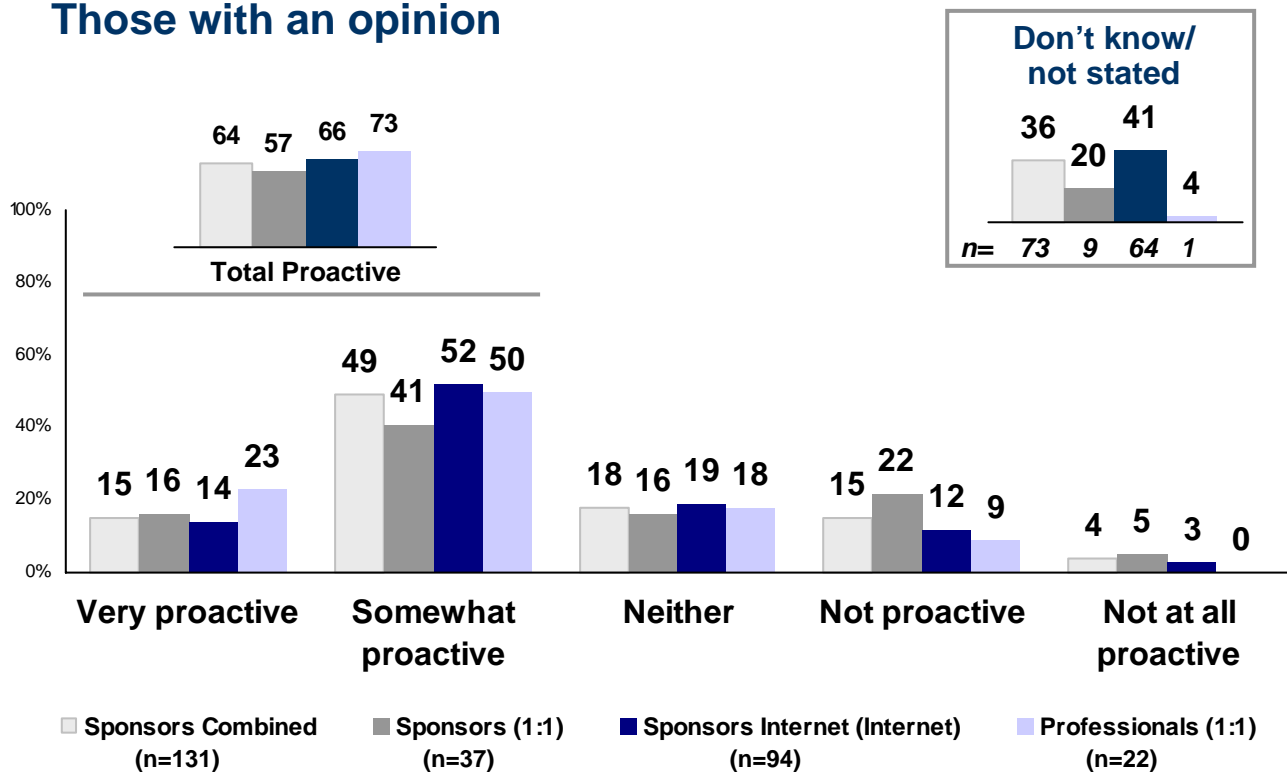


Q.18 Please rate OSFI's performance in terms of how proactive it has been in dealing with pension plan problems over the past couple of years.

OSFI is considered to be somewhat proactive in dealing with pension plan problems.

*Impressions of How Proactive OSFI has been in Dealing with Pension Plan Problems*

**Those with an opinion**



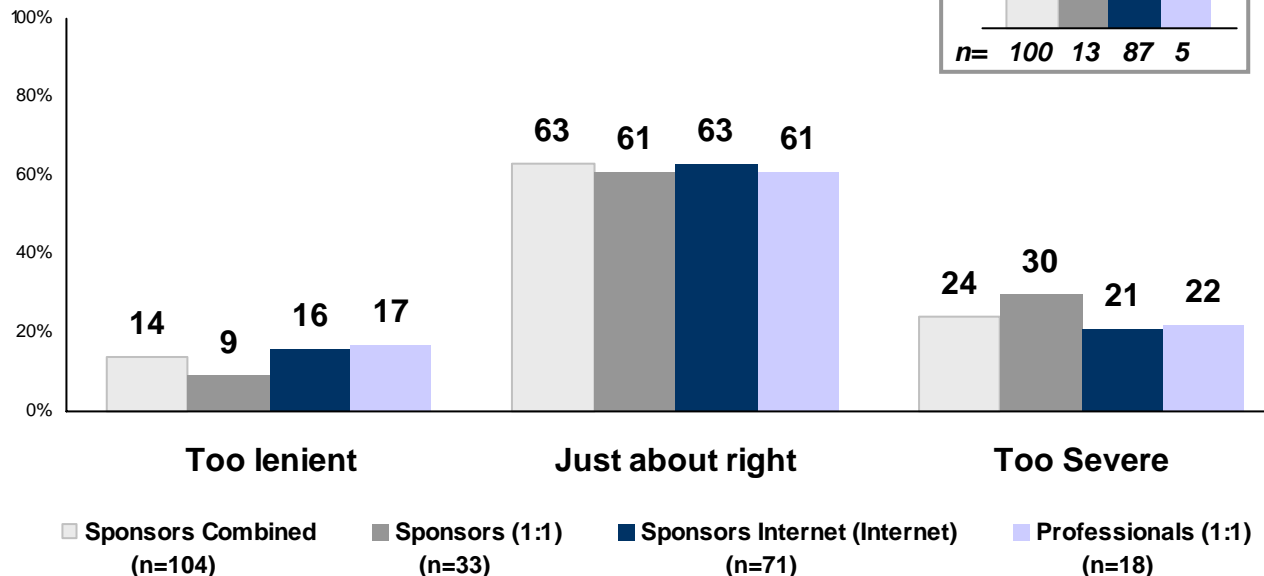
- ◆ Among sponsors with an opinion, nearly two-thirds (64%) believe OSFI to be proactive in dealing with pension plan problems.
- ◆ Among professionals, three-quarters (73%) rate OSFI as proactive.
- ◆ DB sponsors (23%) are significantly more likely than DC sponsors (9%) to believe that OSFI has not been proactive in dealing with pension plan problems.

Q.19 Going by what you know, or have heard, how would you characterize OSFI's treatment of pension plans that are, or are close to being, under funded?

## OSFI is perceived to be treating plans that are or are close to being underfunded appropriately.

*Impressions of OSFI's Treatment of Plans that are or are Close to Being Underfunded*

### Those with an opinion



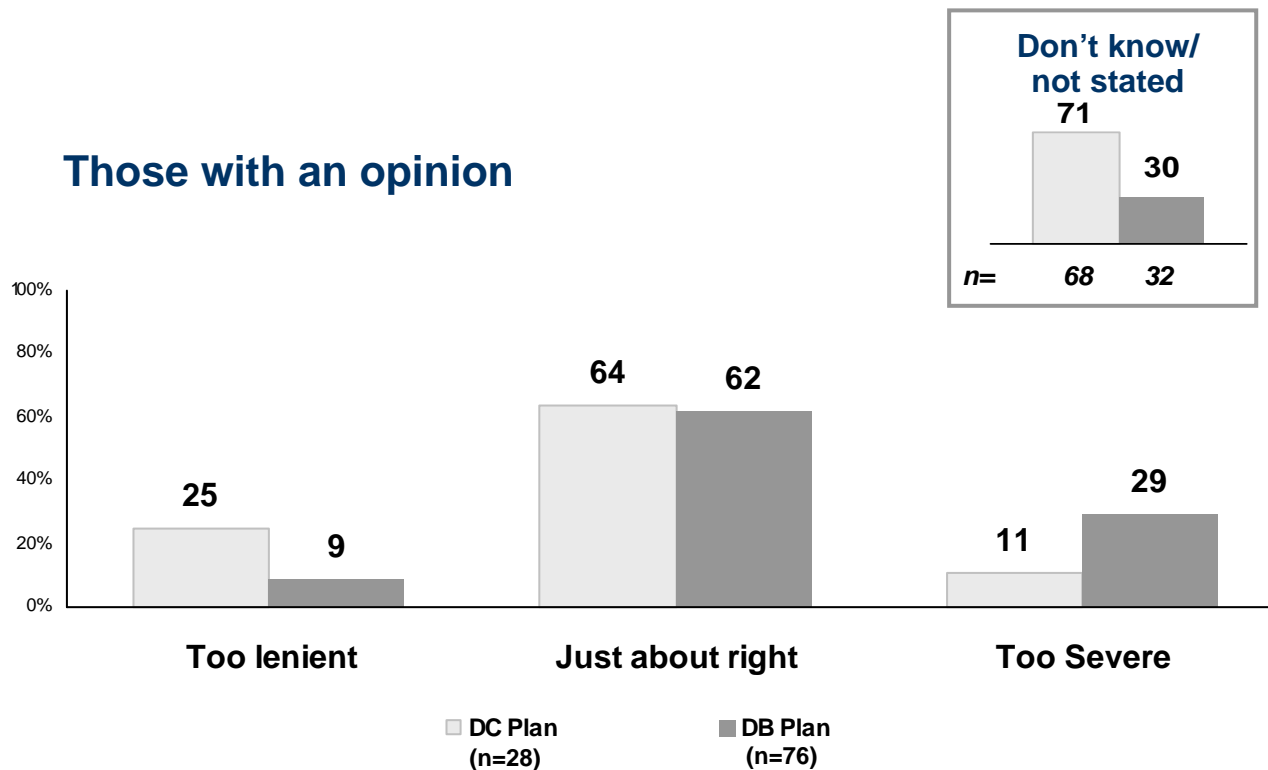
- ◆ Among those with an opinion, solid majorities of both sponsors (63%) and professionals (61%) believe that OSFI's treatment of plans that are or are close to being underfunded is about right.
- ◆ The balance of both sponsors and professionals are divided between those who believe OSFI has been "too lenient" and those who believe the regulator has been "too severe".

Q.19 Going by what you know, or have heard, how would you characterize OSFI's treatment of pension plans that are, or are close to being, under funded?

About two-thirds of sponsors with an opinion believe that OSFI's treatment of plans that are or are close to being underfunded is just about right.

- ◆ Among those providing a response, nearly two-thirds of both groups believe that OSFI's treatment of plans that are or are close to being underfunded is about right.
  - However, over one-quarter (29%) of DB plan sponsors believe that OSFI's treatment of underfunded plans is too severe. This is significantly greater than DC plan sponsors (11%)

*Impressions of OSFI's Treatment of Plans that are or are Close to Being Underfunded*

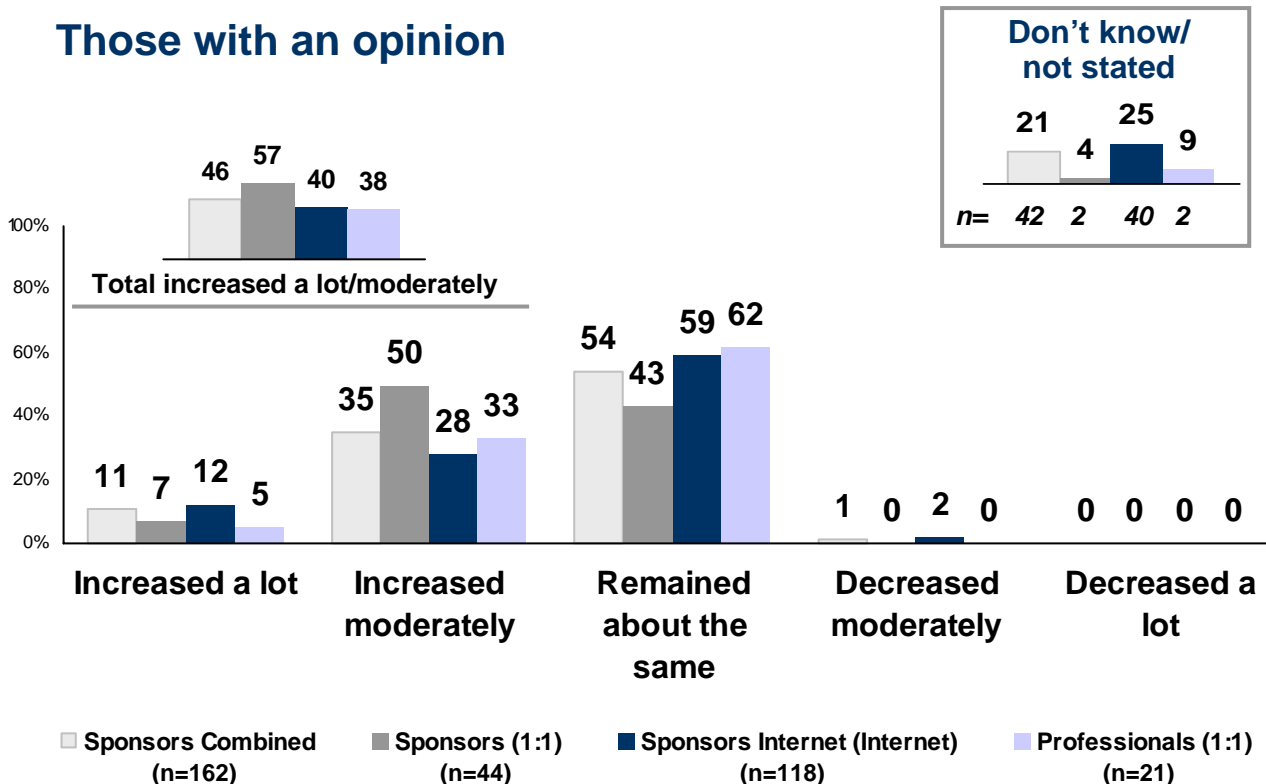


Q.20 Overall, how have OSFI's regulatory requirements changed over the past two years in terms of the amount of work your plan must perform?

Just fewer than half of sponsors with an opinion believe that the amount of work their plan must perform has increased at least moderately.

Perceived Change in Amount of Work Plan Must Perform Due to OSFI's Regulatory Requirements

Those with an opinion

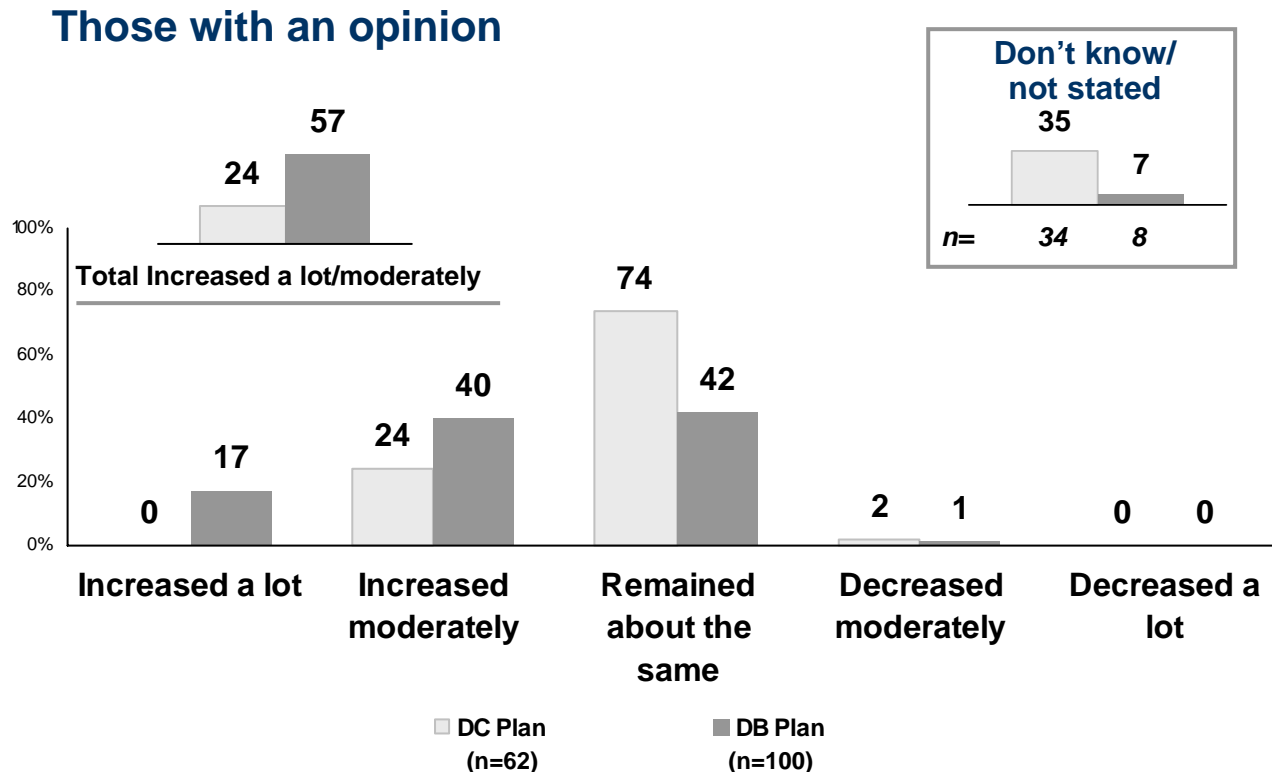


- ◆ Half (54%) of sponsors report that the amount of work has remained the same, while just under half (46%) report that the amount of work has increased.
- ◆ The majority (62%) of professionals report that the amount of work plans that they advise must perform has stayed about the same. Four-in-ten (38%) report that the amount of work has increased.

