

CAP Guidelines Report For Registered Retirement Savings Plan

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Capital Accumulation Plan (CAP) Guidelines Report

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Capital Accumulation Plan (CAP) Guidelines Report

Your Capital Accumulation Plan (CAP) Guidelines Report

Developed by the Joint Forum of Financial Market Regulators, the **Capital Accumulation Plan (CAP) Guidelines** provide an outline of the roles and responsibilities required of those who sponsor, supply and participate in Capital Accumulation Plans. The Guidelines offer direction about information that should be provided to plan members to help them understand the purpose and features of their plans as well as make appropriate investment decisions.

The **Capital Accumulation Plan (CAP) Guidelines Report** is intended to help plan sponsors document the steps their plan has taken to comply with the Guidelines. The information assembled in this report reflects responses provided to questions posed about each CAP guideline on Manulife's secure Plan sponsor website. This report could form part of a plan sponsor's complete CAP compliance regime.

Produce this report annually, at least, updating your answers as needed and documenting any changes made to your plan. Keep updated copies for reference to demonstrate your efforts to fulfill plan governance requirements.

Here are helpful documents to accompany your CAP Guidelines Report:

- A copy of the final Guidelines published by the Joint Forum of Financial Market Regulators.
- A copy of Manulife's compliance certificate.
- Section 5900 – Independent Audit Review of Control Policies.

These documents are available online in the **Plan Governance Support Centre** area of the Manulife secure website at www.manulife.ca/GRO.

Section 1 - Introduction

Section 1 - Introduction

These Guidelines reflect the expectations of the Joint Forum regarding the appropriate management of any capital accumulation plan, regardless of what legislation governs the operation of the plan. The Guidelines are intended to support the development and continuing improvement of industry practices.

Guideline 1.1 - Definitions

1.1.1 Capital Accumulation Plan

In these Guidelines, a capital accumulation plan (CAP or plan) is defined as a tax-assisted investment or savings plan that permits the members of the CAP to make investment decisions among two or more options offered within the plan. A CAP may be established by an employer, trade union, association or any combination of these entities for the benefit of its employees or members.

Examples of a CAP may include a defined contribution registered pension plan, a group registered retirement savings plan or registered education savings plan, and a deferred profit sharing plan.

1.1.2 CAP Sponsors

In these Guidelines, employers, trade unions, associations or combinations of these entities that establish CAPs are referred to as 'CAP' sponsors.

If the CAP is a registered pension plan, many of the responsibilities of the CAP sponsor described in these guidelines are those of a pension plan administrator. In such cases, these Guidelines should be interpreted considering the different roles of employers and pension plan administrators under applicable pension benefits standards legislation.

1.1.3 Service Providers

In these guidelines, "service providers" include any providers of services or advice required by the CAP sponsor in the design, establishment and operation of a CAP.

1.1.4 CAP Members

In these guidelines, "CAP Members" are individuals who have assets in a CAP.

These individuals may include active or former employees, trade union or association members, and in certain cases, their spouses or common law partners.

1.1.5 Investment Funds

In these guidelines, an "investment fund" means a mutual fund, pooled fund, segregated fund or similar pooled investment product.

Section 1 - Introduction

Guideline 1.2 – The Intent of the Guidelines

The intent of these Guidelines is to:

- outline and clarify the rights and responsibilities of CAP sponsors, service providers and CAP members; and,
- ensure that CAP members are provided the information and assistance that they need to make investment decisions in a capital accumulation plan.

1.2.1 Application of the Guidelines

These Guidelines apply to all capital accumulation plans and supplement any legal requirements applicable to these plans. They do not replace any legislative requirements.

CAP sponsors are responsible for meeting any applicable legal requirements, including any requirements that may extend beyond the scope of these Guidelines.

Guideline 1.3 – Implications for the CAP Sponsor, Service Providers and CAP Members

1.3.1 The CAP Sponsor

When CAP sponsors decide to establish a plan, they assume certain responsibilities in their role as CAP sponsor. They may, however, delegate some responsibilities within a CAP to a service provider.

