



Canadian Life & Health
Insurance Association
Association canadienne des
compagnies d'assurances
de personnes

Submission to the Office of the Superintendent – Manitoba Pension Commission

June 25, 2025





INTRODUCTION

The Canadian Life and Health Insurance Association (CLHIA) commends the Pension Commission of Manitoba for inviting input on its five-year review of the Pension Benefits Act (PBA) as outlined in its May 12, 2025 [consultation paper](#), and is pleased to provide comments.

The CLHIA is the national trade association for life and health insurers in Canada. Our members account for 99 per cent of Canada’s life and health insurance business. The industry provides a wide range of financial security products such as life insurance, annuities, and supplementary health insurance. Canadian life insurers operate in more than 20 countries and three of our members rank among the top 15 largest life insurers in the world by market capitalization.



Protecting 1.1 million Manitobans

910,000
with drug, dental and other health benefits
880,000
with life insurance averaging
\$222,000 per insured
410,000
with disability income protection



\$3.6 billion in payments to Manitobans

\$1.2 billion
in health and disability claims
\$0.4 billion
in life insurance claims paid
\$2.0 billion
in annuities



\$137 million in provincial tax contributions

\$24 million
in corporate income tax
\$26 million
in payroll and other taxes
\$38 million
in premium tax
\$49 million
in retail sales tax



Investing in Manitoba

\$31 billion
in total invested assets
97%
held in long-term investments

Life and health insurers play an integral role in the pension and retirement savings plan space in Manitoba as plan administrators and service providers. Our members manage the retirement savings of nearly 10 million Canadians. Our industry manages \$203 billion in private pension assets (e.g., Defined Contribution Pension Plans (DCPPs)), and \$179 billion in individually owned plans such as Registered Retirement Savings Plans (RRSPs).

Our members are uniquely positioned to connect their customers to their assets and help ensure that they are effectively saving for retirement. More specifically, our recommendations below are intended to ensure that pensions continue to be a trusted and essential source of retirement income for many Manitobans.



DISCUSSION QUESTIONS

1) Expanding existing unlocking provisions

1. Should the one-time transfer at age 55 be expanded to include the option of transferring to an unlocked account within a pension plan with the same characteristics as a Prescribed Registered Retirement Income Fund (PRRIF), if permitted by the plan?

In general, a pension's purpose is to provide adequate pension benefits in retirement and, as such, facilitating the unlocking of pension assets should be undertaken with caution.

While there has been limited uptake of 50% unlocking among our members' DC pension plans based on the current rules (optional plan term), we do see a growing trend of unlocking in Canada.

Also, as the current rules for 50% unlocking from Locked-in Retirement Accounts (LIRAs) and Life Income Funds (LIFs) to a PRRIF are somewhat prescriptive, we do believe that unlocking provisions would provide more flexibility for plan members and potentially help simplify that process.

We respectfully request that industry be consulted when the Manitoba Pension Commission/Government finalizes its draft policy instrument (i.e., regulations or legislative amendments) so that CLHIA can provide helpful input on how best to operationalize the proposed changes. Also, we would request that sufficient time be provided for the industry to implement any new changes to help ensure that the needs of Manitobans are met.

2. Should full unlocking at 65 be expanded to include full unlocking from a pension plan at age 65, if permitted by the plan?

In general, CLHIA would advise caution with regard to loosening unlocking rules as opening them up risks depleting assets too quickly as life expectancies continue to grow. That said, as this is already an existing rule for LIRAs/LIFs, it makes sense to extend them to pensions as well.

Also, if the Manitoba Pension Commission/Government were to decide to go in that direction, our members would see value in harmonizing rules nationwide from an administrative and member education perspective, with a renewed emphasis on overall retirement planning and education.

3. Should any other unlocking provision changes be considered?

As noted in 1(1) above, the current rules for 50% unlocking from LIRAs and LIFs are rather prescriptive so any changes to simplify that process would be helpful.

Also, we would suggest that streamlining the existing unlocking processes under Part 10 (Divisions 4, 5, 6, 7, and 11) of the Pension Benefits Regulation, Man Reg 39/2010, by adopting a simplified approach similar to the Financial Hardship Unlocking process be considered.