**Q.20 Overall, how have OSFI's regulatory requirements changed over the past two years in terms of the amount of work your plan must perform?**

DC sponsors are more likely to report that the amount of work the plan must perform has remained the same, while DB sponsors believe the amount of work has increased.

*Perceived Change in Amount of Work Plan Must Perform Due to OSFI's Regulatory Requirements*

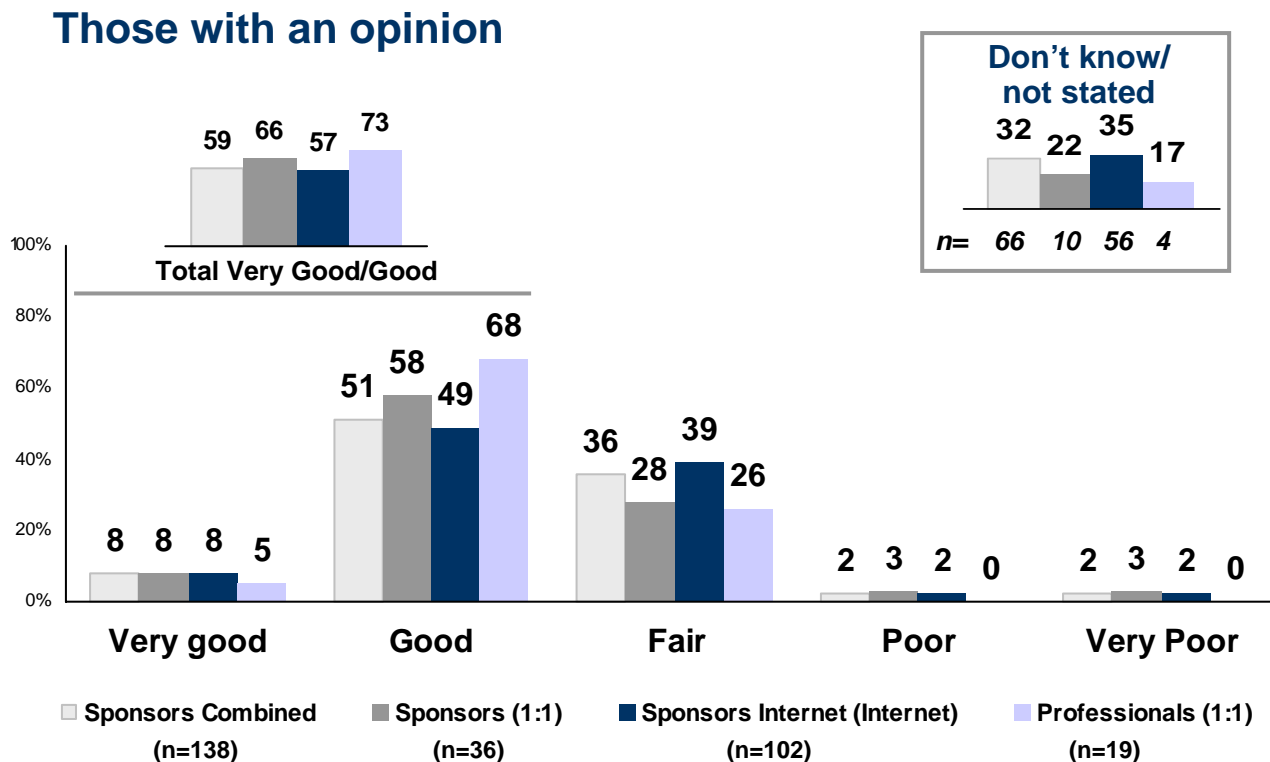


- ◆ Among those with an opinion, the majority of DB sponsors (57%) report that the amount of work their plan must perform has increased, and 17% report that it has increased “a lot”.
- ◆ By contrast, only one-quarter (24%) of DC plan sponsors report that the amount of work has increased. The majority (74%) of DC plan sponsors report that the amount of work has remained about the same (74%).

**Q.21 Please rate OSFI's performance in terms of contributing to making federally regulated pension plans better administered than they were in the past.**

## Majorities of sponsors and professionals believe OSFI has done a good job in contributing to better plan administration.

*Impressions of OSFI's Performance in Terms of Contributing to Making Plans Better Administered than in the Past*



- ◆ Six-in-ten (59%) sponsors with an opinion believe that OSFI's performance in terms of making plans better administered than in the past is "very good" or "good".
- ◆ Three-quarters (73%) of professionals provide a positive rating.

21a. Why do you offer that response? [21] / Q.21 Please rate OSFI's performance in terms of contributing to making federally regulated pension plans better administered than they were in the past.

Consistent with other findings, OSFI's approach to fulfilling its regulatory mandate is considered critical to its ability to prompt improved plan administration [pension plans to improve their administration].

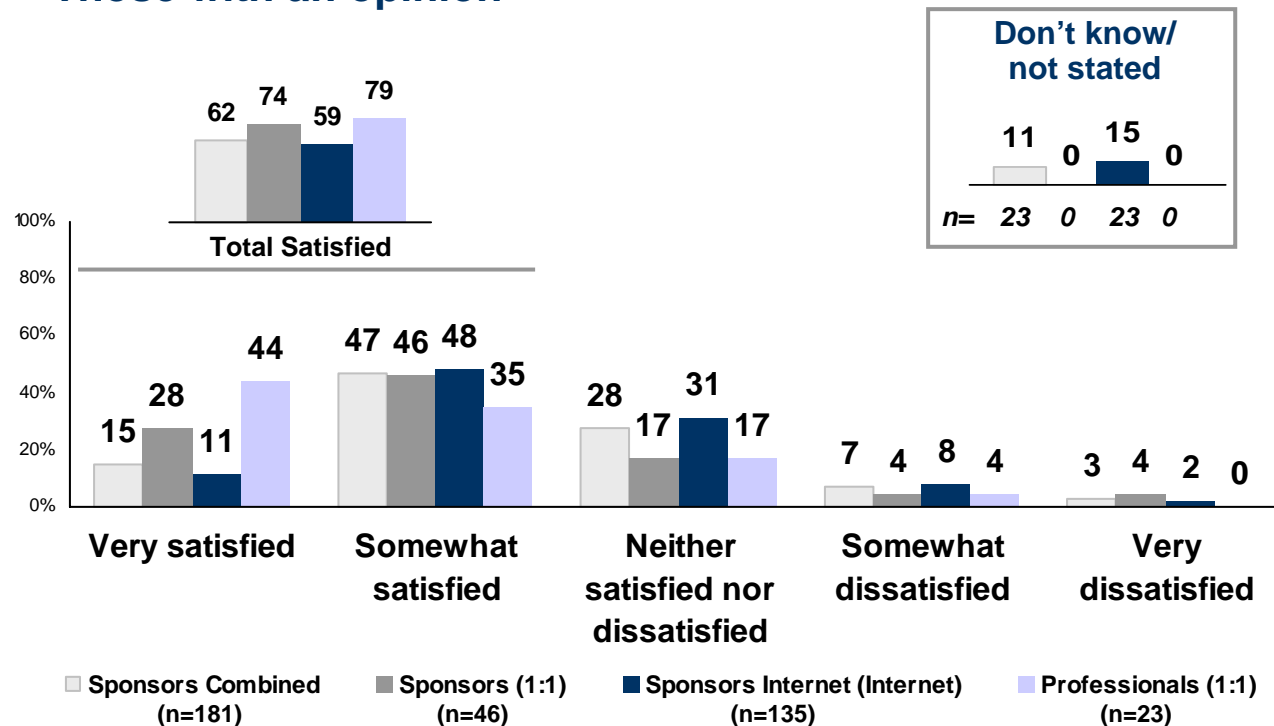
- ◆ Most sponsors feel that OSFI is doing a good job of contributing to making plans better administered than in the past. The balance hold neutral perceptions on this issue.
- ◆ Those who give OSFI a positive rating are once again most likely to attribute their ratings to OSFI's approach to fulfilling its mandate.
  - Examples of OSFI's contributions to pension plan administration are OSFI's guidance (e.g., governance guidelines), development of self-assessment tool, audits, and the requirement that federally regulated pension plans submit solvency information returns.
    - More broadly, OSFI is perceived by some of the more positive respondents as taking a flexible and open-minded approach to regulation (e.g., the handling of Air Canada's pension plan issues).
  - OSFI's involvement in the development of CAPSA guidelines is also considered an area in which the regulator has played a positive role in making plans better administered.
- ◆ Those whose ratings of OSFI are neutral provided several reasons for their evaluation:
  - Some simply have not observed any changes in OSFI's approach to regulation in the recent past.
  - Some believe that OSFI has not been sufficiently proactive.

## Q.22 Overall, how satisfied are you with OSFI as a regulator of federal private pension plans?

Overall, satisfaction with OSFI's performance as a regulator of federally regulated pension plans is moderately high.

### Satisfaction with OSFI as Regulator

#### Those with an opinion



- ◆ The majority (62%) of sponsors are “very” or “somewhat” satisfied with OSFI’s performance as a regulator of pension plans
- ◆ An additional three-in-ten sponsors (28%) hold neutral views (“neither satisfied nor dissatisfied”).
- ◆ Professionals are more likely to provide strongly positive ratings of OSFI, with over four-in-ten (44%) reporting they are “very” satisfied compared to 15% among sponsors.

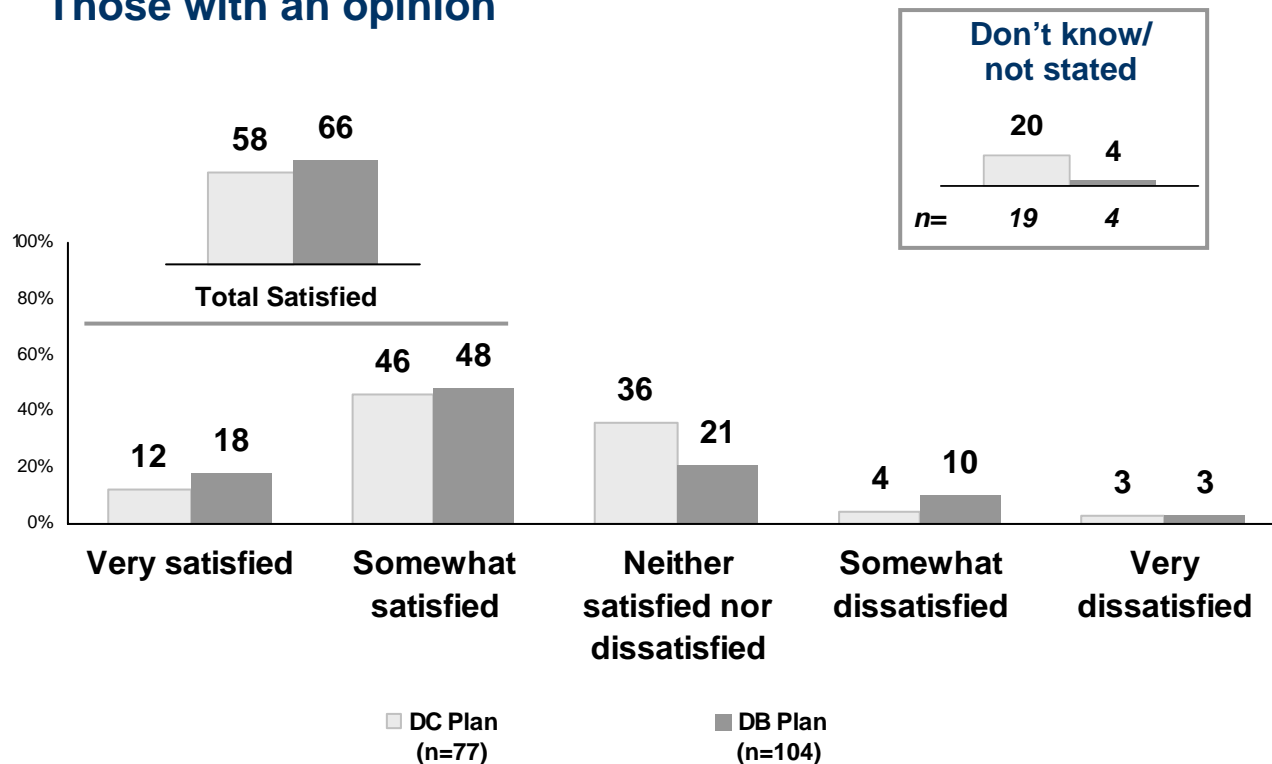


Q.22 Overall, how satisfied are you with OSFI as a regulator of federal private pension plans?

Majorities of both DB and DC plan sponsors are satisfied with OSFI as a regulator of federal private pension plans.

*Satisfaction with OSFI as Regulator*

**Those with an opinion**



- ◆ Among those with an opinion, DC sponsors are more likely than DB sponsors to hold neutral views about OSFI as a regulator of federal private pension plans.
- ◆ There are no other significant differences between DC and DB sponsors on this measure.

22a. Why do you offer that response? [22] / Q.22 Overall, how satisfied are you with OSFI as a regulator of federal private pension plans?

OSFI is credited with doing a good job as a regulator. It is viewed as having solid staff and being approachable and responsive to the needs of federally regulated plans.

- ◆ Among those with positive perceptions of OSFI, many respondents maintain that OSFI is doing a good job of discharging its mandate. Some respondents note that OSFI is a more effective regulator than provincial regulators.
- ◆ The perception that OSFI is approachable is a key reason underlying positive perceptions of the regulator.
  - Respondents note that OSFI follows a dialogue-based approach in its interaction with plan sponsors.
  - OSFI is viewed as readily available, responsive, and willing to provide feedback when sponsors/professionals approach it with questions or concerns about plan administration.
- ◆ Other positive impressions stem from perceptions that OSFI staff are knowledgeable and are perceived to be responsive, helpful and approachable.
- ◆ There is a call among some respondents for OSFI to be more flexible in its application of the regulatory framework – specifically in its evaluation of pension plan solvency.
- ◆ One frustration identified by some of those with more negative perceptions of OSFI is its timeliness in response to pension plan applications/approvals and inquiries.
- ◆ A few respondents indicate that they would like greater clarification about the role of OSFI and would like OSFI to be more proactive in assisting pension plans to understand funding requirements.

## Part VI – OSFI’s Effectiveness in Specific Areas

Q.23 Over the next few years, what do you believe will be the major challenges to be faced by federally regulated private pension plans?

## Underfunding of DB plans is mentioned by the greatest proportion of respondents as the major challenge facing federally regulated pension plans.

- ◆ Fully four-in-ten respondents, on an unaided basis, identify DB plan underfunding as the key issue facing federally regulated plans.
  - This issue was raised almost as much by DC sponsors as it was by DB sponsors.
- ◆ A number of other issues related to the funding of pension plans were mentioned by respondents as key challenges. These include:
  - That the current actuarial requirements are not appropriate because they do not look at the long term prospects of pension plans, but focus strictly on a point-in-time perspective of a plan's standing.
  - That plans do not have access to their surpluses.
  - That the overall requirements for DB plans may be becoming too onerous, so much so that it may lead to many corporations/organizations winding-up their DB plans and offering DC plans and other models in the future.
- ◆ There was some criticism regarding the extended solvency amortization period that was given to Air Canada, even among those who give OSFI positive ratings as a regulator. It is perceived that Air Canada was provided with special treatment, and that the same treatment should be conferred on other pension sponsors who may also find themselves in underfunded positions.

