

PENSION UPDATE

January 2005

MEMBER RESPONSIBILITIES OUTLINED IN THE CAP GUIDELINES

With the recent release of the Joint Forum's Guidelines for Capital Accumulation Plans (CAP Guidelines), there has been much written and said regarding the responsibilities of plan sponsors with respect to administration and governance.

However, an important and often overlooked area of the Guidelines deals with the responsibilities of CAP members. The intention of the Guidelines is to clarify the rights and responsibilities of *all* stakeholders involved in a CAP.

With that in mind, the Guidelines begin by clearly stating that CAP members do indeed have responsibilities. "CAP members are responsible for making investment decisions within the plan and for using the information and decision-

making tools made available to assist them in making those decisions."

The Guidelines make it clear that members have a role to play. It is no longer enough to assume that the plan sponsor will take care of everything. The Guidelines are clear that members have to take an interest, read materials they receive, ask questions, choose appropriate investments and seek expert advice if they do not understand issues relating to the plan.

Examples of decisions made by CAP members include: how much to contribute (if they have this option), how much they should contribute to a particular investment option and whether an investment in a particular option should be moved to another option. It is the members' responsibility to review the investments and choose those that are most appropriate for them.

Having said that, the Guidelines make it clear that it is the plan sponsors' responsibility to ensure that members have the necessary information, decision making tools, access to expert advice and access to appropriate investment options to choose from.

Information should be provided at a level that will appeal to the majority of plan members so they will read and understand the risks associated with the different investment options.

As well, it is important to encourage members to take the time to consider what level of savings they will need for retirement and how their money would be invested to meet their financial goals.

During the fourth quarter of 2004 Proteus welcomed our newest clients;

MDS Inc.— MDS Inc. is an international health and life sciences company that provides enabling products and services for the development of drugs and the management of disease.

OMEX—The Ontario Municipal Insurance Exchange (OMEX) is a not-for-profit reciprocal insurance

The Guidelines specifically state that the CAP sponsor should provide information outlining:

- a members' responsibility for making investment decisions and that those decisions will affect the amount of money accumulated in the plan;
- members' responsibility for informing themselves about the plan, using the documents, information and tools available to them; and,
- the recommendation that members ought to obtain investment advice from an appropriately qualified individual, in addition to using any information or tools the CAP sponsor may provide.

With this in mind it is important that CAP sponsors address member responsibility, as part of their overall communication strategy.

If you have any questions, or require assistance in ensuring your Capital Accumulation Plan complies with the Guidelines before the **December 31, 2005** deadline, please call Gord Lewis at 1-877-360-6363.

Proteus is on the Web!

www.proteusperformance.com

Proteus Performance Management

250 Ferrand Drive
Suite 303
Toronto, ON M3C 3G8
Phone: 416-421-3557
Fax: 416-421-1348
Email: pension@proteusperformance.com

An electronic version of this publication is available in the 'Articles and Information' section of our website www.proteusperformance.com

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