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Chris Forbes
Federal-Provincial Relations and Social Policy Branch
Department of Finance
L'Esplanade Laurier
15th Floor, East Tower
140 O'Connor Street
Ottawa, Canada K1A 0G5

Submitted by email: ris-consultations-srr@fin.gc.ca

Dear Mr. Forbes:

Independent Financial Brokers of Canada (IFB) welcomes the opportunity to offer comments on behalf of our 4,000 members to the Finance Department's public consultation on suggested changes to Canada's retirement income system. As you will see from our comments, we believe that this consultation provides an important opportunity to stand back and review the retirement income system as an important – but not single - element within the broader context of planning for one's financial security.

IFB is a not-for-profit association established 25 years ago to provide a centralized voice and professional resource for advisors who have chosen to serve their clients as licensed, independent financial advisors. Their independence means they are not employees or agents of a particular insurer but have the contractual capability to offer consumers a variety of financial products from various provider companies. While most are life/health insurance and/or mutual fund brokers, many hold other financial licenses in this industry, including mortgages, general insurance and securities, for example.

Effective financial planning is a life-long exercise

The fundamental value that our members bring to their clients is their ability to help these clients save, prepare and provide for the future through a process of assessing and reassessing

their financial needs as the client's personal circumstances change. Changes such as marriage, divorce, birth of children, caring for elderly relatives, retirement, disability and death are some of the major life events that require proper planning for. As is apparent, retirement is only one of many life events which can trigger the need for planning and adequate savings.

We believe that the current focus on retirement strategies may lead this government to miss a valuable opportunity to promote a greater level of understanding amongst Canadians of the value of short, medium and long-term financial planning. Adopting this strategy would provide a more comprehensive approach and dovetail nicely with the concurrent consultation underway which is soliciting public input for the Task Force on Financial Literacy. Under this scenario, the government would be working toward a national, integrated approach that would encourage financial literacy and planning as an ongoing exercise, which we believe will position Canadians much better to deal with all phases of life, including retirement.

In addition, IFB believes that taking an integrated approach to understanding the value of financial planning will further the knowledge of the average Canadian of the various investment options available in the marketplace, regardless of whether they choose to make such investments on their own or with the assistance of a professional financial advisor. However, given the many financial products that are available to consumers it can be an overwhelming exercise for many to make sound investment choices without such advice. Indeed, surveys have shown that consumers who use a professional advisor are more likely to save on a regular basis and invest these savings. In this respect, we are not limiting 'investing' solely to mutual funds or securities products, but include the acquisition of life and health insurance as well. These insurance products are unique in that they are generally long-term investments intended to protect the individual, beneficiary, or the family of an individual, when the policyholder becomes disabled, ill or dies. Providing adequate financial protection under these circumstances is equally important, as is providing for retirement.

Non-traditional investments have a place in savings strategies

Investments can be more than money set aside in savings or designated retirement accounts. Canadians choose to 'invest' their funds and resources in many ways, not all of which will represent traditional retirement investments. For example, some collect memorabilia, coins, stamps and even wine as investments. Some hoard gold as insurance against currency losses – thereby still investing, although in less readily apparent way.

Today, many Canadians have their 'savings' tied into the value of their homes. In the last number of years in particular, the purchase and renovation of real estate property has been a popular investment, particularly in areas experiencing rising prices. It is common in many areas now for people to have a significant investment in their home as a potentially capital gains free way of investing and a 'hedge' against inflation. In this regard, the family home can represent an inflation free place to live after retirement.

Regulatory burden threatens independent professional advice

Despite the many advantages and value professionally trained financial advisors bring to the Canadian consumer, as an organization, we are seeing more and more of our members increasingly frustrated with the regulatory burden, the cost of compliance, and its negative effect on their ability to properly serve their clients and provide the advice they require.

Government strategies aimed at increasing consumer protection have too often had inadvertent negative effects on these advisors' ability to conduct their business. Regulatory measures such as the Do Not Call Rules and some of the proposals in the Electronic Commerce Protection Act for example, create barriers for advisors to contact potential clients or follow-up on referrals. They add additional layers of regulation and cost on those who are already provincially licensed, subject to extensive market conduct oversight by their regulators (including suspension or termination of their license for infractions) and where consumers already have multiple recourses in the event of a complaint.

We believe the government should streamline this burden in recognition of the value that such advisors bring to consumers and in helping them to plan effectively for their financial future. It is our strongly held view that Canadians will be much poorer off if they cannot access the advice and services of independent advisors, like our members.

The Retirement Income and Financial Task Force on Financial Literacy consultations provide just such an opportunity to recognize the value of this advice and the important role licensed financial advisors play in this process. The result of which will be of benefit to the future economy of this country as a whole.

Thank you for the opportunity to share our views. We would be pleased to provide further comment at any time.

Yours truly,



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Cc: Task Force on Financial Literacy
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