



169283

FEB 08 2007

Susan Bird, CEBS .
President
Employee Benefit Plan Services Limited
4510 Dawson Street
Burnaby BC V5C 4C1

Dear Ms. Bird:

Thank you for your correspondence of January 15, 2007 regarding solvency rules for multi-employer pension plans. I appreciate hearing your views on this issue and recognize there are challenges facing defined benefit pension plans at this time.

Your letter is one of several I have received on the subject of pension plan solvency rules. Some agree with you that solvency rules are not appropriate for multi-employer defined benefit plans because they see the risk of a multi-employer plan winding-up suddenly as very low. However, others suggest that it is possible for an industrial sector to decline, resulting in a significant number of employers withdrawing from the plan and placing financial strain on it. Supporters of this view suggest that solvency rules impose discipline on plan trustees to balance the interests of current and future members and to better match plan assets with plan liabilities.

The variety of opinions amongst pension plan regulators, administrators, employers and plan members suggests that pension plan funding rules are a very complex issue. Accordingly, I have asked staff in the Financial and Corporate Sector Policy Branch to consult with a range of experts, stakeholders and other jurisdictions over the next few months with a view to determining whether it is appropriate for British Columbia to implement solvency measures like those recently undertaken by the federal, Alberta and Quebec governments.

This should allow us to develop an interim strategy to ensure our private pension plan policy strikes an appropriate balance between protecting employees and pensioners while also providing a competitive environment for employers. In addition, I expect that staff may receive views that will help develop policy options for a comprehensive longer term strategy.

.../2

I anticipate that ministry staff will contact you and other stakeholders in the coming months. For further information on this issue, I would encourage you to contact Marcus Gill, A/Policy Advisor, Financial and Corporate Sector Policy Branch, Ministry of Finance. Mr. Gill can be reached at 250 387-3072.

Once again thank you for writing. Pension issues are important to me and all British Columbians.

Sincerely,

A handwritten signature in cursive script that reads "Carole Taylor".

Carole Taylor
Minister