This change would enable former pension members to access their funds more efficiently by eliminating the multi-step process. Applicants would submit the required paperwork directly to the



financial institution (FI) in one step, and the FI would then review the documents as the second and final step. If the submission meets all requirements, the FI would approve and process the withdrawal within 30 days of receiving the properly completed paperwork. This simplified approach would provide former pension members with more timely access to their funds, alleviating frustrations with the current burdensome process while maintaining necessary safeguards.

Additionally, the current requirement for applicants to provide the amount of tax payable on a number of government prescribed forms/applications often leads to significant delays due to incorrect completion. It is recommended that the requirement for the applicant to specify the amount of tax be removed, and instead have appropriate disclosure added to the form to advise how tax will impact their withdrawal amount (i.e., the amount calculated is gross, it will be reduced by the tax payable or the amount calculated is net, the withdrawal amount will be increased by the tax payable). This change would reduce the complexity of calculations for applicants, make the process more efficient by decreasing errors, and allow for more timely processing with less frustration on the part of the applicant.

Below is an example related to low income on the Financial Hardship Withdrawal Application.

IV - ACCESS REASONS AND REQUIRED DOCUMENTS	
<p>You are permitted to apply under each reason only ONCE per calendar year and you may choose more than one reason at a time (please check the box(es) for each reason you are applying under).</p>	
Reason for Applying	Required Documents/Maximum Withdrawal Amounts
<input type="checkbox"/> 1. Low Expected Income Your expected total income from all sources before taxes for the one-year period following the date you sign this Application must be \$47,533.33 (which is 2/3rds of the Year's Maximum Pensionable Earnings (YMPE) for 2025) or less. 2025 YMPE is \$71,300. This amount shall not include the amount of this withdrawal or expected income from any other family members. The amount of tax payable on the withdrawal will be provided by the financial institution.	<p>A = maximum amount that may be withdrawn</p> <p>B = the YMPE for the year the application is signed</p> <p style="text-align: right;">(B) \$71,300.00</p> <p>Please complete the following:</p> <p>C = your expected total income from all sources before taxes for the one-year period following the date you sign this Application, not including the amount of the withdrawal?</p> <p style="text-align: right;">(C) \$</p> <p>D = the amount of tax payable on the withdrawal</p> <p style="text-align: right;">(D) \$</p> <p>A = The maximum amount you may withdraw</p> <p>= $0.75 \times [(2/3 \times B) - C] + D$</p> <p>= $0.75 \times [\\$47,533.33 - C] + D =$</p> <p style="text-align: right;">(A) \$</p>

Financial Hardship Withdrawal Application Form - 2025

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2) Improving defined benefit plans

4. What changes to current legislation would encourage employers or plan sponsors to create new defined benefit plans?

CLHIA has no comments on this question.



5. Are there any current legislative requirements that should be adjusted to improve or facilitate the administration of defined benefit plans?

CLHIA has no comments on this question.

3) Improving defined contribution plans

6. What changes to current legislation would encourage employers to create new defined contribution plans?

One approach to improve defined contribution plans might be to consider simplifying requirements for DCPs wherever possible, with an aim to making requirements principles based. Also, the Manitoba Commission may want to consider ways to reduce the costs of DCP administration and thereby encourage more employers to offer a DCP.

We also recommend Manitoba consider allowing phased retirement for DCPs. This would allow individuals to draw income while continuing to work. We would welcome consultation on a proposal to enact this suggestion.

7. Are there any legislative barriers discouraging employers from continuing to operate existing defined contribution plans?

The legislative barriers discouraging employers from continuing to operate existing DCPs include lack of harmonization with other pension legislation, which constitutes a barrier for plan sponsors of multi-jurisdictional defined contribution plans, i.e., full unlocking at age 65, as well as the cumbersome nature of the PRRIF rules.

In addition, plan sponsors often struggle with the eligibility rules especially those for non-permanent as well as part-time employees. Employers should have more flexibility when determining who can join the plan and be able to exclude employees that work part-time, and/or are seasonal or contractual (not just students).