Q.23 Over the next few years, what do you believe will be the major challenges to be faced by federally regulated private pension plans?

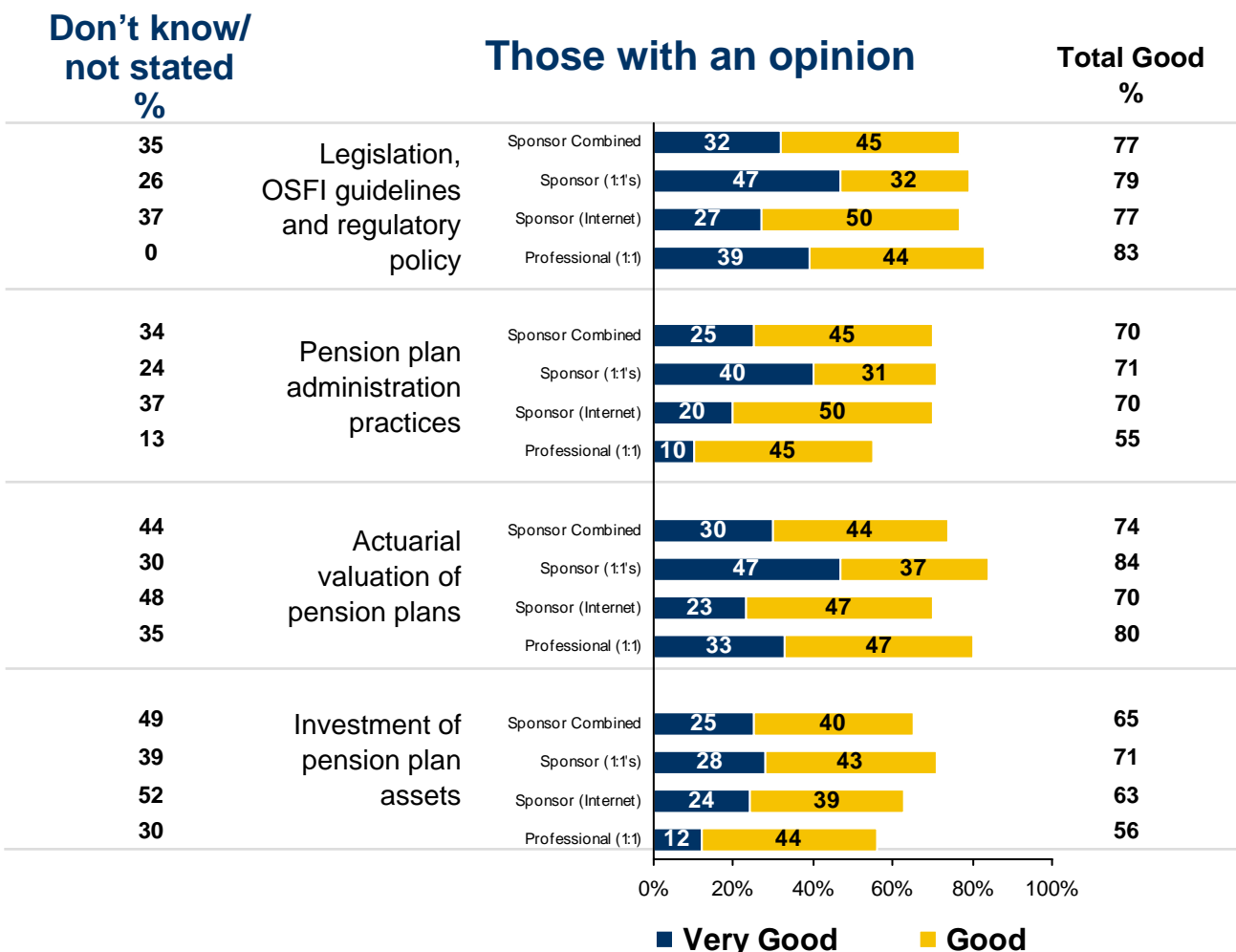
## Underfunding is mentioned by the greatest proportion of respondents as the major challenge facing federally regulated pension plans.

- ◆ Other issues identified by at least a few respondents as emerging challenges include:
  - The need for sufficient communications and education of DC plan members. Several respondents noted that their concerns stem from DC plan-related court cases in the U.S. in which plan members are holding sponsors accountable for plan returns.
  - A lack of jurisdictional consistency and its perceived negative impact on plan sponsor efficiency. This issue arises throughout the consultation process – with some plan sponsors calling for OSFI to lead the way in promoting regulatory consistency across the provinces.
  - Investment management issues also arise as a concern in light of current economic conditions.
  - A number of respondents mention the pressure brought to bear on pension plan sponsors by unions. There is a perception that some unions have unreasonable expectations of plan sponsors and their ability to provide increasingly better pension benefits.
  - A few respondents note that the move of large numbers of baby boomer into retirement will place increasing pressure on pension plan benefit payouts.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q24. Knowledge – How would you rate the knowledge level of OSFI staff involved in pension regulation in the following specific areas?**

## Perceptions of OSFI’s staff knowledge level are high.

*Ratings of OSFI’s Staff Knowledge Level*

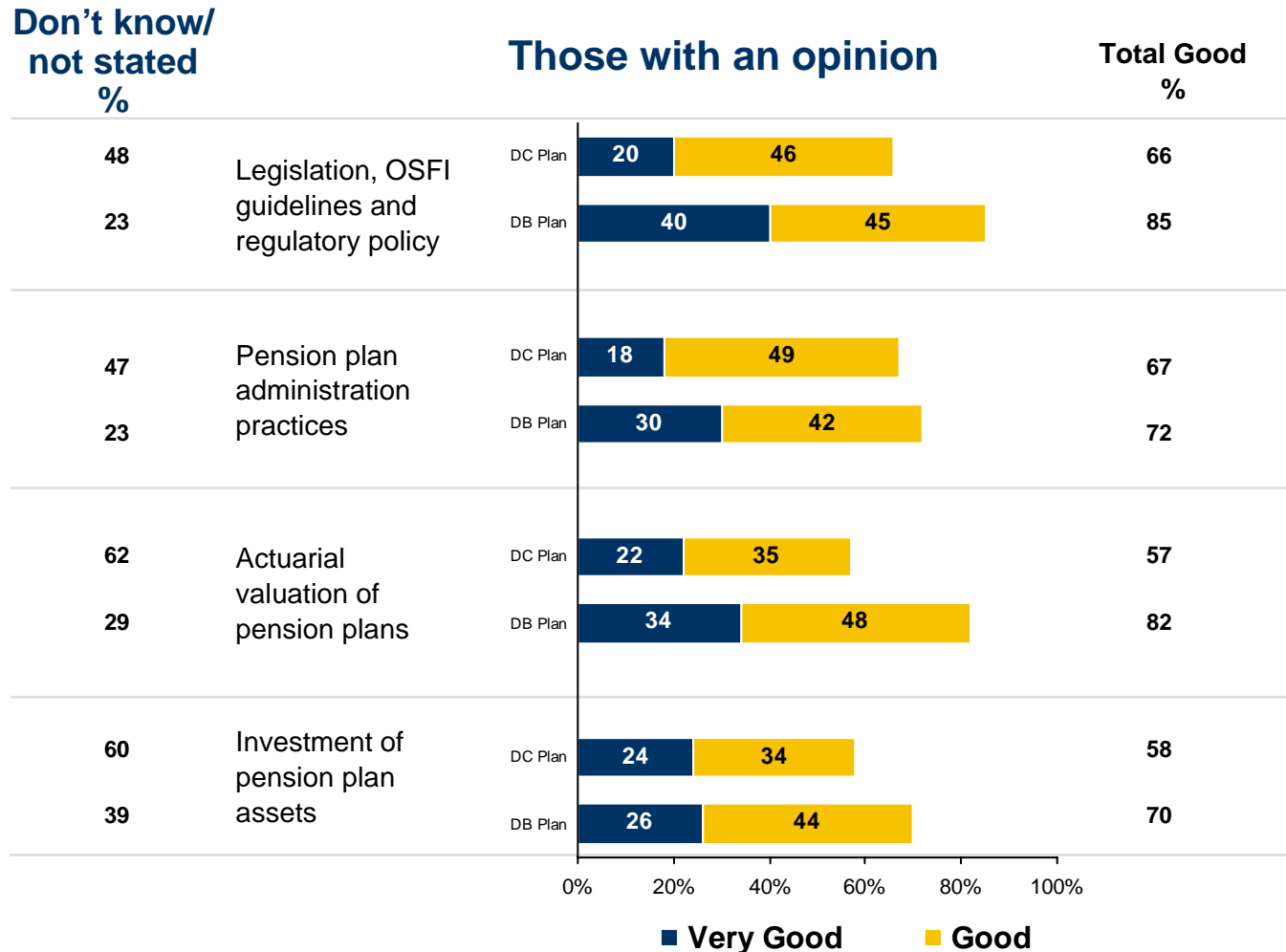


- ◆ Among those providing a response, OSFI staff are considered knowledgeable in most pension topic areas.
- ◆ Three-quarters (77%) of sponsors rate OSFI’s staff knowledge of legislation, OSFI guidelines and regulatory policy as good, with a significant proportion (32%) rating it “very good”.
- ◆ Sponsors provide similar ratings for OSFI staff’s knowledge of actuarial valuation of pension plans.
- ◆ Positive ratings of staff knowledge of pension plan administration practices (70%) and investment of pension plan assets (65%) are only slightly lower.
- ◆ The professional group’s ratings of OSFI staff’s knowledge for legislation, guidelines and regulatory policy as well as actuarial valuation of pension plans are similar to those given by sponsors.
- ◆ However, professionals provide somewhat lower ratings for staff knowledge of investment of pension plan assets and pension plan administration practices relative to the other issues.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q24. Knowledge – How would you rate the knowledge level of OSFI staff involved in pension regulation in the following specific areas?

## DB sponsors are more likely than DC sponsors to hold positive perceptions of OSFI’s staff knowledge level.

*Ratings of OSFI’s Staff Knowledge Level*



- ◆ Among those with an opinion, ratings of OSFI staff knowledge provided by DB plan sponsors are higher than those provided by DC plan sponsors in two areas:
  - Legislation, guidelines and regulatory policy (85% vs. 66%); and,
  - Actuarial valuation of pension plans (82% vs. 57%).

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q24. Knowledge – How would you rate the knowledge level of OSFI staff involved in pension regulation in the following specific areas?**

## Detailed responses for Q.24

*Among those with an opinion (Don't know/not stated responses excluded)*

	<b>TOTAL GOOD %</b>				Very good %				Good %				Fair %				Poor %				Very poor %				<b>Sample Sizes of those with an opinion (n's)</b>			
	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1				
Legislation, OSFI guidelines and regulatory policy	77	79	77	83	32	47	27	39	45	32	50	44	19	21	18	13	2	-	3	4	2	-	2	-	133	34	99	23
Pension plan administration practices	70	71	70	55	25	40	20	10	45	31	50	45	22	20	22	40	8	9	7	5	1	-	1	-	134	35	99	20
Actuarial valuation of pension plans	74	84	70	80	30	47	23	33	44	37	47	47	19	9	23	13	6	3	7	7	1	3	-	-	114	32	82	15
Investment of pension plan assets	65	71	63	56	25	28	24	12	40	43	39	44	28	21	30	31	6	7	5	13	1	-	1	-	104	28	76	16



For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q24. Knowledge – How would you rate the knowledge level of OSFI staff involved in pension regulation in the following specific areas?

## Detailed responses for Q.24 based on DC and DB plan sponsors

*Among those with an opinion (Don't know/not stated responses excluded)*

	<b>TOTAL GOOD %</b>		Very good %		Good %		Fair %		Poor %		Very poor %		<b>Sample Sizes of those with an opinion (n's)</b>	
	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan
	Legislation, OSFI guidelines and regulatory policy	66	85	20	40	46	45	28	13	2	2	4	-	50
Pension plan administration practices	67	72	18	30	49	42	22	22	10	6	2	-	51	83
Actuarial valuation of pension plans	57	82	22	34	35	48	32	13	11	4	-	1	37	77
Investment of pension plan assets	58	70	24	26	34	44	37	23	3	8	3	-	38	66

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q25. Timeliness**– How would you rate OSFI on the speed with which it deals with the following matters?

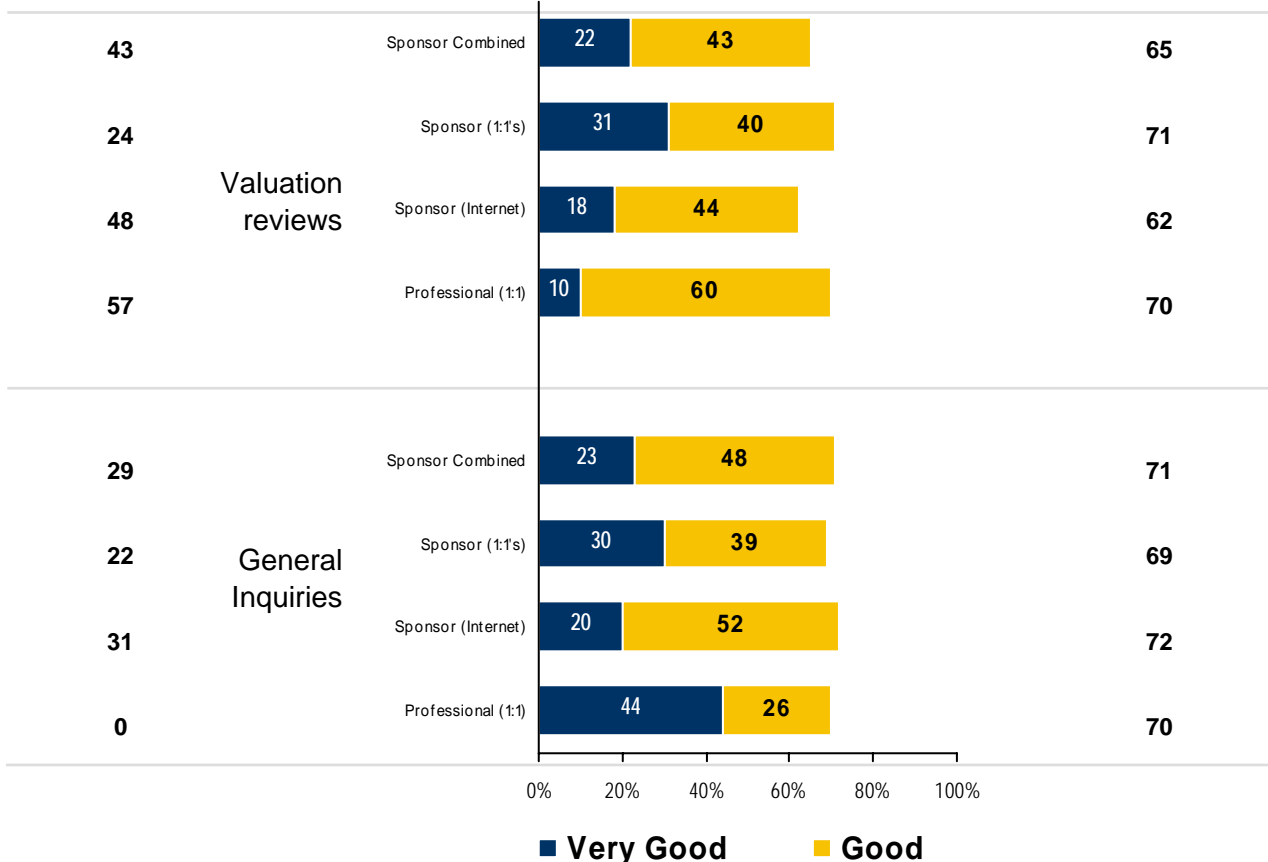
## Perceptions of OSFI’s timeliness are moderately positive.

