

perspectives

Summer 2009

Registered Education Savings Plan
Dealers Association of Canada

Volume 3, Issue 1

Inside this issue:

New Leadership at RESPDAC Companies	1
RESPDAC Reaches Out to Security Comissions	2
RESPDAC Welcomes New Board and Committee Members	3
Federal Review of RESP's is Concluded	3
Recession Not Having Major Impact on Group Plans	4
New RESPDAC Website Promises to be More User Friendly	4



Achieving post-secondary education for Canadian young people is the goal of all members of RESPDAC.

NEW LEADERSHIP AT RESPDAC COMPANIES

By sheer coincidence, three of RESPDAC's member companies have welcomed new Chief Executive Officers in the past several months. Two of the new executives come to the industry without experience in group RESP's, but with considerable credentials from other financial service organizations. The third, Rob Coleman at Heritage, has been with the company for several years. Following are brief biographical notes on all three gentlemen:

Randall Rutherford, President & CEO, Canadian Scholarship Trust Foundation

Randy brings a unique blend of both strategic and operational expertise to the Canadian Scholarship Trust Foundation from his time in the financial services, business consulting and technology sectors. He is multi-disciplined, having held a range of senior roles in sales, marketing, business consulting and general management. In his most recent position as VP Sales and Marketing at PMI Canada, he was responsible for building their business as a new entrant into the Canadian marketplace. Prior to PMI, he delivered strong business growth as Head of Risk and Compliance Solutions at IBM Canada's Business Consulting Services Division, and also with Capgemini Ernst & Young's Financial Services Consulting Practice. At CIBC he was responsible for designing a new approach to sales and service for the retail bank. He has also held senior sales and marketing roles during his fourteen years at Xerox Corporation, with both international and domestic assignments in Canada, Europe and Asia.

Randy has both a Masters Degree from Cambridge University in England, and an Honors B.A. in Business Administration from the Ivey School of Business at the University of Western Ontario. He currently is a member of the Board at the Canadian Institute for the Blind, Ontario Division, and is also a member of their National Audit Committee.



Randall Rutherford

George Hopkinson, President and CEO, USC Education Savings Plans Inc.

George brings to USCI over 25 years of experience in the financial services industry, leading both large and entrepreneurial businesses to greater achievement in the areas of customer service, sales, and profitable growth.



George Hopkinson

Most recently, George was in charge of the strategic direction and implementation of advance payment technologies for AMEX Bank of Canada. As president of EDULINX, Canada's leading student loan service bureau, he achieved impressive results in terms of financial performance, employee and customer satisfaction. He also led the mortgage lending and credit businesses for President's Choice Financial. George holds an MBA from Queen's University and is currently a guest lecturer for the Rotman School of Business organizational effectiveness course entitled "Getting it Done."

Continued on page 2

NEW LEADERSHIP AT RESPDAC COMPANIES (continued from page 1)

Robert Coleman, President and CEO, Heritage Education Funds Inc.



Robert Coleman

Rob Coleman has held several leadership positions with Heritage prior to his recent appointment as President & CEO. He was both Vice President, Operations and Executive Vice President, Sales and has continually provided strategic and directional leadership to the organization since joining Heritage in 2001. He is an Officer, Director and Partner of Heritage Financial Group Ltd., Heritage Education Funds Inc. and Heritage Education Funds International Inc.

later negotiated the sale of the business to Quantum Management Services in 1991. He later joined CIBC Securities Inc. as Business Analyst with their Group RRSP team where he led the group through a conversion and implementation of a new record keeping system. In 1998 he accepted an interim position as Operations Manager for the Group RRSP team and at the conclusion of the appointment, moved to the RESP team and took on a role as Project Leader. He has gained extensive knowledge of HRSDC's Interface Transaction Standards and also has extensive technical knowledge of FundSERV. Rob is 44 years old and married with three children aged 5, 8 and 16.

Rob's working life started with a job at The Toronto Stock Exchange as a Post Clerk on the Bay Street trading floor at the age of 19. He subsequently helped found Response Courier Inc. and

The RESP Dealers Association of Canada welcomes these three gentlemen to their positions, and looks forward to benefiting from their active support and wise counsel in years to come.