To encourage higher participation in DCPs, consider increasing the 50-member requirement to a higher number (perhaps 100) to decrease the number of situations where a pension committee is required to be formed to act as plan administrator. Also, consider less prescriptive rules for the operation of the committee.

Alternatively, consider increasing the 250-member limit under the Simplified Money Purchase Pension Plan (SMPPP) rules to permit participation in at a higher number than 250. This would effectively limit DC participation but increase it for SMPPPs. Also, as sponsors find the legislative requirements and added costs a burden when establishing DC pension plan, consideration should be given to reducing them.

It would be helpful if the questions below on the Annual Information Return (AIR) could be clarified regarding filing responsibilities for the Statement of Investment Policies and Procedures (SIP&P).



There is confusion amongst plan sponsors related to the filing requirements and many follow up requests by the Commission are made to sponsors to file a SIP&P with the AIR.

Filing at issue and when the SIP&P is amended makes sense, but re-filing when no changes are made appear to be unnecessary. Also, as the SIP&Ps contain standard Investment Policy Statements for each of the funds, it would be much easier for administrators if it were possible for the Commission to maintain a registry of these pages since they rarely change, as opposed to administrators filings these pages with the Commission. This could be streamlined as follows:

“Does the pension plan have a written statement of investment policies and procedures which complies with section 3.23 of the Regulation? Yes/No -- this is a required field

Has the plan’s written statement of investment policies and procedures been established or reviewed in the fiscal year covered by this return? Yes/No -- please provide a copy.

Note: *If yes, a copy of the amendment, or of the statement as amended, must be provided to each person or organization entitled to a copy.”*

Also, it would be helpful if the legislation was updated/clarified to eliminate the uncertainty as to when plan administrators must obtain confirmation from the member/beneficiary of whether all or part of the member’s benefit “is or may become subject to division” due to a relationship or marital breakdown. Under existing rules, the Commission has indicated that this would be prudent from a compliance perspective to obtain a declaration on any triggering event, even when additional voluntary contributions (AVCs) are withdrawn from a pension plan.

Finally, it would be helpful if the legislation could be updated to exempt plans that provide only DC benefits from establishing a SIPP if members direct the investments of their account, as was done by Ontario.

4) Variable payment life annuities (VPLAs)

8. Should Manitoba permit registered defined contribution plans to offer the option of transferring a plan member’s pension benefit to a VPLA when the member terminates employment?

CLHIA fully supports the concept of VPLAs that enable retirees who are members of Defined Contribution Pension Plans (DCPPs) and Pooled Registered Pension Plans (PRPPs) to effectively access a post-retirement income stream. However, to be successful, the province’s VPLA framework should help ensure that it is as wide reaching to as many Manitobans as possible.

It is worth noting that PRPP uptake in Canada remains low and only a handful of DCPPs have the scale to administer a VPLA fund within their plan. Even among these larger plans, not all will have a desire to offer a VPLA. Without sufficient scale, VPLAs won’t be viable, denying Manitobans the ability to use these vehicles to effectively secure a post-retirement income stream.



CLHIA continues to work with Finance officials both federally and provincially to actively seek changes to help ensure a viable and wide-reaching decumulation solution for as many Canadians as possible. In this regard, both Quebec and Ontario have recently taken policy action on VPLAs, and CLHIA has provided them with our comments and recommendations.

In our view, for VPLAs to be successful in Manitoba and across Canada, there must be:

1. **Sufficient scale:** As PRPP uptake in Canada remains low, in addition to accepting funds from DCPPs and PRPPs, it is imperative that VPLAs accept funds from other registered retirement plans. This includes funds in RRSPs, Registered Retirement Income Funds (RRIFs), Deferred Profit-Sharing Plans (DPSPs), Locked-in Retirement Accounts (LIRAs) or Life Income Funds (LIFs).
2. **A single pool:** A single Canada-wide pooled solution for VPLAs should be permitted under both federal and provincial legislation to ensure a harmonized experience for Canadians, regardless of where they live. This will also help achieve scale, manage administrative costs, and diversify risks.
3. **Market-based pricing:** Regulators should refrain from fee caps on providers of VPLAs and PRPPs and instead allow market-based pricing. It is our view that regulation of fees, specifically fee caps, may be counterproductive for ensuring low fees. Further, fee caps may prevent plan administrators from offering the product altogether out of the belief that they cannot recoup their investment to build the product over an acceptable timeframe, if it does not achieve scale. As a result, a fee cap could prevent the product from coming to market.
4. **A harmonized approach:** Manitoba should work with the federal government and provinces to adopt a common, principles-based approach to VPLA regulation. It should allow for maximum flexibility in terms of product features and consumer choice.