### Ratings of OSFI’s Timeliness

**Don’t know/  
not stated &  
Not applicable**  
%

**Those with an opinion**

**Total Good**  
%

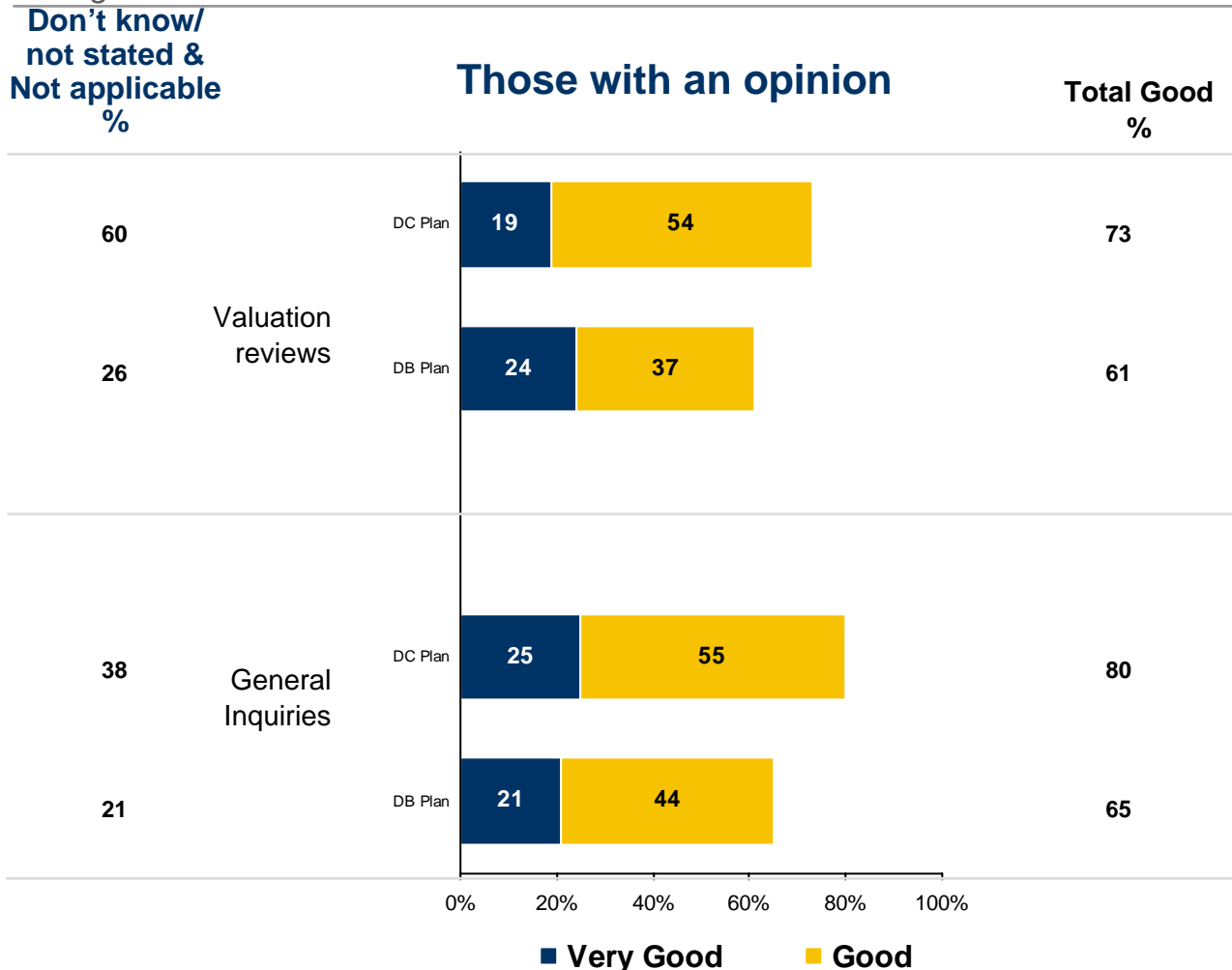


- ◆ Among those with an opinion, perceptions of OSFI’s timeliness are moderately positive.
- ◆ Two-thirds (65%) of sponsors rate OSFI’s speed in dealing with valuation reviews as “very good” or “good”, with the strength of this proportion driven by those who offer the more modest rating of “good” (43%).
- ◆ Sponsors provide comparable ratings of OSFI’s timeliness in dealing with general inquiries.
- ◆ Professionals’ overall positive ratings of valuation reviews and general inquiries are consistent with sponsors’ perceptions.
- ◆ However, the professional group’s ratings on the speed with which OSFI deals with general inquiries are somewhat more strongly positive (44% - very good) compared with sponsors (23%).

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q25. Timeliness– How would you rate OSFI on the speed with which it deals with the following matters?

DC sponsors are significantly more likely than DB sponsors to provide positive ratings of the speed with which OSFI handles general inquiries.

*Ratings of OSFI's Timeliness*



◆ There are no significant differences between DB and DC plan sponsors on the timeliness of valuation reviews.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q25. Timeliness – How would you rate OSFI on the speed with which it deals with the following matters?

## Detailed responses for Q.25

*Among those with an opinion (Don't know/not stated responses excluded)*

	<b>TOTAL GOOD %</b>				<b>Very good %</b>				<b>Good %</b>				<b>Fair %</b>				<b>Poor %</b>				<b>Very poor %</b>				<b>Sample Sizes of those with an opinion (n's)</b>			
	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>	<b>Spon Comb</b>	<b>Spon 1:1</b>	<b>Spon Int.</b>	<b>Prof 1:1</b>
Valuation reviews	65	71	62	70	22	31	18	10	43	40	44	60	21	17	22	20	11	11	11	10	3	-	5	-	117	35	82	10
General inquiries	71	69	72	70	23	30	20	44	48	39	52	26	17	22	15	13	7	6	7	9	6	3	6	9	145	36	109	23

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q25. Timeliness – How would you rate OSFI on the speed with which it deals with the following matters?

## Detailed responses for Q.25 based on DC and DB plan sponsors

*Among those with an opinion (Don't know/not stated responses excluded)*

	<b>TOTAL GOOD %</b>		Very good %		Good %		Fair %		Poor %		Very poor %		<b>Sample Sizes of those with an opinion (n's)</b>	
	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan	DC Plan	DB Plan		DC Plan
Valuation reviews	73	61	19	24	54	37	19	21	8	13	-	5	37	80
General inquiries	80	65	25	21	55	44	12	20	3	9	5	6	60	85

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q26. Regulatory approach– How would you rate OSFI on the following issues specific to its approach to discharging its regulatory mandate?**

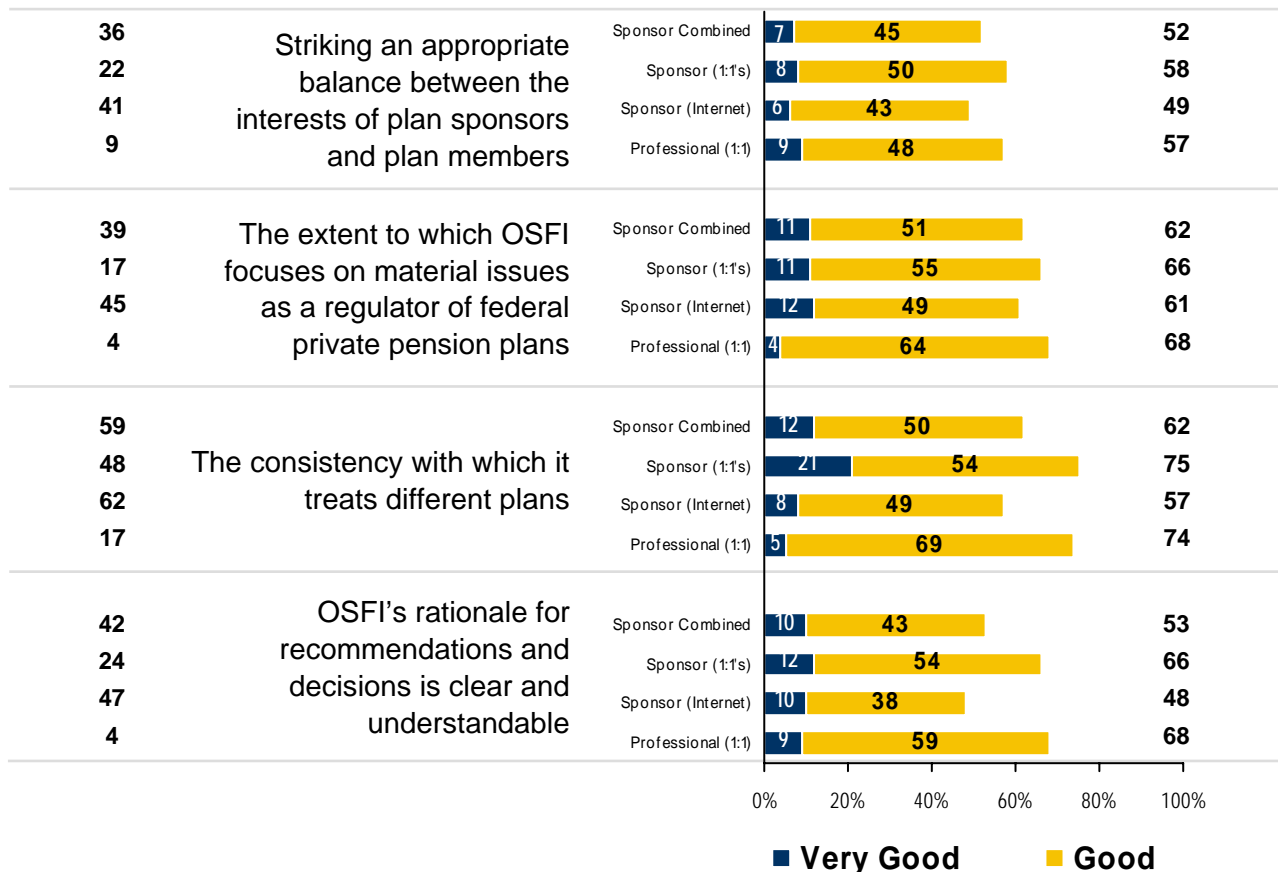
## Perceptions of OSFI’s regulatory approach tend to be moderately positive.

### Ratings of OSFI’s Regulatory Approach

**Don’t know/  
not stated**  
%

**Those with an opinion**

**Total Good**  
%



- ◆ OSFI is perceived as doing a good job in focusing on material issues and the consistency with which OSFI treats plans (62% “very good” or “good” on each).
- ◆ Sponsors’ provide relatively lower ratings for:
  - The clarity and understandability of OSFI’s rationale for recommendations and decisions (53%); and,
  - Striking an appropriate balance between the interests of plan sponsors and members (52%).
- ◆ Ratings among professionals are highest for OSFI’s consistency in treatment of different plans (74%).
- ◆ Professionals provide slightly lower positive ratings for:
  - The extent to which OSFI focuses on material issues (68%); and,
  - OSFI’s rationale for recommendations and decisions is clear and understandable (68%)
- ◆ Ratings of OSFI for striking an appropriate balance between the interests of plan sponsors and members are relatively lower (57%).
- ◆ The only significant difference between DB and DC plans is on appropriately balancing the interests of plan sponsors and members. DB sponsors (21%) are significantly more likely than DC sponsors (6%) to provide negative ratings on this issue.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q26. Regulatory approach – How would you rate OSFI on the following issues specific to its approach to discharging its regulatory mandate?**

## Detailed responses for Q.26

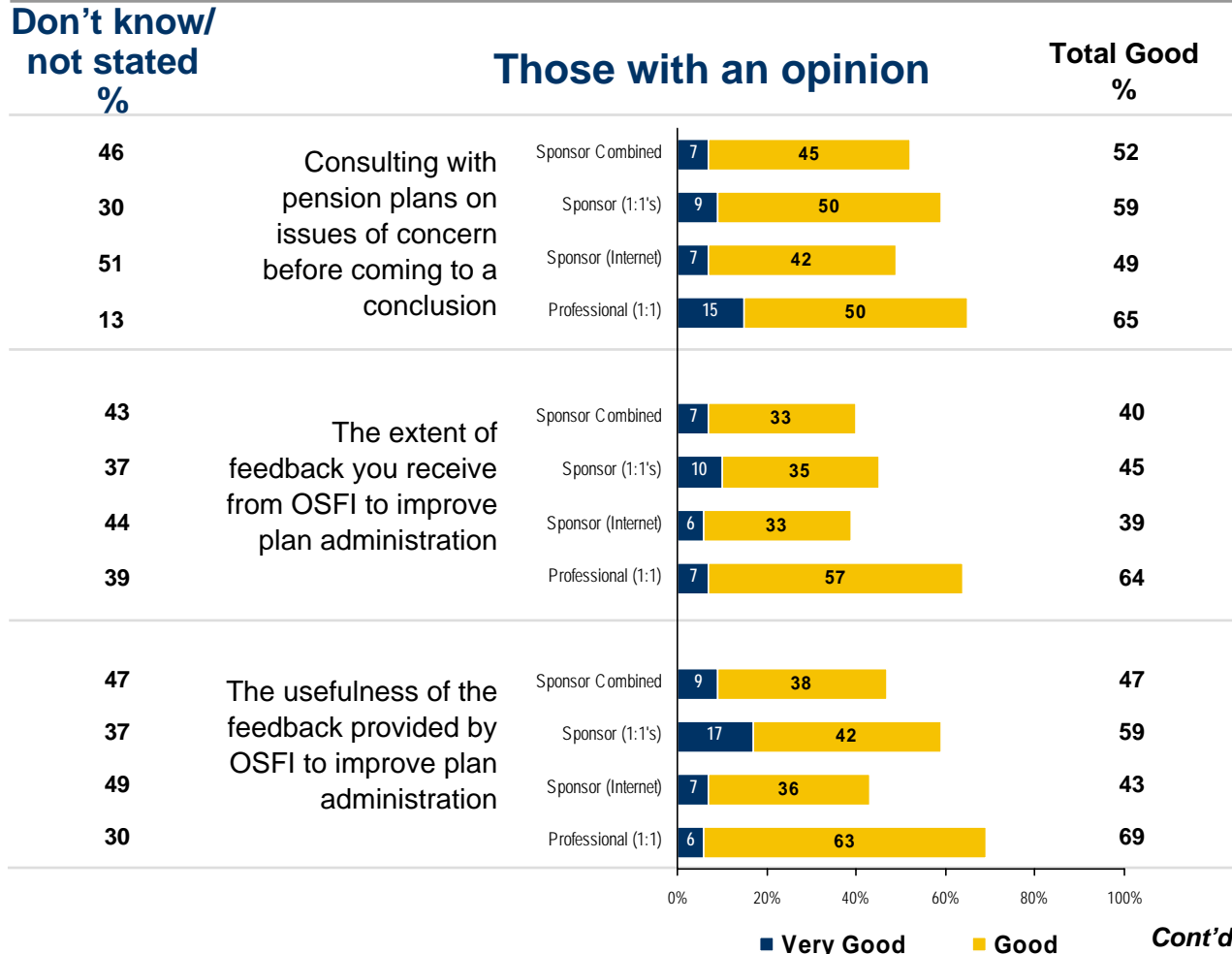
*Among those with an opinion (Don't know/not stated responses excluded)*

	<b>TOTAL GOOD %</b>				Very good %				Good %				Fair %				Poor %				Very poor %				<b>Sample Sizes of those with an opinion (n's)</b>			
	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1
Striking an appropriate balance between the interests of plan sponsors and plan members	52	58	49	57	7	8	6	9	45	50	43	48	33	19	38	38	12	19	9	5	4	3	4	-	130	36	94	21
The extent to which OSFI focuses on material issues as a regulator of federal private pension plans	62	66	61	68	11	11	12	4	51	55	49	64	28	24	30	27	7	8	7	5	2	3	2	-	125	38	87	22
The consistency with which it treats different plans	62	75	57	74	12	21	8	5	50	54	49	69	25	17	28	21	11	8	12	5	2	-	3	-	84	24	60	19
OSFI's rationale for recommendations and decisions is clear and understandable	53	66	48	68	10	12	10	9	43	54	38	59	35	26	39	32	8	6	8	-	4	3	5	-	119	35	84	22

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q27. Consultation and feedback – How would you rate OSFI on the following issues that relate to the extent and quality of consultation and feedback?**

## Perceptions of OSFI on consultation and feedback on plan administration are somewhat weaker than perceptions of its regulatory approach (Q.26).

