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December 9, 2009

The Honourable James M. Flaherty
Minister of Finance
Department of Finance Canada
140 O'Connor Street
Ottawa, Ontario
K1A 0G5

Dear Minister:

Re. Improving Canada's Retirement Income System

Further to the study we provided to you in September entitled "***Encouraging Small and Medium Sized Firms to Participate in Pension Plans***", we would like to provide you with our views on improving the retirement income system in advance of the meeting of the Federal-Provincial-Territorial Working Group on Retirement Income Adequacy on December 17, 2009.

Advocis, The Financial Advisors Association of Canada, is Canada's oldest and largest voluntary professional membership association of financial advisors and planners. We represent life and health insurance licensees and mutual fund and securities registrants across the country. Advocis members pride themselves of the service and advice delivered to individuals and the business community, particularly small-and medium-sized companies through the provision of professional financial advice and insurance and financial service products.

Retirement planning is a priority for millions of Canadians and over 10,000 members work with millions of individuals, families and businesses in achieving their financial objectives. Our members provide comprehensive financial advice to Canadians through all stages of their lives including estate and retirement planning, wealth management, risk management tax planning, employee benefits, critical illness and disability insurance. Our members provide retirement planning and investment advice to employees with pension plans, with RRSPs and TFSA's and our members also establish and administer pension plans for small and medium sized businesses.

Advocis strongly believes that professional financial advice is needed by the majority of Canadians in order to lead to good consumer financial outcomes, not only in the areas of retirement income savings, but in a whole host of other areas as well. Advocis also believes that public policy needs to foster an expansive role for professional financial advice in order to ensure that Canadians can meet their retirement income goals. Canadians should not be expected to serve as their own financial experts but should have the ability to obtain professional financial advice so that they have safe and adequate retirement savings.

Advocis strongly believes that a broad focus encompassing all types of retirement savings is required. The problems of defined benefit plans are only a small part of a larger tableau. Public policy needs to not only focus on improving the pension regime for the small percentage of Canadian employees who have an existing pension plan but also on facilitating pension plan participation for those Canadian employees who do not currently participate in a pension plan and who need to save for their retirement.

The Advocis study is intended to promote thoughtful and informed discussion of the public policy issues around how to increase pension plan participation and promote a sound pension system. The study examines existing barriers to establishing and maintaining pension plans and incentives to encourage small and medium sized employers to participate in pension plans. In addition the study looks at other key aspects of the retirement income system in Canada and offers some practical solutions to improving the system.

The report confirms that the most appropriate type of employer sponsored pension plan is a defined contribution pension plan, especially for small and medium sized business enterprises. The report identifies a number of obstacles to reforming the pension and retirement income system and sets out a number of recommendations to reform the system and create incentives which will improve pension coverage and the retirement income system for all Canadians.

It is our hope that as you and the other finance ministers from across Canada deliberate on issues related to the pension and retirement income system in Canada that Advocis continues to be an active participant in the public policy discussions to ensure that Canadians become better prepared for their retirement and that Canadians continue to have ample access and choice to professional financial advice.

Yours sincerely,



Greg Pollock
President and CEO



Terry Zavitz, CFP, CLU, RHU, REBC
Chair, National Board of Directors