The CAP sponsor is responsible for:

- setting up the plan;
- providing investment information and decision-making tools to CAP members;
- introducing the plan to members;
- providing on-going communication to members;
- maintaining the plan; and,
- ensuring that termination of the plan or the membership of an individual within the plan is done in accordance with the terms of the CAP.

Many of the responsibilities of the CAP sponsor relate to the providing appropriate information and documents to CAP members. Information and documentation the CAP sponsor provides to CAP members should be prepared using plain language, in one or more formats that are easily read and interpreted by members.

The CAP sponsor should ensure that decisions about establishing and maintaining the plan along with information about how those decisions are made, are properly documented and that the documents are retained.

1.3.2 Service Providers

To the extent that the responsibilities of the CAP sponsor are delegated to a service provider, the service provider is responsible for following these Guidelines and any applicable legal requirements.

Service providers engaged by the CAP sponsor should have the appropriate level of knowledge and skill to perform the tasks delegated and to provide any advice within their area of expertise the CAP sponsor requests.

Section 1 - Introduction

Guideline 1.3 – Implications for the CAP Sponsor, Service Providers and CAP Members

1.3.3 CAP Members

CAP members are responsible for making investment decisions within the plan and for using the information and decision-making tools made available to help them make informed decisions.

Examples of decisions made by CAP members include:

- how much to contribute (where the member can make this choice);
- how much to contribute to any particular investment option; and,
- whether an investment in a particular option should be moved to another option.

CAP members should also consider obtaining investment advice from an appropriately qualified individual in addition to using any information or tools the CAP sponsor may provide.

Section 2 - Setting Up a CAP

Guideline 2.1.1 - Defining the purpose of the CAP

The CAP plan sponsor is responsible for clearly defining and documenting why the capital accumulation plan is being established.

Purpose of the plan:

The Ontario Harness Horse Association (OHHA) administers a group registered retirement savings plan to full-time Owners, Trainers, Drivers, Caretakers and Breeders who participate in Standardbred racing. The objective of the program is to provide members with a convenient, tax-effective method of saving for retirement and provide a source of income at time of their retirement. Participation in the plan does not guarantee any specific level of retirement income to members.

The plan is only intended to provide a portion of a members overall retirement savings. OHHA encourages members to seek independent financial advice to ensure overall savings strategies will meet individual retirement income needs.

Guideline 2.1.2 and 2.1.3 - Selecting Service Providers

The CAP plan sponsor is responsible for establishing criteria for the selection of service providers and for using these criteria to select any service providers it engages.

Selection criteria used to select Manulife Financial as a service provider:

- ✓ Strength and Security of Manulife
- ✓ Quality of service and information
- ✓ Cost of Service
- ✓ Support tools provided to members
- ✓ Level and Consistency of service
- ✓ Administrative capabilities
- ✓ Investment options provided
- ✓ Expertise provided by Manulife

Easy transition from former Maritime Life program as no enrolment process was required.
Good Value for members

Manulife, as carrier, reviewed at committee level every 5 years to ensure competitive within industry and plan design relevant in a constant changing retirement marketplace.
Next review 2014

Guideline 2.2.1 and 2.2.2 - Selecting investment options

The CAP plan sponsor is responsible for selecting the investment options made available in the plan. The sponsor must ensure a range of investments are offered. These investments must meet legislative requirements and support the plan's purpose.

Items considered when selecting the plan's investments:

Capital Accumulation Plan (CAP) Guidelines Report

Section 2 - Setting Up a CAP

- ✓ The purpose of the CAP
- ✓ Level of risk associated with the investment options
- ✓ Number of investments to be made available
- ✓ Degree of diversification among investment options
- ✓ Fees associated with the investments
- ✓ Liquidity of the investment options
- ✓ Your ability to periodically review your plan's Investments
- ✓ Diversity and demographics (i.e. age, financial knowledge) of your plan members

Prior investment vehicles from former Maritime Life plan were maintained.

March 2006- all investment options available from Manulife were included in the program effective July 1, 2006.

July 25, 2006- RRSP Committee reviewed the Manulife Certified Investment Diversification Warranty, which insulates the plan sponsor and committee from liabilities arising from plan members successful third party claims relating to investment diversification. Committee passed resolution to implement this warranty effective immediately.