*Ratings of OSFI on Consultation and Feedback*



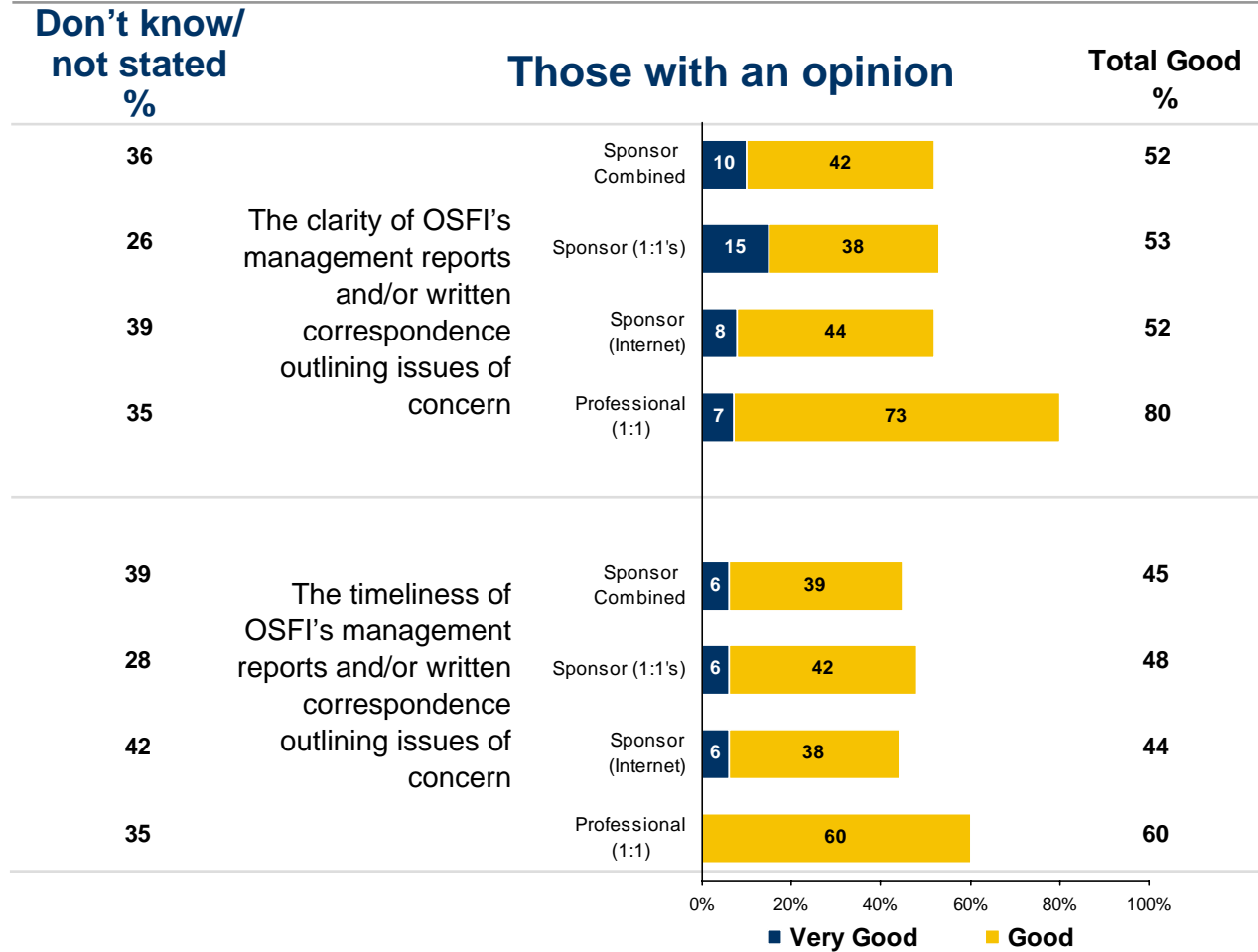
- ◆ Among those with an opinion, assessments of OSFI’s approach to consultations with pension plans are relatively lower than ratings for OSFI on other dimensions.
- ◆ Just over one-half (52%) of sponsors provide positive ratings (“good” or “very good”) of OSFI on:
  - Consultations with pension plans on issues of concern; and,
  - The clarity of its management reports and written correspondence (see graph on following page)
- ◆ Positive ratings of the usefulness of OSFI’s feedback are slightly lower (47%).



For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q27. Consultation and feedback – How would you rate OSFI on the following issues that relate to the extent and quality of consultation and feedback?

## Professionals are more likely to have positive perceptions of OSFI’s approach to consultation and plan administration feedback than are plan sponsors.

*Ratings of OSFI on Consultation and Feedback*



- ◆ Similar ratings are provided for the timeliness of OSFI’s reports and written correspondence (45%).
- ◆ The lowest rating given to OSFI in this area is for the extent of OSFI’s feedback (40%).
- ◆ Ratings regarding OSFI’s consultation and feedback tend to be somewhat higher among professionals than they are among sponsors.
- ◆ Professionals’ highest rating is provided for the clarity of OSFI’s management reports and written correspondence (80%).
- ◆ DB sponsors (32%) are significantly more likely than DC sponsors (16%) to provide negative ratings for the timeliness of OSFI’s reports and written correspondence.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q27. Consultation and feedback – How would you rate OSFI on the following issues that relate to the extent and quality of consultation and feedback?**

## Detailed responses for Q.27

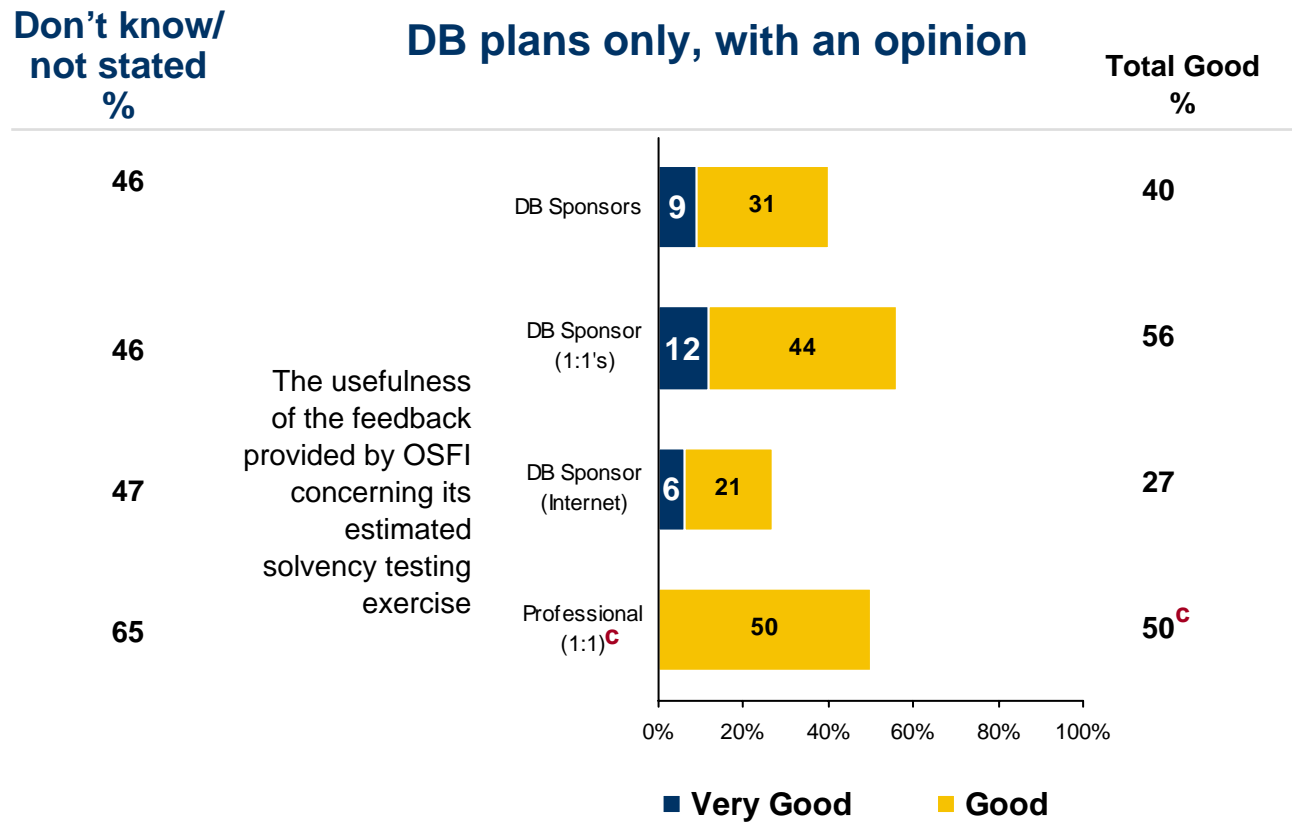
*Among those with an opinion (Don't know/not stated responses excluded)*

	TOTAL GOOD %				Very good %				Good %				Fair %				Poor %				Very poor %				Sample Sizes of those with an opinion (n's)			
	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1
Consulting with pension plans on issues of concern before coming to a conclusion	52	59	49	65	7	9	7	15	45	50	42	50	28	25	30	30	15	13	15	5	6	3	6	-	110	32	78	20
The extent of feedback you receive from OSFI to improve plan administration	40	45	39	64	7	10	6	7	33	35	33	57	33	35	32	21	20	14	22	14	8	7	8	-	117	29	88	14
The usefulness of the feedback provided by OSFI to improve plan administration	47	59	43	69	9	17	7	6	38	42	36	63	33	28	35	25	14	10	15	6	6	3	8	-	109	29	80	16
The clarity of OSFI's management reports and/or written correspondence outlining issues of concern	52	53	52	80	10	15	8	7	42	38	44	73	35	35	34	20	10	12	9	-	3	-	4	-	130	34	96	15
The timeliness of OSFI's management reports and/or written correspondence outlining issues of concern	45	48	44	60	6	6	6	-	39	42	38	60	30	27	30	33	18	15	19	7	8	9	8	-	125	33	92	15

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q27. Consultation and feedback – How would you rate OSFI on the following issues that relate to the extent and quality of consultation and feedback?

Feedback on the solvency testing exercise is an area in which OSFI receives one of its lowest ratings among DB plan sponsors.

*Ratings of OSFI on Consultation and Feedback*



- ◆ Among those DB plan sponsors with an opinion, four-in-ten (40%) rate the usefulness of OSFI’s feedback concerning its estimated solvency test as good (“very good or “good”), with the strength of this proportion driven by those who offer the more modest rating of “good”.
- ◆ Half (50%) of professionals rate the usefulness of OSFI’s feedback concerning its estimated solvency testing exercise as “good”.

**c: Caution should be used when interpreting this result as only 8 professionals provided a response to this question.**

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q27. Consultation and feedback – How would you rate OSFI on the following issues that relate to the extent and quality of consultation and feedback?**

## Detailed responses for Q.27

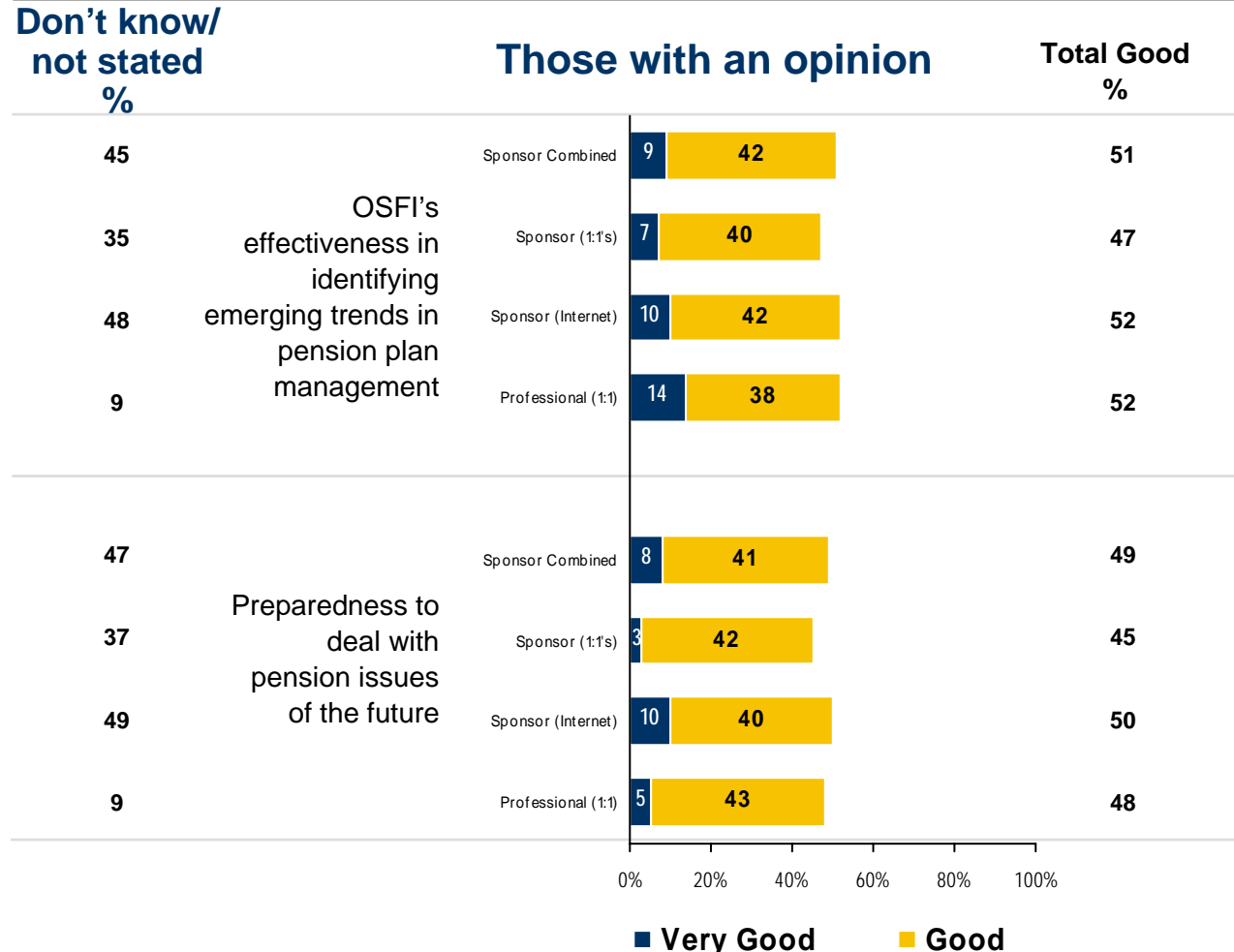
*Among those with an opinion (Don't know/not stated responses excluded)*

	TOTAL GOOD %				Very good %				Good %				Fair %				Poor %				Very poor %				Sample Sizes of those with an opinion (n's)			
	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1	DB Spon	DB Spon 1:1	DB Spon Int.	Prof 1:1				
The usefulness of the feedback provided by OSFI concerning its estimated solvency testing exercise	40	56	27	50	9	12	6	-	31	44	21	50	33	28	36	25	22	12	30	25	5	4	6	-	58	25	33	8

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
 Q28. Forward looking - How would you rate OSFI in its efforts to keep abreast of emerging issues and trends concerning pensions?

## About half of respondents see OSFI as “very good” or “good” in looking to the future.

*Ratings of OSFI’s Efforts to be Forward Looking*



- ◆ One-half (51%) of sponsors with an opinion feel that OSFI does a good job in identifying emerging trends.
- ◆ A comparable proportion (49%) believe that OSFI does a “very good” or “good” job in preparing for pension issues of the future.
- ◆ Ratings among professionals do not differ significantly from ratings among sponsors on these issues.