RESPDAC REACHES OUT TO SECURITIES COMMISSIONS

Over the past several months, the various Canadian provincial securities regulators have been busy in reviewing and revising several statutes and instruments relating, in part or in whole, to the group education savings plan industry. A new National Instrument 31-103 has finally been published (only days before this issue of Perspectives was published), after two years of review. In addition, National Policy 15, which governs the conduct of the group plan industry, is in the initial stages of review; a long overdue project in everyone's opinion!

In view of the heightened activity, the RESPDAC Board decided early in the year that it might be useful for the association to visit some of the key regulators. The purpose of each meeting was to remind senior staff at each provincial Securities Commission of the size and scope of our industry, and of some of the unique characteristics of group plans that are sometimes overlooked or misunderstood when regulatory issues arise.

And finally, the members took advantage of the opportunity to propose some changes in "the rules" which we would like to see adopted, for everyone's benefit – students, dealers, and regulators.

"These meetings were extremely valuable, in my view," said Al Haid, Chairman of Children's Education Funds Inc. "Our individual companies have ongoing discussions with the Commissions, but this was the first time that the entire group plan industry has had such high-level conversations. I truly believe they have a better appreciation of our business and our value as a provider of education funds for Canadian families."



The RESPDAC team meets with senior staff at the BC Securities Commission.

Mr. Haid was present at each meeting, along with Peter Lewis of CST Consultants, Robert Coleman of Heritage Education Funds Inc., and Paul Renaud of USC Education Savings Plans Inc. (Paul is also Chair of RESPDAC). Rebecca Cowdery, RESPDAC's Government Affairs advisor, and Executive Director Jim Deeks also attended.

The group traveled to Vancouver, Calgary, St. John and Halifax, during the Spring, to meet with the respective provincial commissions, as well as meeting with the Ontario Securities Commission in Toronto. Meetings are planned later this summer with Quebec and Manitoba securities regulators.

RESPDAC WELCOMES NEW BOARD AND COMMITTEE MEMBERS

The RESPDAC By-Laws call for each member company to appoint two members to sit on the Board of Directors of the Association, and the unwritten practice has been for each to appoint one member to each Committee of the Board. But for the last few years, there hasn't been much change in the faces at the Board table. That is, until this Spring.

The Board is happy to welcome Amanda Kushnir, Vice President, Legal & General Counsel of Heritage Funds to the Board and the position of Chair of the Sales Practices Committee.

Also new to the Board will be Allison Haid Caughey, Corporate Secretary and Vice President Corporate and Legal Affairs at Children's Education Funds, who will be returning in September after maternity leave. Allison will act as Chair of the Stakeholder Relations Committee.

Shailen Majithia, Controller at USC, has assumed the role of Treasurer of RESPDAC.

In the meantime, the new Chair of the association is a veteran of the Board, and the Chair position. Paul Renaud, Vice President Corporate Affairs and General Counsel at USC, served as Chair from 2005-2007. Also returning is Peter Lewis, Vice President at CST and the most recent Chair of RESPDAC, in the capacity of Chair of the renamed Regulatory and Government Affairs Committee.

At the Committee level, RESPDAC is pleased to benefit from the participation of Tehani Mott from USC, Nancy Oulton from Heritage, Heather DelRosario from CST, June Hodgins from Children's, and others to be named in due course.

The Board is grateful to recent members Mark George at USC, Sherry MacDonald at CST, Scott McIndless of Heritage and Bruce Elliott (formerly at Heritage) for their dedicated service and valued input over the last several years.

RESPDAC could not function or progress without the dedicated and voluntary work of all these individuals.

FEDERAL REVIEW OF RESPs IS CONCLUDED

A process of review of the RESP industry (both group and individual plans), undertaken in 2008 by the Human Resources and Skills Development Department (HRSDC) of the federal government, has finally drawn to a close. The review included a Report on the RESP Industry by Ottawa-based consulting firm Informetrica Ltd., followed by formal meetings between HRSDC and various stakeholder groups, including RESPDAC.