July 1, 2007- Retirement Date Funds added along with acceptance of all Manulife fund additions/deletions as of June 1, 2007

October 29, 2008- discussion on current global economic issues and impacts to both members and plan sponsor

August 9, 2009- changes to both the SIP&P and GIP&P provided to RRSP Committee for discussion and submission to Board for approval.

April 23, 2010 - Introduced concept of target date funds and as a possible replacement for the current plan default option

July 27, 2010 - formal presentation and review of Target Date Funds, their benefit and as a possible replacement for the current plan default option. Ongoing consideration.

4Q 2011 - letter to all OHHA members who failed to make investment choice upon enrollment in the plan, that they are in the default investment option and to contact Manulife and/or agent of record if they have questions and/or would like to make a change.

July, 2012- minor changes to include termination forms to be notarized to both SIP&P & GP&P presented to RRSP overview committee for discussion and submission to the Board for approval

July 2013- Reviewed Sip&P and GP&P, no changes recommended to board

Section 2 - Setting Up a CAP

Guideline 2.2.3 - Transfers among investment options

Plan members should have the opportunity to transfer between investment options in the plan at least quarterly.

Opportunities for plan members to transfer among investment options:

The current plan does not restrict transfers to other vehicles, however the current program only offers one investment choice which tends to be restrictive.

March 2006- with the expansion of investment options allowed, members can now transfer between options at their discretion effective July 1, 2006.

4Q 2011 - notice sent to all plan members in the default investment option that they have ability to change their plan allocation if desired.

2Q 2012 -notice sent to all plan members in the default investment option that they have ability to change their plan allocation if desired. automatic Manulife Plan default letter service to be discontinued and only conducted if and when instructed.

How does Manulife help you meet this guideline?

Plan members have the opportunity to transfer between investment options more frequently than the quarterly minimum required in the CAP guidelines. Manulife offers secure Internet site, Interactive Voice Response (IVR) or paper forms as choices to initiate these transactions.

Section 2 - Setting Up a CAP

Guideline 2.2.4 - Policy regarding failure to make investment choices

The CAP plan sponsor should establish a policy that outlines what happens if a plan member does not make an investment choice.

Selection criteria used to select the plan's default investment:

- ✓ The purpose of the CAP
- ✓ Liquidity of the investment(s)
- ✓ Fee associated with the investment(s)
- ✓ Level of risk associated with the investment(s)
- ✓ Diversity and demographics (i.e. age, financial knowledge) of your plan members

Communication of default investment to plan members:

March 2006- OHHA RRSP committee decided the default investment option for members is 85% MLAC balanced and 15% 5 year GIA.

January 2007, Maritime Life Balanced fund name change to Manulife Balanced fund

January 30, 2007 RRSP Committee reviewed the addition of new Retirement Date Funds (RDF) which often are used as default investment choices. It was discussed and decided that due to the relatively short track record of the RDF that the current default investment vehicle remain unchanged at this time.

October 2008- Plan Default Letter Service (PDLS) introduced to program with first letters to be mailed out Friday November 14, 2008

July 27, 2010 discussion of benefits of Retirement Date Funds tabled for discussion. Still under consideration.

Q4 2011 - letter sent to all plan members in default investment option, reminding them that they had ability to change their allocation and could contact Manulife or plan advisor to discuss further.

Feb 2012- plan default letter service utilized resulting in confusion amongst members

February 2012- plan default option no longer being utilized

How does Manulife help you meet this guideline?

Plan members receive a member booklet from Manulife when they join the plan. This explains the plan's default investment. Members can also view the plan's default investment at any time using the secure website.

Last review date of the plan's default investment: October 24, 2012

Reviewed By OHHA RRSP Committee

Section 2 - Setting Up a CAP

Guideline 2.3 - Maintenance of records

The CAP plan sponsor should develop a document retention policy for the plan. For your reference, a copy of Manulife's document retention policy can be found on the Plan Sponsor secure website at www.manulife.ca/GRO. From the Sponsor site, click Plan Governance Support Centre, then CAP Guidelines Centre. Once you're there, look for Create/Update a CAP report and Setting up a CAP report. Manulife's policy appears in this section.