For the next series of questions, please rate OSFI using a 1 to 5 scale, with 1 being “Very Poor” and 5 being “Very Good”.  
**Q28. Forward looking - How would you rate OSFI in its efforts to keep abreast of emerging issues and trends concerning pensions?**

## Detailed responses for Q.28

*Among those with an opinion (Don't know/not stated responses excluded)*

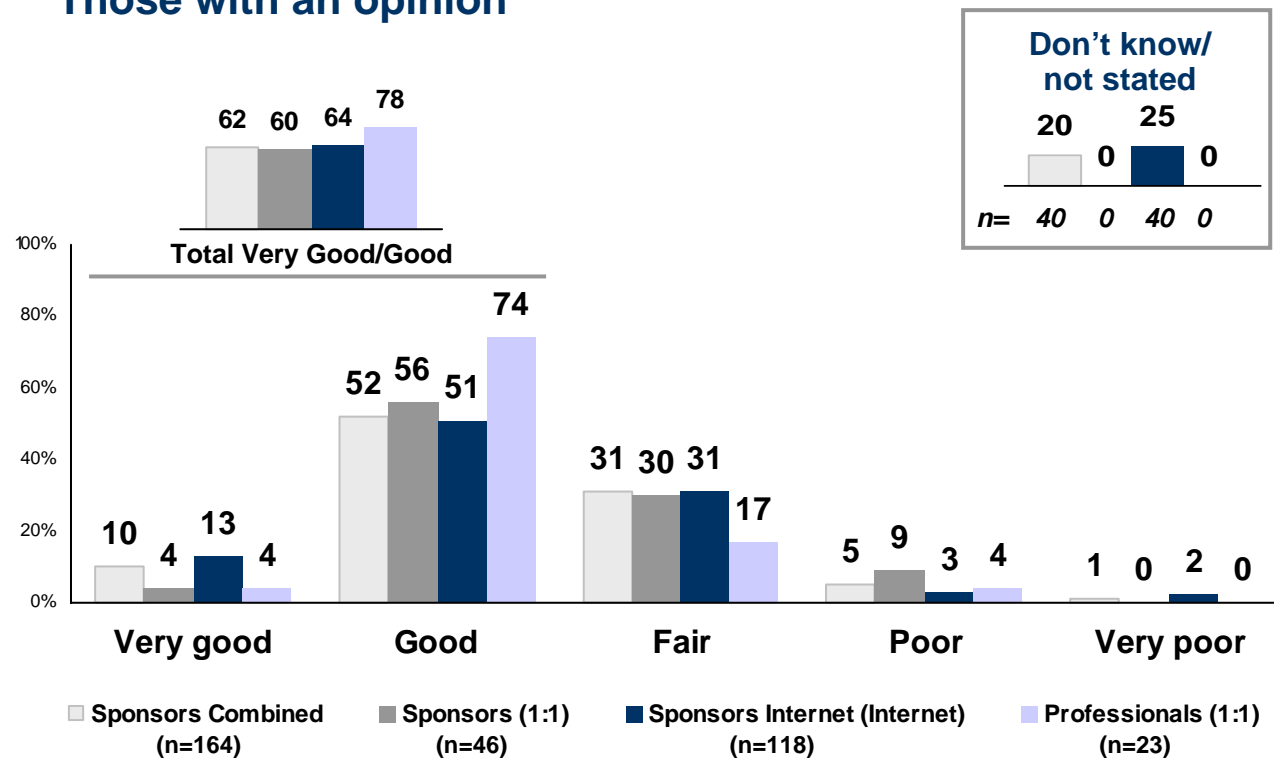
	<b>TOTAL GOOD %</b>				Very good %				Good %				Fair %				Poor %				Very poor %				<b>Sample Sizes of those with an opinion (n's)</b>			
	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1	<b>Spon Comb</b>	Spon 1:1	Spon Int.	Prof 1:1				
OSFI's effectiveness in identifying emerging trends in pension plan management	51	47	52	52	9	7	10	14	42	40	42	38	33	33	33	43	11	13	10	5	5	7	5	-	112	30	82	21
Preparedness to deal with pension issues of the future	49	45	50	48	8	3	10	5	41	42	40	43	28	28	28	38	17	17	16	14	7	10	6	-	109	29	80	21

Q29. Overall, that is all things considered, how would you rate OSFI's effectiveness as a pension plan regulator?

Ratings of OSFI's overall effectiveness are moderately positive among sponsors, and stronger among the professional group.

*Impressions of OSFI's Overall Effectiveness*

**Those with an opinion**



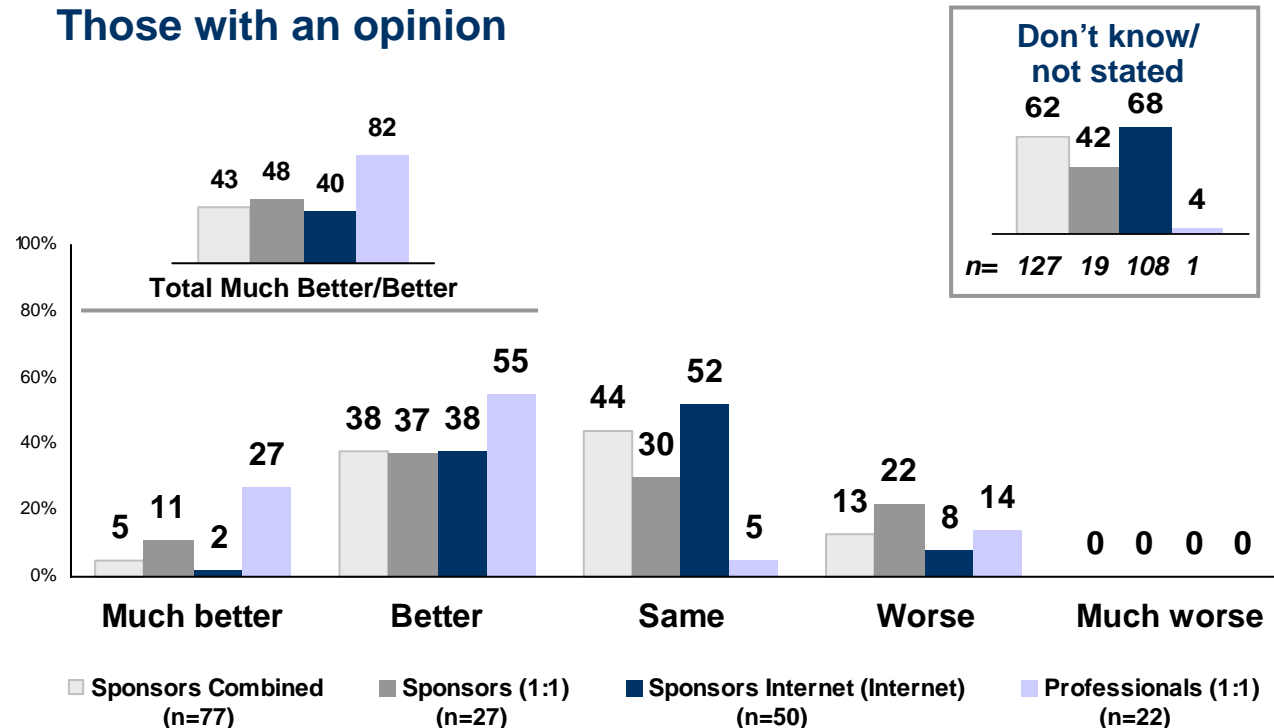
- ◆ The majority of plan sponsors (62%) believe that OSFI is doing a “very good” or “good” job as a pension plan regulator, with over half (52%) providing the more modest rating of “good”.
- ◆ Ratings of OSFI are somewhat higher among professionals. Almost eight-in-ten (78%) provide a rating of “very good” or “good”.

**Q30.** Overall, that is all things considered, how would you compare OSFI's performance and effectiveness as a pension regulator to other Canadian pension regulators?

## Perceptions of OSFI's performance relative to other pension regulators are split between those who believe OSFI is better and those who believe it is the same.

*Comparison of OSFI's Performance and Effectiveness with Other Canadian Pension Regulators*

### Those with an opinion



- ◆ Among sponsors with an opinion on this issue, ratings of OSFI relative to other pension regulators are divided principally between those who find OSFI to be better (43%), and those who assess OSFI to be on par (44%) with other regulators.
- ◆ Among professionals, the strong majority (82%) believe that OSFI's performance is "much better" or "better" than other pension regulators in Canada.



Part VII – OSFI’s Pension  
Guides, Guidelines and  
Instructions

Q.31-Q.34 From time to time OSFI issues pension Guides, Guidelines and Instructions, collectively referred to as guidance, for pension administrators. How would you rate the quality of OSFI's guidance with respect to...

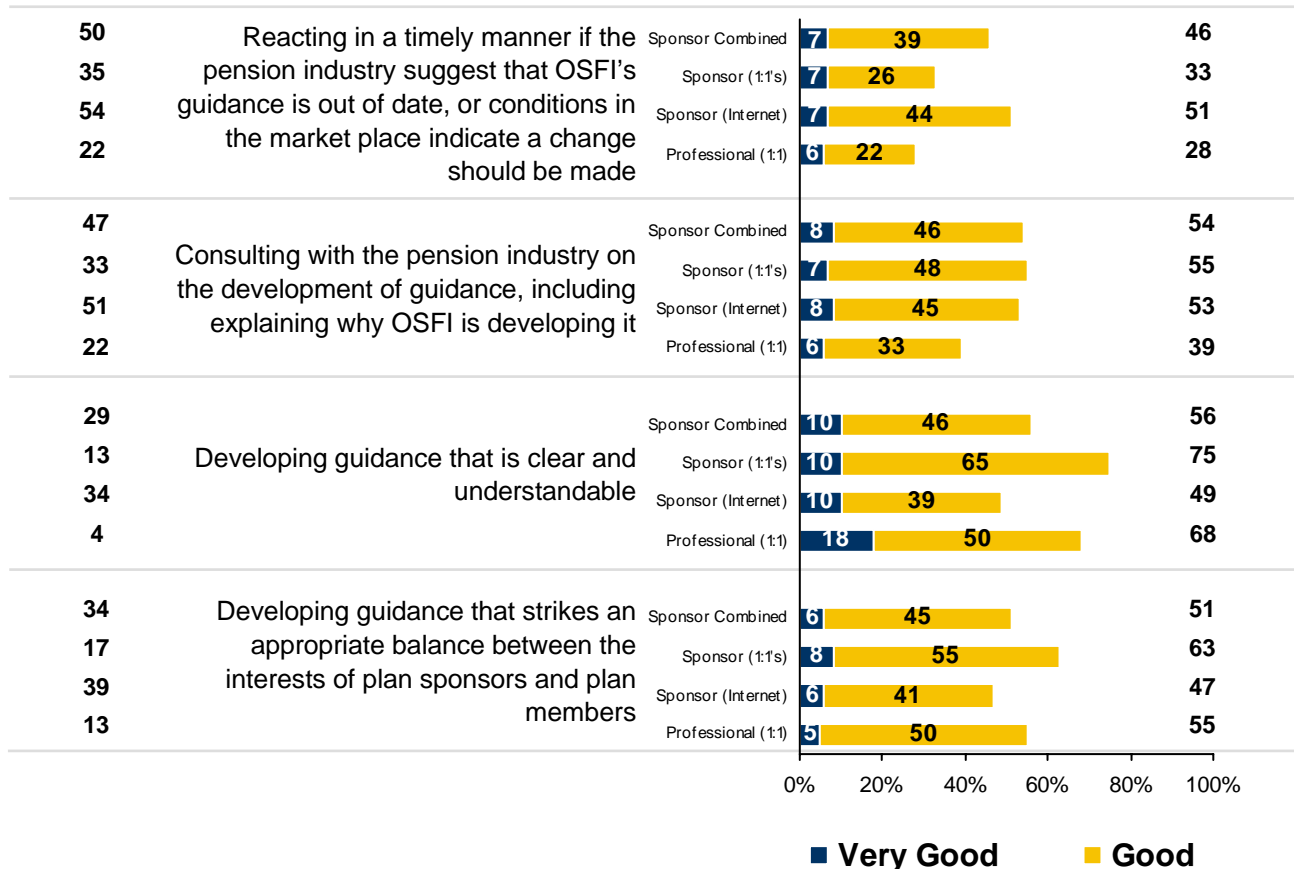
## About one-half provide positive ratings of the quality of OSFI's guidance.

*Ratings of the Quality of OSFI's Guidance*

**Don't know/  
not stated  
%**

**Those with an opinion**

**Total Good  
%**



- ◆ Just over one-half of sponsors provide positive ratings of OSFI's efforts in three areas:
  - Consulting the pension industry in the development of guidance (54%);
  - The clarity of its guidance (56%); and,
  - Striking a balance between the interests of plan sponsors and members when developing guidelines (51%).
- ◆ Somewhat less positive evaluations are provided for OSFI's efforts to react in a timely manner if its guidance requires changes (46%).
- ◆ Professionals tend to provide positive ratings for developing guidance that is clear and understandable and balanced.
- ◆ Professionals provide relatively less positive ratings for OSFI's efforts to react in a timely manner if its guidance requires changes and consulting the pension industry in the development of guidance.

**Q.31-Q.34** From time to time OSFI issues pension Guides, Guidelines and Instructions, collectively referred to as guidance, for pension administrators. How would you rate the quality of OSFI's guidance with respect to...

## Detailed responses for Q.31-34

*Among those with an opinion (Don't know/not stated responses excluded)*

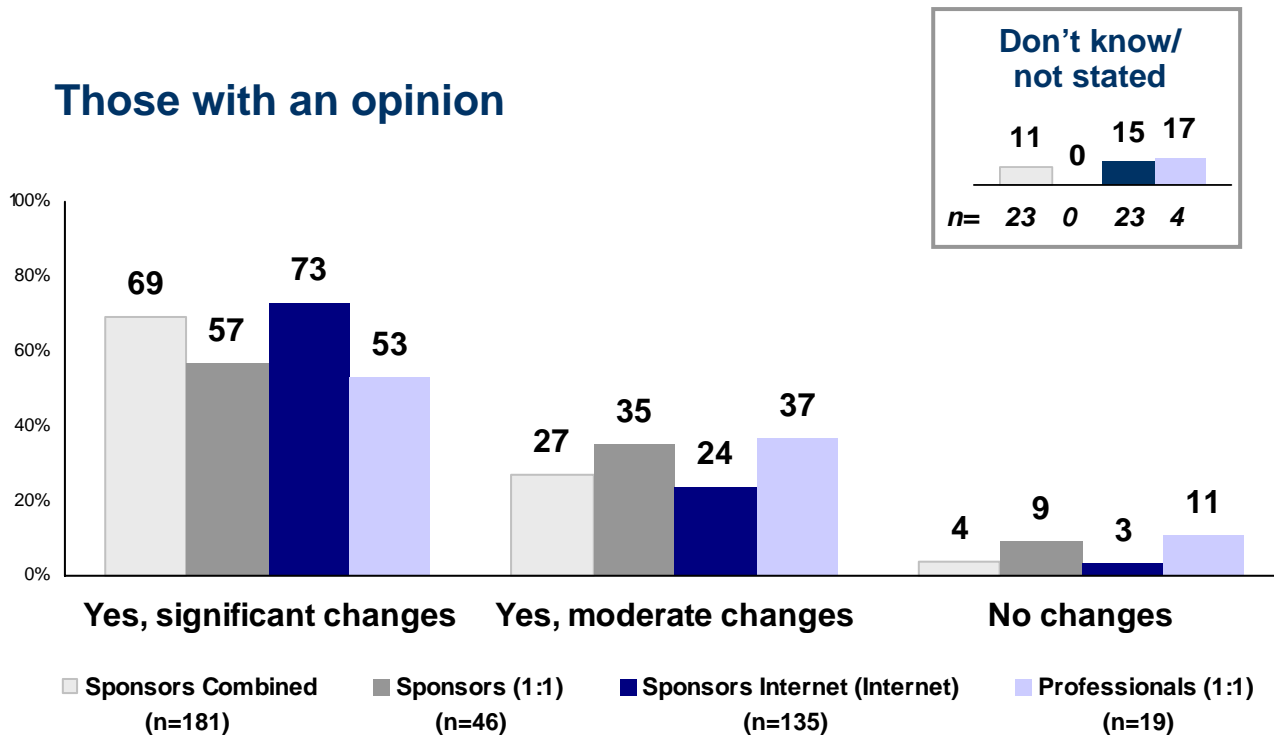
	<b>TOTAL GOOD %</b>				Very good %				Good %				Fair %				Poor %				Very poor %				<b>Sample Sizes of those with an opinion (n's)</b>			
	Spon		Prof		Spon		Prof		Spon		Prof		Spon		Prof		Spon		Prof		Spon		Prof		Spon		Prof	
	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1	Comb	1:1	Int.	1:1
Reacting in a timely manner if the pension industry suggests that OSFI's guidance is out of date, or conditions in the market place indicate a change should be made	46	33	51	28	7	7	7	6	39	26	44	22	40	40	40	33	11	23	6	39	3	3	3	-	102	30	72	18
Consulting with the pension industry on the development of guidance, including explaining why OSFI is developing it	54	55	53	39	8	7	8	6	46	48	45	33	35	39	34	28	10	7	12	33	1	-	1	-	108	31	77	18
Developing guidance that is clear and understandable	56	75	49	68	10	10	10	18	46	65	39	50	35	23	40	23	8	3	11	9	1	-	1	-	145	40	105	22
Developing guidance that strikes an appropriate balance between the interests of plan sponsors and plan members	51	63	47	55	6	8	6	5	45	55	41	50	33	21	38	35	12	16	10	10	4	-	5	-	134	38	96	20

Q35. In the past two years, have changes been made to your pension plan because of OSFI's guidance?

