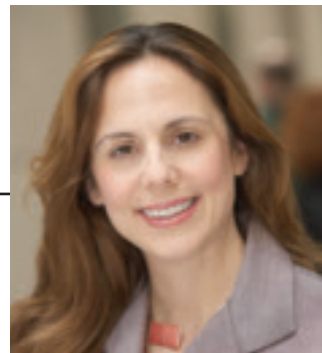


# Fair Game

Canadians, mutual funds and the value conundrum.



EDITORIAL

Those of you who read us regularly know that *Canadian Investment Review* usually sticks to publishing research that directly impacts plan sponsors and the institutional investment community. In this issue, however, we're shifting our focus to the end user in Canada's retirement system—the average Canadian trying to save money for his or her golden years.

In Keith Ambachtsheer and Rob Bauer's paper, "Losing Ground: Do Canadian mutual funds produce fair value for their customers?" the authors tackle an ongoing debate—whether or not mutual funds in Canada charge too much for too little. Why is this relevant to plan sponsors? Because they compare the retirement income that mutual fund savings can provide to that which pension plan members can expect when they hit 65. In case you're wondering, their data includes both defined benefit and defined contribution returns.

When you consider that only 40% of Canadian workers have access to an employer-sponsored pension plan, and the remaining 60% have to "fend for themselves" as the authors point out, the study's results are worrying. According to Ambachtsheer and Bauer, Canadians counting on mutual funds for their retirement income can expect a lot less relative to

pension plan members—a whopping 22% less. That number worsens in tandem with a rise in mutual fund expense ratios, to a low of 64% less relative to pension plan members.

Whether or not you agree with the study, this paper does contain a key truth I think we can all agree on—the importance of the pension system in ensuring that Canadians get a fair shake at an adequate retirement income. The paper is food for thought, especially as plan sponsors struggle to keep the pension system alive in Canada, battling funding shortfalls and an ever-increasing regulatory burden.

If mutual funds aren't the answer, and plan sponsors face an uphill battle in making their case to policymakers, who is responsible for keeping Canadians healthy and fed when they turn 65? With no clear answer on the horizon, the future doesn't look too golden... ■

—Caroline Cakebread

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