Importantly, we strongly encourage Manitoba to work with its provincial and federal counterparts to develop a viable and appropriate VPLA design framework that allows direct transfers from registered plans to a PRPP's VPLA fund that are quick and seamless to achieve sufficient take-up rates.

5) Annuity discharge

9. Should Manitoba adopt annuity discharge legislation for pension plans purchasing annuities for plan members?

The CLHIA supports explicit annuity discharge as we believe it will encourage annuity purchases, in particular buy-out transactions. We recommend that when considering proposed annuity discharge requirements, Manitoba take steps to ensure the requirements do not create excessive burden. Generally, we believe that pension plans should have as easy a path as possible to purchasing an annuity to secure plan members' pensions with a Canadian insurer. The CLHIA encourages a harmonized approach with that of other common law jurisdictions (e.g., Ontario, B.C., New Brunswick, and Nova Scotia).

The CLHIA has the following recommendations regarding annuity discharge:



- Since plan administrators engage in and carry out annuity purchases in line with their fiduciary responsibilities, the discharge should not be conditional on obtaining member consent to the annuity purchase. Rather, we support disclosure to affected plan members.
- That annuity discharges be allowed for all individuals entitled to benefits from the pension plan, not only members and former members. The benefits of a discharge will be offset if it does not apply to all plan liabilities.
- That a retroactive discharge be permitted, provided the prior annuity purchase meets the prescribed requirements applicable to go-forward discharges.
- That it be sufficient to require a certification from the pension plan administrator that they have purchased annuities in compliance with the Pension Benefits Act, CCSM c P32 and the Pension Benefits Regulation, Man Reg 39/2010.

6) Other pension legislation items

10. Should any other items not mentioned in the Consultation Paper be considered during the Act review?

i) Implementation and Harmonization

The industry believes that any recommendations that result in multiple changes (i.e., new requirements) to the Pension Benefits Act of Manitoba be given sufficient time to be implemented.

More specifically, the industry believes that any legislative changes which pose implementation risks (i.e., system changes, updates to government prescribed forms, etc.) generally be given a timeframe of 9 to 12 months, particularly as processes and procedures cannot be revised until the updated forms are available. We would recommend consultation before any change, so we can advise on the timing required for a given change.

Finally, the industry believes that rules across all jurisdictions should be harmonized to help improve member understanding, reduce confusion, and ease administrative burdens.

ii) Manitoba Simplified Money Purchase Pension Plan (SMPPP)

As eligibility under the SMPPP has been an area of confusion over the years, it would be appreciated if, for example, clear legislative provisions related to the ability for eligibility/membership to vary between full-time and part-time employees in a given class be provided (i.e., mandatory for full-timers within a class or voluntary for the part-timers). Many traditional DCPPs convert to participation under a SMPPP, and it is difficult when the eligibility/membership provisions are not the same between the traditional and SMPPP plan.

Similar to the AIR for traditional plans, we would appreciate a similar url for the SMPPP; possible increase in 250-member limit (as referenced above); and clarification of regulatory filing requirements upon issue and amendment (annually or otherwise).



iii) **Zero Interest Accounts**

The industry believes that the legislation should be updated to permit Manitoba members to invest in a fund that does not earn interest, regardless of whether or not the member is participating in a pension plan registered in Manitoba or another jurisdiction.

CONCLUSION

The CLHIA appreciates the opportunity to provide comments on the Commission's five-year review of the Pension Benefits Act (PBA) and to help ensure that Manitobans can continue to retire with confidence.

If you have any questions regarding our submission or would like to discuss this matter in more detail, please do not hesitate to contact David Whyte, Director of Pension Policy and Governance, at the CLHIA: dwhyte@clhia.ca.



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