Almost universally, sponsors report that changes have been made to their plans in the past two years because of OSFI's guidance.

*Changes Made To Plan Because of OSFI's Guidance*

**Those with an opinion**



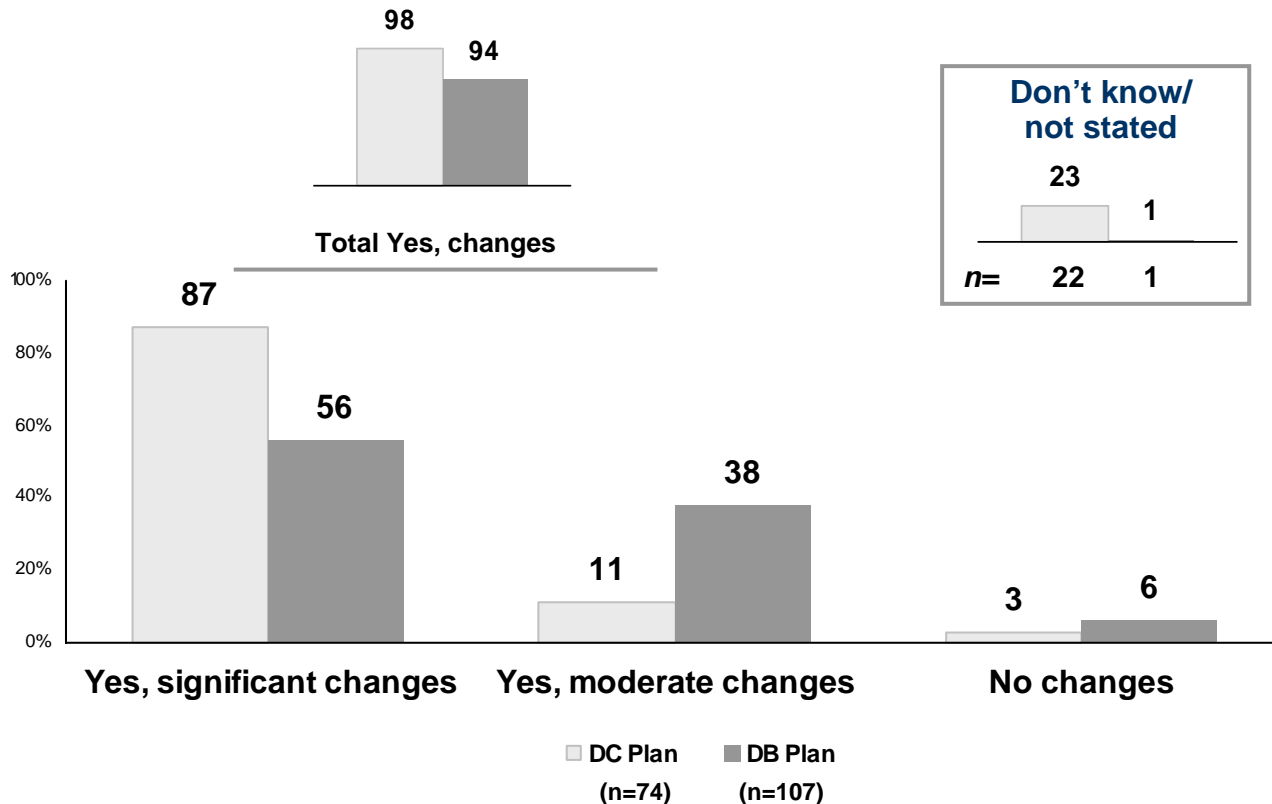
- ◆ The majority (69%) of sponsors report that their plans have undergone significant changes in the past two years, while an additional one-quarter (27%) report that moderate changes have been made, for a total of 96%.

Q35. In the past two years, have changes been made to your pension plan because of OSFI's guidance?

## Significant changes are more prevalent among DC plans.

Changes Made To Plan Because of OSFI's Guidance

### Those with an opinion



- ◆ Among those with an opinion, DC plan sponsors are significantly more likely than DB sponsors to report making significant changes to their plans.
- ◆ DB plans are significantly more likely to report making moderate changes.

36. In what specific areas do you believe it would be useful for OSFI to issue guidance, whether your plan, or plans to which you provide professional services, would benefit or not?

## Respondents seek guidance on the Monsanto and TransAmerica decisions, as well as some direction in the area of investment management.

- ◆ There is no consistency in the areas about which respondents believe OSFI should issue guidance. In addition, many of the areas respondents cite are not necessarily areas where there is a call for more “guidance” but rather a call for OSFI to produce more information that will directly benefit the pension community:
  - Requests for Additional Guidance
    - Information about the roles and responsibilities of sponsors – Some respondents indicate that there is an ongoing need for OSFI to provide a clearer picture of the roles and responsibilities of sponsors in their administration of pension plans. Information needs cited in this context include:
      - Administration and decision-making best practices.
      - Insights and recommendations concerning pension governance.
      - How sponsors should be applying changes in legislation to their plans.
    - Some respondents are looking to OSFI to provide guidance on asset transfers and partial terminations as a result of the decisions in the Monsanto and TransAmerica cases.
    - From a broader perspective, about one-in-six respondents (16%) suggest that clarity is needed from OSFI on issues of solvency requirements, solvency expense assumptions/estimates, plan surpluses, minimum funding requirements and contribution holidays.
    - Almost one-in-six (14%) respondents suggest there is a need for OSFI guidance concerning investment management strategies that plans should adopt.
      - In addition to the broader topic of management strategies, a small proportion of respondents (7%) are seeking guidance in specific investment management areas. Examples include guidance on securities lending, use of letters of credit, and identification of appropriate expenses.

36. In what specific areas do you believe it would be useful for OSFI to issue guidance, whether your plan, or plans to which you provide professional services, would benefit or not?

Plan sponsors and professionals are looking to OSFI to provide a greater breadth of information about issues facing the pension community.

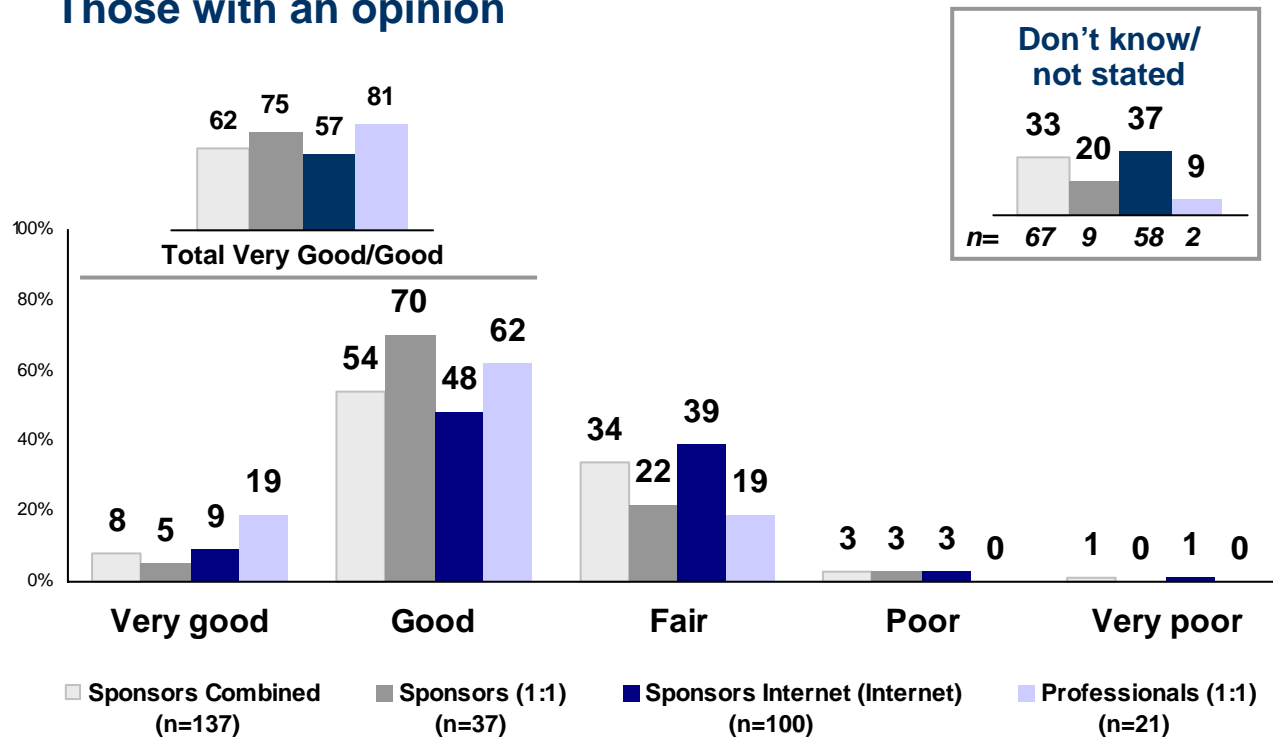
- Requests for Additional Information
  - Member education – Almost one-in-ten respondents suggest that OSFI needs to develop user-friendly information targeted toward plan members including information regarding how members can access their pension during different life stages.
  - Trends/frequently asked questions – Some sponsors seek more information about what other pension plans are experiencing and how OSFI is dealing with different types of situations faced by pension plans. A “frequently asked questions” or Q&A section on the OSFI website is one recommended approach to providing this type of information.

Q37. How useful do you think OSFI’s guidance is to the pension industry in providing an indication of the regulator’s expectations?

## Sponsors with an opinion hold moderately positive perceptions of the usefulness of OSFI’s guidance.

*Perceived Usefulness of OSFI’s Guidance in Providing Indication of Regulator’s Expectations*

### Those with an opinion



- ◆ A majority (62%) of sponsors rate the usefulness of OSFI’s guidance as “very good” or “good”, of whom 54% assess it as “good” rather than “very good”.
- ◆ Professionals (81%) are more likely to rate the usefulness of OSFI’s guidance as “very good” (19%) or “good” (62%).

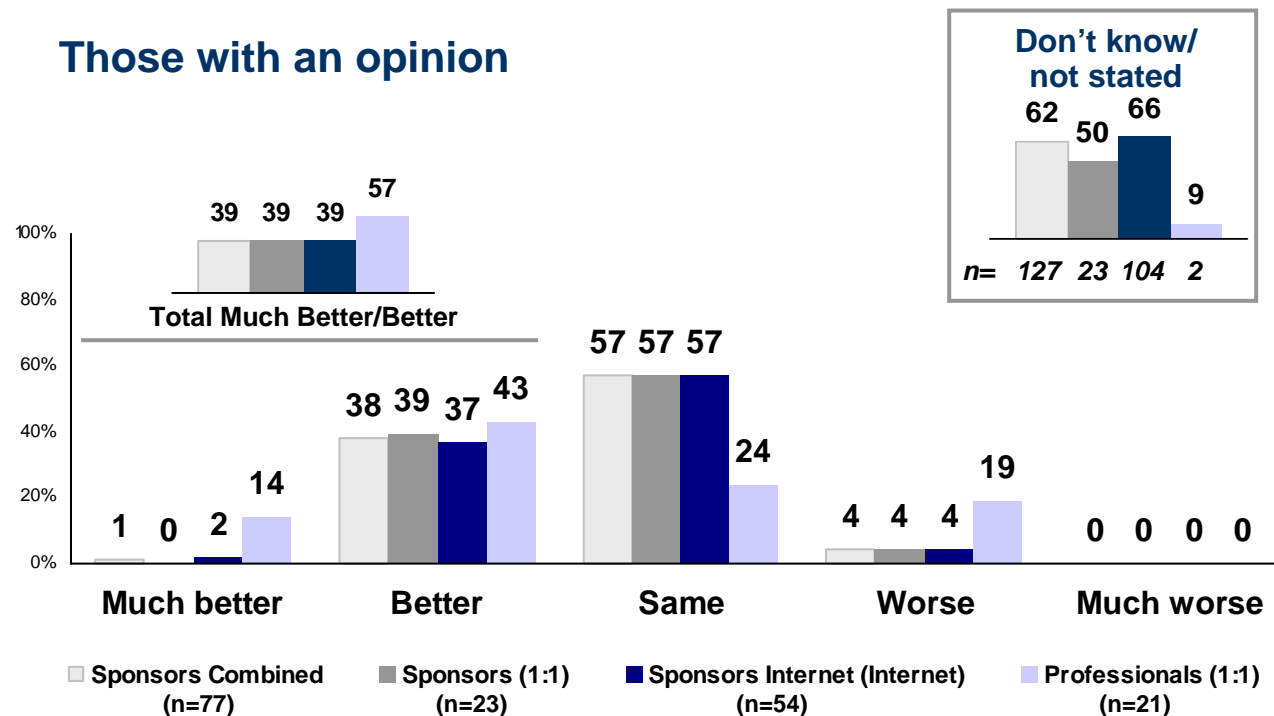


Q38. Overall, that is all things considered, how would you compare the usefulness of OSFI's guidance with that of other pension regulators?

The majority of sponsors with an opinion consider the usefulness of OSFI's guidance to be no different from that of other Canadian pension regulators.

*Perceived Usefulness of OSFI's Guidance Relative to Other Pension Regulators*

### Those with an opinion



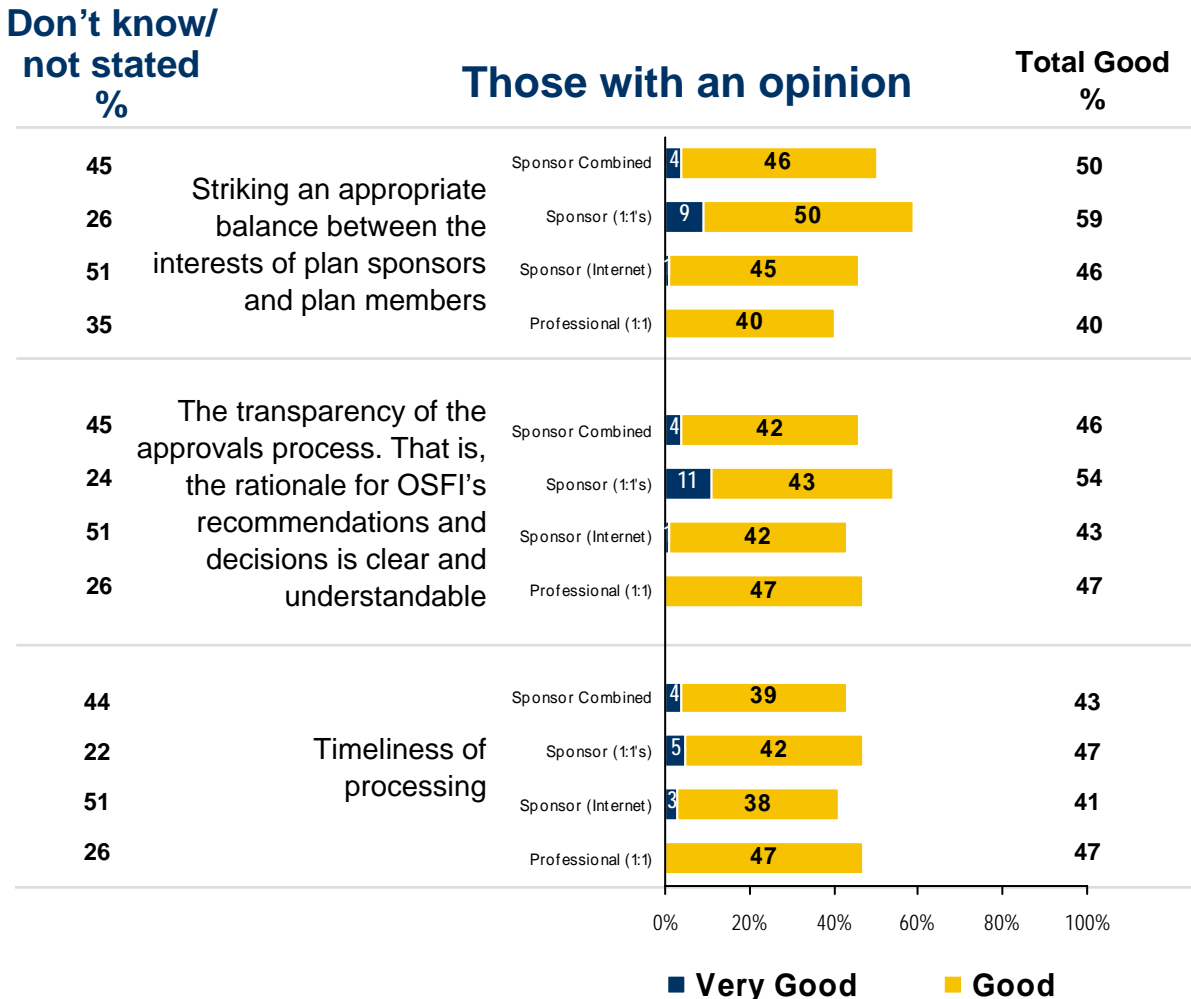
- ◆ Among those providing a response, the majority (57%) perceive OSFI's guidance to be the same as other Canadian pension regulators.
- ◆ The balance of sponsors (38%) perceive OSFI's guidance to be better, but not strongly so.
- ◆ Among professionals, the majority (57%) feel that OSFI's guidance is better than other pension regulators in Canada.
- ◆ A significant minority (19%) of professionals, however, believe that OSFI's guidance is worse than other Canadian pension regulators.