Document retention policy for the plan:

The OHHA record retention policy ensures that the plan operations comply with: privacy legislation, Kathie Wilkinson is the OHHA privacy officer the Income Tax Act (Canada), provincial and federal legislation and the Capital Accumulation Plan (CAP) guidelines.

Record Creation -

Records are created to document business transactions and administrative requirements. Most of these result from the OHHA RRSP Committee meetings. A record may be created and maintained in any format including, but not limited to electronic, paper, photographic, and voice recording.

Maintenance of records-

The OHHA (CAP sponsor) prepares and maintain the records of the CAP, either internally or through the service provider (Manulife).

Samples of these types of documents retained by the OHHA are: Plan documents and policy contractual documents including Policy contracts, Group Policy & Procedures, SIP&P, Annual and quarterly statements from Plan service provider, RRSP Committee meeting minutes and pertinent information, Newsletters and Audit reports as required. Member communications, enrolment forms, annual contribution sheets, T4A's and contribution receipts, reconciliation reports and record of information sessions held for members are also retained.

The non contractual documents and member documents are retained in a secure location in the OHHA office and can be accessed by the OHHA RRSP Administrator, COO, CFO, General Manager and RRSP Committee members. Contractual and Audit reports are also retained for the lifetime of the plan.

Section 3 - Investment Information and Decision-Making Tools for CAP Members

Guideline 3.1 and 3.2 - Investment information

The CAP plan sponsor should provide plan members with investment information to help members make investment decisions within the plan.

Plan members receive investment information in these ways:

Members are provided enrolment kits from Manulife Financial.

Contents of the kit are standard Manulife materials fully supporting investment options available July 1, 2006.

May 2007- member communication approved and sent directly to all plan members announcing the new RDF fund choices.

October 2008- PDLS service introduced to further stimulate members not making conscious investment elections.

June 2010 - detailed instructions for helping members to access their on line account re their account information and financial planning and risk management tools, was prepared and added to OHHA web site.

4Q 2011 - letter to all plan members in default option reminding them of their options

4Q 2011 - Reminder to members of member access to Manulife retirement planning educational videos

2012- continued efforts to update plan members on tools and resources available to members from Manulife . Access can be gained via the OHHA website.

How does Manulife help you meet this guideline?

Manulife makes a variety of investment information available to OHHA plan members, including:

- detailed information about the fund currently available in the plan, including rates of return,
- general education explaining how different types of investments work,
- information about investing in different types of securities, and
- glossaries of investment terminology.

Section 3 - Investment Information and Decision-Making Tools for CAP Members

Guideline 3.3 - Investment decision-making tools

The CAP plan sponsor should provide plan members with decision-making tools to help them make investment decisions within the plan.

Plan members are provided with these decision-making tools:

March 2006- Now applicable based on revised OHHA RRSP Committee investment direction effective July 1, 2006.

Manulife can make various tools available including their new STEPS online tool as of July 1, 2006. Committee to review STEPS and provide feedback for October 24, 2006 meeting.

June 2010 - OHHA web site updated to include step by step instructions to assist members in accessing financial planning tools including STEPS

Q4 2011 - Manulife information and updates posted on OHHA web site and updated as required²

How does Manulife help you meet this guideline?

Manulife provides a variety of tools to help OHHA plan members make informed decisions about their plan and investments, including:

- Investor Strategy Worksheet - helping members determine their investor style and select appropriate funds.
- Personalized messages on member statements - alerting members if their current asset mix doesn't match their identified investor style.
- Access to Financial Education Specialists - providing investment education to plan members through a toll-free number.- Manulife's Steps Retirement Program TM - including a retirement goal setting tool to help members determine an annual retirement income goal and track their progress.

Guideline 3.4 and 3.4.1 - Investment advice

In addition to providing investment information and decision-making tools, a CAP plan sponsor may choose to enter into an arrangement with a service provider -- or refer the members to a service provider -- who can provide members with advice about investment decisions.

Investment advice is made available to plan members: no

OHHA RRSP Committee direction would be to direct the member to Manulife Education and support personnel for questions that arise.

Section 4 - Introducing the Capital Accumulation Plan to CAP Members

Guideline 4.1.1 and 4.1.2 - Information about features of the CAP and the rights and responsibilities of CAP Members

The CAP plan sponsor should provide plan members with current information on the purpose and features of the plan including information outlining members' rights and responsibilities under the plan.