"Our association was eager to discuss the Informetrica Report with HRSDC, as we strongly believed there were some misunderstandings and inaccuracies in it," says Peter Lewis, Chair of RESPDAC's Regulatory and Government Affairs Committee. "We developed a lengthy response, and to their credit, HRSDC paid full attention to our comments. Ultimately, I think we've achieved a much better mutual understanding of the unique aspects of the group plan business."

The RESP review gave RESPDAC an opportunity to make some suggestions for improvement in some of the current rules, as well. For example, we urged HRSDC to consider the following:

- Permitting grant and grant income to be paid to students based on CESA and ITA eligibility separate and apart from eligibility for payments of income from the Group EAP pools.
- Elimination of the special grant rules for 16-17 year olds which, in our view, add complexity to the disclosure and administration of the plans, and do not significantly add value to the program.
- Changes in securities regulation, including permitting group scholarship plans to use a simplified prospectus.
- Elimination of the \$5,000 EAP cap on initial withdrawals which, in our view, adds complexity to the administration of the plans and does not significantly safeguard against abuse of the plan.

The RESP review was partly intended to help HRSDC understand what needs to be done to encourage greater participation by Canadian families in programs such as the Canada Education Savings Grant and Canada Learning Bond programs. The process now will move into a political phase, as HRSDC will present its recommendations to the federal Minister overseeing the programs, and perhaps, eventually, new programs and regulations will be developed to enhance education savings across the country.

RECESSION NOT HAVING MAJOR IMPACT ON GROUP PLANS

There's probably no such thing as a fully "recession-proof" industry, but there's no question that the current economic downturn – now past the one-year mark – has not affected the group plan industry nearly as much as other financial services, or other businesses.

"There are three ways a bad economy could conceivably hurt us," says Paul Renaud, Chair of RESPDAC. "One, new business could decline as new investors find it harder to invest in a savings plan – even one designed to help their children. Two, we risk losing current subscribers, who may not be able to maintain their savings schedules, or who need the capital from their RESP to pay for other expenses. And third, the return on invested capital could be substantially lower due to financial market performance."

According to all four member companies, however, none of these possible negative impacts has occurred to any significant degree.

"All of us have seen a bit of a decline in new business, and a bit of an increase in cancelled plans," says Rob Coleman, President of Heritage Education Funds, "and I'm sure we're all experiencing the same levels."

But on balance, we benefit by providing a very important financial product and service to our clients' families – one that they're very, very reluctant to give up. And one that new parents are very eager to start, if they can."



"We also benefit," says Shailen Majithia, Treasurer of RESPAC and Controller at USC Education Savings Plans, "by the fact that group plan subscribers' funds are invested in safe and conservative financial vehicles like Treasury Bills, Government Bonds, and Guaranteed Investment Certificates."

"We're not permitted to invest in more speculative products like mutual funds or corporate stocks, which of course, have suffered substantially over the last year. It's true that interest rates have gone down, so bonds and T-bills and GIC's aren't generating as much revenue, but they're still making money for our plans."

All four member companies agree that most existing subscribers have come to recognize the value of their group education savings plans, even more than before the recession began. But all four also agree: the sooner this recession ends, the better!

NEW RESPDAC WEBSITE PROMISES TO BE MORE USER FRIENDLY



RESPDAC will soon be launching a newly-designed, more informative and more interactive website.

"We launched a new site about four years ago, to replace the very rudimentary version we had online until then,"

says Allison Haid Caughey, Chair of the Stakeholder Relations Committee. "But we also realized that the new site wasn't as informative and helpful to consumers as it might be, and it was pretty boring to look at, frankly."

The new site has been designed by Sidetrail Media, a small design boutique in Richmond Hill, Ontario. It's expected to be up-and-running by early August.

Registered Education Savings Plan
Dealers Association of Canada

Suite 210
2221 Yonge Street
Toronto, Ontario M4S 2B4

Email: info@respdac.com
Telephone: 416. 410. 9064
Toll Free: 1.866.686.2400



Visit us on the web
respdac.com