## Part VIII – OSFI’s Approvals Process

**Q.39-Q.41** As you know, the Pension Benefits Standards Act (PBSA) requires OSFI’s approval for certain initiatives pension plans wish to take. The next series of questions pertain to the approvals process. Please rate OSFI on the following approvals process issues using a scale from 1 to 5.

## Positive ratings of OSFI’s approvals process are limited to half or fewer sponsors with an opinion.

### Ratings of the Approvals Process



- ◆ Among those with an opinion, the approvals process receives lower ratings relative to other dimensions measured.
- ◆ On the balance question, OSFI is assessed positively by half (50%) of sponsors.
- ◆ Less than half of sponsors provide positive ratings for the transparency of the approvals process (46%) and the timeliness of processing (43%).
- ◆ Positive ratings of all elements of the approvals process tested are driven by “good” scores.
- ◆ Ratings among professionals are comparable to those among sponsors.
- ◆ DB sponsors (38%) are significantly more likely than DC sponsors (13%) to provide negative ratings of OSFI’s timeliness of processing.

**Q.39-Q.41** As you know, the Pension Benefits Standards Act (PBSA) requires OSFI’s approval for certain initiatives pension plans wish to take. The next series of questions pertain to the approvals process. Please rate OSFI on the following approvals process issues using a scale from 1 to 5.

## Detailed responses for Q.39-41

*Among those with an opinion (Don't know/not stated responses excluded)*

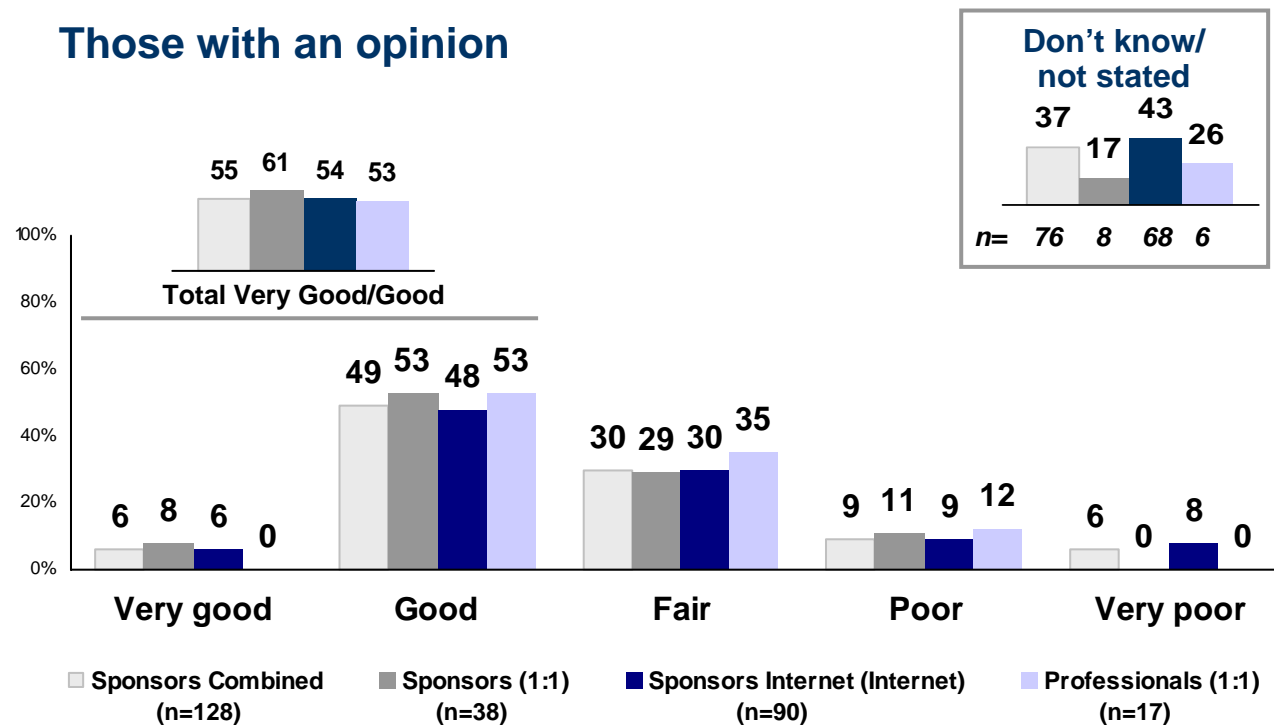
	<b>TOTAL GOOD %</b>				Very good %				Good %				Fair %				Poor %				Very poor %				<b>Sample Sizes of those with an opinion (n's)</b>			
	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1	Spon Comb	Spon 1:1	Spon Int.	Prof 1:1				
Striking an appropriate balance between the interests of plan sponsors and plan members	50	59	46	40	4	9	1	-	46	50	45	40	39	32	42	53	9	9	9	7	2	-	3	-	112	34	78	15
The transparency of the approvals process. That is, the rationale for OSFI’s recommendations and decisions is clear and understandable	46	54	43	47	4	11	1	-	42	43	42	47	40	34	43	47	9	9	9	6	5	3	5	-	112	35	77	17
Timeliness of processing	43	47	41	47	4	5	3	-	39	42	38	47	28	22	31	35	17	17	17	18	12	14	12	-	114	36	78	17

Q42. Overall, that is all things considered, how would you rate OSFI's performance in dealing with pension matters requiring its approval?

Just over half of sponsors with an opinion rate OSFI's approvals process as good on an overall basis.

Ratings of OSFI's Performance in Dealing with Pension Matters Requiring its Approval

Those with an opinion



- ◆ Just over half (55%) believe OSFI does a “very good” (6%) or “good” (49%) job overall in dealing with pension matters requiring its approval.

42a. Why do you offer that response? [42] / Q.42 Overall, that is all things considered, how would you rate OSFI's performance in dealing with pension matters requiring its approval?

## Assessments of OSFI's approvals process are moderately positive. Timeliness of some approvals is an issue of particular concern.

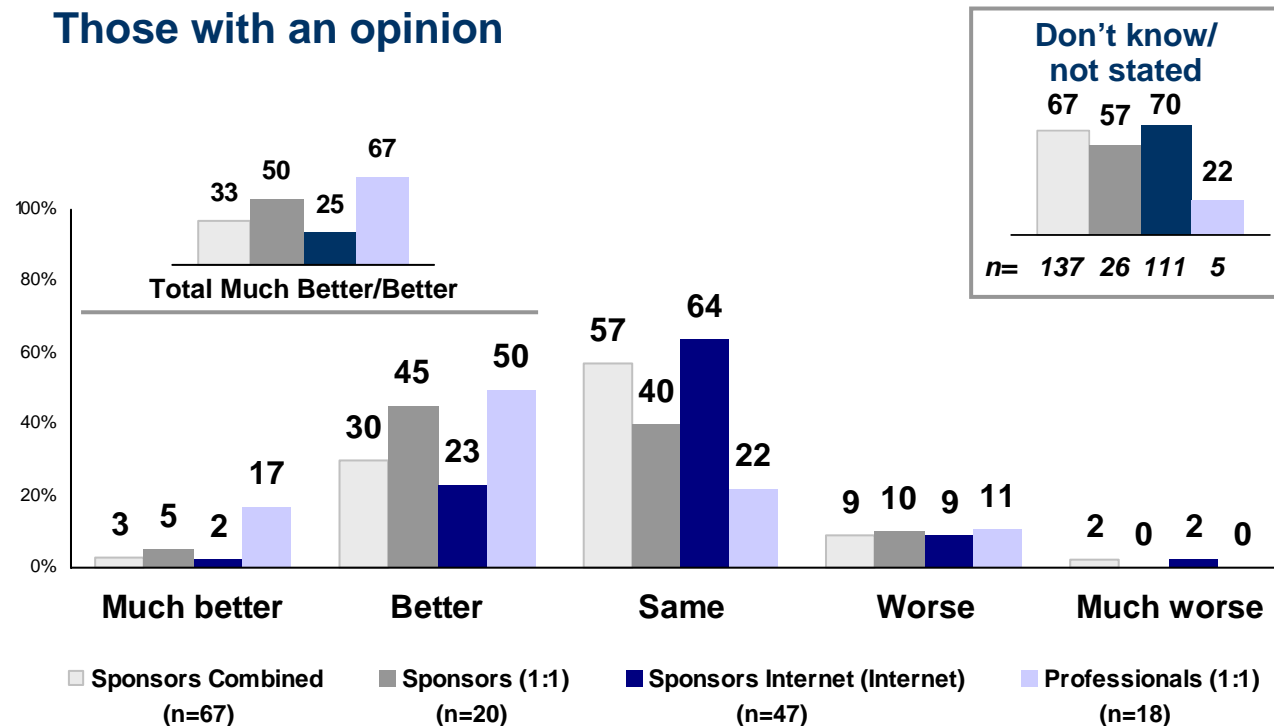
- ◆ The majority of sponsors provide moderately positive ratings of OSFI's performance in dealing with pension matters requiring its approval.
- ◆ Positive perceptions of OSFI's approvals process are often attributed to the responsiveness of the regulator. Responsiveness is often associated with helpfulness of staff members and their willingness to provide feedback.
- ◆ OSFI is commended by some respondents for effectively communicating its expectations and the reasons for its decisions.
- ◆ Based on open-ended responses, timeliness of response to applications figures strongly in both positive and negative perceptions of OSFI's performance in the approvals area.
  - There is some recognition that emerging policy issues, specifically the Monsanto and TransAmerica decisions, have been responsible for delays in the approvals process at OSFI, particularly in the area of asset transfers. However, some respondents expressed frustration that OSFI has not been transparent about the reasons for delay and the possible implications of the cases on specific applications.
  - A significant number of those with positive perceptions, by contrast, observe that OSFI's response to their approvals has been “timely” and “quick”.

Q43. Overall, that is all things considered, how would you compare OSFI's performance in dealing with matters requiring its approval with the performance of other Canadian pension regulators?

The majority of sponsors with an opinion believe that OSFI is comparable to other Canadian pension regulators in dealing with approvals.

*Comparison between OSFI's Performance in Dealing With Matters Requiring its Approval and Other Pension Regulators*

### Those with an opinion



- ◆ Among those providing a response, nearly six-in-ten (57%) believe that OSFI's performance in the approvals process is comparable to other pension regulators in Canada.
- ◆ One-third feel that OSFI is doing a better job than other Canadian pension regulators (33% "much better" or "better").
- ◆ Professionals (67%) are twice as likely as sponsors to assess OSFI as better.

43a. Why do you offer that response? [43] / Q.43 Overall, that is all things considered, how would you compare OSFI's performance in dealing with matters requiring its approval with the performance of other Canadian pension regulators?

Efficiency in approvals is seen as both a strength and a weakness relative to other regulators. OSFI's staff quality is viewed more positively than for other regulators.

- ◆ The strong majority of sponsors with an opinion believe that OSFI is comparable to or better than other Canadian pension regulators on issues of approval.
- ◆ It should be noted that most sponsors lack experience with many regulators. Their experience tends to be limited to only one or perhaps two regulators other than OSFI.
- ◆ As noted earlier, timeliness is a key factor contributing to both positive and negative perceptions about OSFI's performance relative to other regulators in Canada.
  - Among those who provide a favourable comparative rating of OSFI, some comment specifically that OSFI's work is more timely than that of the CCRA and that OSFI is generally more efficient than the provincial regulators they deal with.
- ◆ Some sponsors perceive OSFI staff as the factor that distinguishes OSFI from provincial regulators. OSFI's staff are described as “dedicated”, “experienced” and “service oriented” and as being more effective than many of the provincial regulators.
  - A few respondents observe that OSFI has the benefit of being better resourced than other regulators.

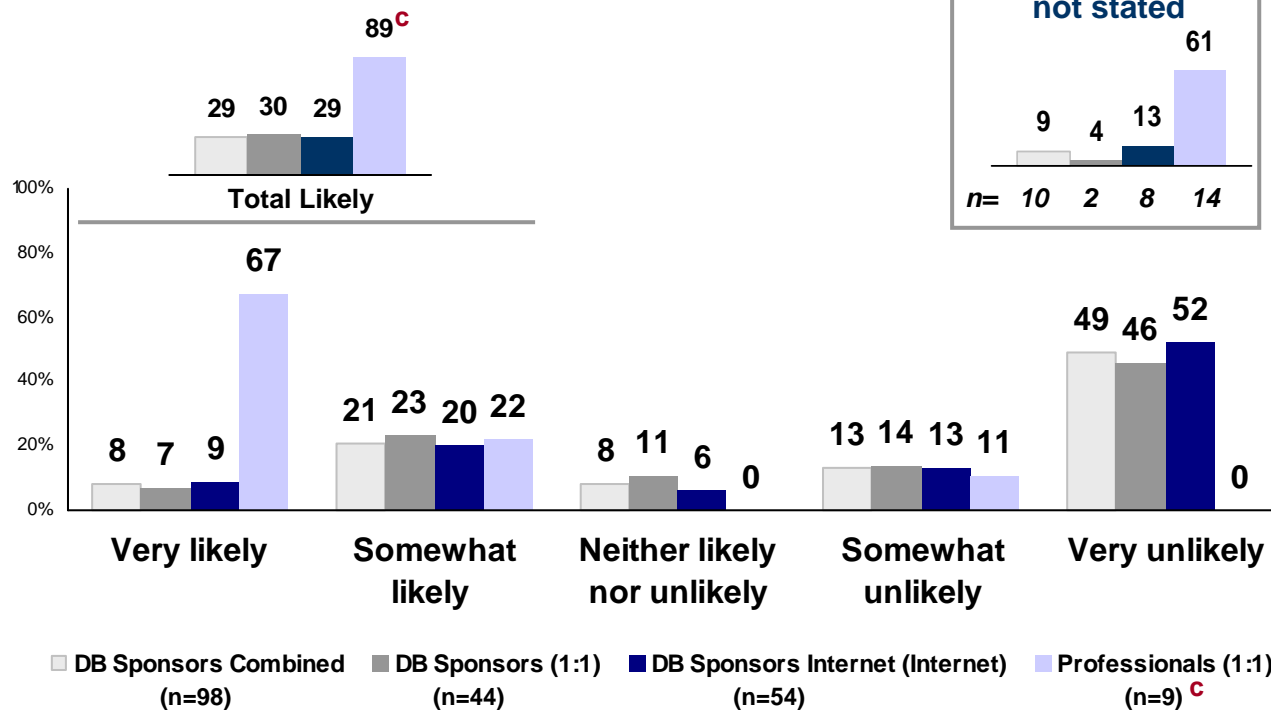


Q44. Finally, how likely is your company to register a defined contribution plan in the next couple of years?

Among those with an opinion, three-in-ten (29%) DB sponsors believe that their company is at least “somewhat likely” to register a defined contribution plan in the next couple of years.

*Likelihood Company Will Register a Defined Contribution Plan in Next Couple of Years*

### DB plans with an opinion



◆ Among the few professionals providing a response, nine-in-ten (89%) believe it is at least “somewhat” likely that the plans they advise will register a DC plan in the next couple of years.

**c:** Caution should be used when interpreting this result as only 9 professionals provided a response to this question.