Plan member communications about the features of the plan as well as members' rights and responsibilities have been provided in these ways:

- ✓ Enrolment kits
- ✓ Member booklets
- ✓ Company communications (e.g. newsletter, e-mail)

OHHA communications- brochure and periodic articles in OHHA newsletters, and updates on OHHA website

Guideline 4.2, 4.21, 4.22 and 4.23 - Investment options

The CAP plan sponsor should provide plan members with sufficient detail about investment options available in the plan so members can make informed investment decisions.

Investment information has been provided to plan members including:

- ✓ Name of the investment fund and fund manager(s)
- ✓ Breakdown of the top holdings of each fund
- ✓ Investment objective of each fund
- ✓ Historical rate of return information
- ✓ Types of investments that each fund may hold
- ✓ Whether foreign content rules apply to each fund
- ✓ Description of the risk characteristics of each fund

Manulife personnel have provided historical fund information and returns at each OHHA RRSP Committee meeting. These materials discussed and reviewed are available should a member request.

Investment information has been provided to plan members using:

- ✓ Provided by Manulife (e.g. kits/newsletters/fund pages)
- ✓ Internally (e.g. posted on company's Intranet or website)

Section 4 - Introducing the Capital Accumulation Plan to CAP Members

Guideline 4.3 - Transfer options

The CAP plan sponsor should provide plan members with information about how to make transfers among investment options.

Plan members were provided with information about how to make transfers in these ways:
March 2006- Now applicable based on OHHA RRSP Committee direction and effective July 1, 2006.

June 2010 - updated web site to provide detailed step by step Instructions on how to access their account on line and access financial planning and risk management tools.

How does Manulife help you meet this guideline?

Manulife can provide OHHA plan members with a booklet explaining how they can transfer money between investments.

The member booklet includes information about:

- required forms and where forms must be sent,
- ways of making transfers (Internet and IVR),
- costs for transferring money among investment options,
- any restrictions or limits on transfers,
- circumstances under which transfers may be suspended, and
- when transfers will be processed.

Guideline 4.4 and 4.5 - Description of fees, expenses and penalties

The CAP sponsor should provide plan members with a description of all fees, expenses and penalties relating to the plan if they are to be paid by members.

Plan members were provided with information about fees, expenses and penalties that are to be paid by them in these ways:

- ✓ Enrolment kits
- ✓ Member booklets
- ✓ Company communications (e.g. newsletter, e-mail)
- ✓ Member statements

OHHA Communications- brochure and newsletters & website

Section 5 - Ongoing Communication to CAP Members

Guideline 5.1 - Member statements

At least annually, the CAP plan sponsor should provide plan members with a statement of their accounts.

Frequency of member statements for the plan: Semi-Annual

Details about Manulife's member statements:

Manulife financial currently provides information on statements that comply with CAP guidelines. Manulife also can produce member statements with specific references based on members age and years to retirement. This was last reviewed at the RRSP Committee meeting July 25, 2006.

How does Manulife help you meet this guideline?

Manulife's OHHA member statements include a summary of transactions, investment activity, and details of a member's investments.

In addition Manulife's member statements can also provide:

- personalized messages based on differing member demographics.
- personal rates of return for a member's entire account and for each investment.
- an estimate of what a member's current retirement savings will provide as an annual income in retirement.

Guideline 5.2.1 - Access to information

The CAP plan sponsor should provide plan members with access to additional information regarding their account.

Details available to plan members about their account:

Manulife Financial currently provides additional personal information for OHHA members that satisfies all CAP guideline requirements.

How does Manulife help you meet this guideline?

Through Manulife, plan members have access to the additional information referenced in this Guideline. This information is available from:

- regular semi annual member statements,
- member website,
- IVR telephone service, and
- member booklets.

Information about the plan or a member's account is also available from Manulife's customer service area.

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Section 5 - Ongoing Communication to CAP Members

Guideline 5.2.2 and 5.2.3 - Report on significant changes in investment options

The CAP plan sponsor should provide advance notice to plan members when there are significant changes in investment options.

