

May 10, 2012

The Right Honourable Stephen Harper
Member of Parliament
House of Commons
Centre Block
Ottawa, ON K1A 0A6

Dear Prime Minister,

Re: Bill C-377

On behalf of my colleagues at Leith Wheeler Investment Counsel, I would like to offer our comments in response to the proposed amendments to the *Income Tax Act*, contained in Bill C-377.

Leith Wheeler Investment Counsel is an employee owned firm managing \$11 billion of investment portfolios on behalf of our clients. Over 80% of our assets under management are pension funds, with another 3% representing health and welfare assets. Our clients are widely dispersed, including corporate, government, academic, union and jointly trusted organizations, located throughout Canada.

We take considerable pride in the fact that we have assisted our jointly trusted and union clients to provide retirement and benefit security to such a large number of Canadians. Despite the challenges presented by low interest rates and the volatility of equity markets, these pension and health and welfare Trust Funds have survived largely as a result of prudent stewardship and effective execution of fiduciary duties. Their efforts to offer and promote retirement savings plans and provide ongoing benefits through health and welfare plans are to be applauded. We believe that it is in the best interests of all Canadians that these Trust Funds continue to offer cost effective solutions to their membership

As Bill C-377 is currently written, our concern is that its application to Trust Funds, specifically pension as well as health and welfare funds, will result in an unnecessary administrative burden and substantial additional costs arising from the reporting requirement contained in the Bill. We ask you to consider removing Trust Funds, which are established for the specific purpose of managing pension and health and welfare assets, from the scope of this proposed legislation.

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Consistent with all other registered pension and health and welfare plans (Trust Funds) in Canada, union administered Trust Funds are currently subject to an annual independent audit as well as Federal and Provincially legislated reporting standards, which ensure full disclosure of information for plan members and regulators. In our view, establishing reporting and disclosure standards through Provincial and Federal legislation is preferred over the more targeted focus of Bill C-377, since it establishes a common set of reporting standards for all registered pension and health and welfare funds. It is our understanding that all of the salient points set out under Section 3 (b) of the Bill are already contained under existing legislation pertaining to the operation of Trust Funds. We fear that the unintended consequence of Bill C-377 will be a significant increase in administrative cost with no obvious improvement in the availability of relevant information to the membership. Further, we believe that the administrative cost increase will be borne by the membership of the Trust Funds through reduced amounts being available to the benefit programs.

At a time when so few Canadians are covered by private pension plans, we are sure that you will recognize the importance of supporting the continuance of these worthy programs.

We appreciate your consideration of this matter.

Sincerely,

Leith Wheeler Investment Counsel Ltd.



David Schaffner, CFA
President & CEO
Tel 604.683.3391

DS:kc

cc: The Honourable James Flaherty, Minister of Finance
The Honourable Lisa Raitt, Minister of Labour
The Honourable Joyce Murray, Liberal Party of Canada
The Honourable Gail Shea, Minister of National Revenue
✓ Standing Committee on Finance (FINA)