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# Goodbye? Hello

*The pension industry takes another crack at the Foreign Property Rule.*

It's tough to be confident in Canada in February. There's the ice, the snow, and the fading memory of holidays. And there's the prospect of a federal budget. Remember, spring isn't that far away.

The confidence watch never lets up. Analysts scrutinize indicators of consumer confidence. Money managers bemoan the state of investor confidence. Plan sponsors worry about pension fund performance and low funding levels. What can be done to bolster our spirits, especially in the long February of this bear market?

One seasonal suggestion is to open the investment borders for Canadian pension funds. The Pension Investment Association of Canada and the Association of Canadian Pension Management recently challenged federal Finance Minister John Manley to scrap the Foreign Property Rule on registered pension plans and RRSPs in his next budget. The rule effectively limits the proportion of assets in pension funds which can be invested outside Canada to 30%.

A study commissioned by the two organizations concluded that dropping the foreign content rule could be worth up to \$3 billion per year for Canadians with company pension plans or RRSPs. Imagine what that could mean to underfunded pension plans. Indeed, the study estimated that raising the limit to the current level of 30% may have added as much as \$1 billion annually to the value of retirement-related savings.

"It would indeed appear that the [Foreign Property Rule] is an anachronistic relic," said the report, which

argued that dropping the rule would likely not affect the exchange rate.

Indeed, there are investment products that legitimately skirt the rule. And Manley sends a mixed message when he stresses the importance of competing in a global economy, yet upholds a weakened rule.

Given this, does it make sense to simply raise the limit again? The timing is right for Ottawa to eliminate the rule. Wouldn't this be a show of confidence in Canadians as they save for retirement? I think it would be an optimistic act.

Speaking of foreign content, I am the new editor of BENEFITS CANADA, and its sister publication *Canadian Investment Review*. My predecessor, Kevin Press, has a new role as editor, special projects at Rogers Publishing. Kevin's new column, Bottom Line, can be found on page 50.

As for me, I'm actually not that foreign to BENEFITS CANADA. For the past two years I reported on Canada's financial advice industry for the Web site advisor.ca, another Rogers media property, and my articles often appeared on benefitscanada.com and in the news section of the magazine. Naturally, I have a lot of questions to ask you (I live in a state of "relentless learning") and look forward to joining the pension and benefits communities.

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