Investment changes are communicated to Plan members in these ways:

√ Print

March 2006- Service Provider to assist with communication of expanded investment options for members that are effective July 1, 2006.

May 2007- Customized member communication sent by Service provider to all members re RDF funds available July 1, 2007

October 2008 reduced investment management fees ratified as per marketing of OHHA program and information included within the December 31, 2008 member statements.

January 21, 2011 - Manulife concluded a fund refresh of their investment platform. No funds utilized by OHHA were affected.

August, 2013-Manulife closed fund 4401, Addenda Bond and mapped investments over to Manulife Bond Fund # 4131

How does Manulife help you meet this guideline?

When the fund changes are initiated by Manulife?

Manulife provides OHHA members written notice before adding or removing investment options. Manulife communicates fund changes directly to affected OHHA plan members in addition to announcing changes on the member website and through regular newsletters.

New fund offerings to the OHHA program would be handled in a similar fashion.

Last date a change was made that impacted the investments in the plan : August, 2013

Last date a change was made that impacted the investments in the plan: August 22, 2013

Section 5 - Ongoing Communication to CAP Members

Guideline 5.3 - Performance reports for investment funds

At least annually, the CAP plan sponsor should provide performance reports for each investment available to plan members.

Fund performance reports are provided to plan members in these ways:

✓ Manulife website

How does Manulife help you meet this guideline?

Manulife makes fund performance reports (or fund pages) available to plan members on the secure member website.

These fund pages are updated monthly and include the:

- name of the investment fund for which performance is being reported,
- name and description of the benchmark for the investment fund,
- corresponding returns for the benchmarks, and
- performance of the fund, including historical performance.

Members can also call the Manulife toll-free line to get this information as well.

Section 6 - Maintaining a CAP

Guideline 6.1 - Reviewing service providers

The CAP sponsor should establish criteria for the periodic review of service providers and use these criteria to review the service providers it engages.

Criteria for reviewing service provider(s) includes:

OHHA RRSP Committee has determined criterion as follows:

Strength and Security of provider,
Cost of service,
Manulife service and administrative capabilities,
Expertise of Manulife personnel,
Level and consistency of service(s)

Frequency of service provider reviews: Annually

Action taken after last review

OHHA RRSP Committee decisions are to go to the OHHA Board for approval.

July 27, 2010 Apri Insurance Solutions Inc. conducted informal review of OHHA plan pricing with other insurance suppliers and concluded that OHHA member cost structure was most favourable and available in the market and unlikely could be replicated with another carrier at this time.

Last review date October 24, 2012

Reviewed By OHHA RRSP Committee

Guideline 6.2 - Reviewing service providers who provide investment advice

A CAP plan sponsor should periodically review service providers with whom they have an arrangement or to whom plan members are referred to help them make investment decisions.

This guideline is not applicable to this plan since investment advice is not made available to plan members.

Section 6 - Maintaining a CAP

Guideline 6.3 - Reviewing investment options

The CAP plan sponsor should establish criteria for the periodic review of each of the plan's investments.

Criteria for reviewing the plan's investments includes:

Member needs and requirements,
SIP&P document
OHHA RRSP Committee policy

Frequency of plan investment reviews: Quarterly

Action taken after last review

The investments are reviewed at RRSP Committee meetings and in full detail at least annually.

Next formal detailed review October 2013

Last review date October 24, 2012

Reviewed By OHHA RRSP Committee

Guideline 6.4 - Reviewing maintenance of records

The CAP sponsor should periodically review how well the plan's records are maintained.

The quality of plan records are reviewed: Annually

Action taken after last review

member complaints brought to the attention to OHHA are dealt with immediately between OHHA administrator and Manulife
Policy reviewed In 2013, no changes

Last review date October 24, 2012

Reviewed By OHHA RRSP Committee

Guideline 6.5 - Reviewing decision-making tools

The CAP sponsor should periodically review any decision-making tools provided to plan members or that members are encouraged to use.

The plan's decision-making tools are evaluated: When triggered by an event

Action taken after last review

June 2010 included detailed step by step instructions on OHHA website to assist members In accessing their accounts and training aids online.

Last review date October 24, 2012

Reviewed By OHHA RRSP Committee