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August 31, 2003

Mr. Davin Hall  
Policy Manager (A)  
CAPSA Secretariat  
c/o Joint Forum Project office  
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Submitted electronically to: [capsa-acor@fscs.gov.on.ca](mailto:capsa-acor@fscs.gov.on.ca)

Dear Mr. Hall:

Thank you very much for giving the Canadian Securities Institute (CSI) the opportunity to comment on your Proposed Guidelines for Capital Accumulation Plans (April 2003) released through the Joint Forum of Financial Market Regulators (Joint Forum).

CSI is one of Canada's largest, most experienced and respected providers of financial education. In our capacity, we realize the importance of both professional and public education in contributing to a well-functioning financial market place. CSI provides licensing courses, financial sector management training and professional designation programs in [financial planning/wealth management](#), [portfolio management](#) and derivatives.

It has always been part of CSI's mandate to deliver education for the public. Although we are the educator of financial professionals, our experience has also extended to building and providing resources to meet the needs of diverse Canadians. In 1996, CSI decided to enhance its involvement with the public through a new charity which it endowed called the Investor Learning Centre (ILC). Resources built by CSI to meet this mandate have included the writing, publishing and distribution of a number of books including *How to Start and Run an Investment Club* and *What Every Canadian Should Know About Mutual Funds*. The ILC also provided and franchised investing seminars at both the basic and advanced levels. As well, our work with Boards of Education to establish a new high school curriculum that provides an opportunity to teach investing basics led us to create a school program and teachers' resource that was endorsed in both Newfoundland and Ontario on a province-wide basis.

.../2



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Our expertise and experience in financial education has left us very heartened to see that the CAP Committee members realize the importance of providing CAP plan members with investment information and decision-making tools. We are very supportive of your initiative in this area. We do however want to take this opportunity to make a few comments and recommendations.

While we feel the Guidelines are clear in distinguishing the difference between advice and information, we would like to stress that it is equally important to distinguish the difference between information and education. Information is just data, facts and figures on straightforward aspects of a CAP such as what products are considered appropriate. Education takes information and makes it meaningful to the plan member – the “learner”. Good education, as noted by Judy Armstrong, an instructional design specialist (Training, 1999) is the linking together of information to provide meaning that makes the information immediately applicable to the learners’ circumstances. Education is meaningful because it meets the objectives of the learner. Education also provides opportunities for learners to become more expert in the application of knowledge through examples and trial and error. Ideally feedback is incorporated in education to ensure learning is on the right track. This is fundamental if any permanent impact is to be made on the plan holder’s approach to his or her investment portfolio.

It has been our experience, that education is key to understanding the potential risks of an investment opportunity. However, even content on more advanced topics like asset allocation, investing in securities and understanding risk, by itself, does not constitute education. The information, no matter how well written, does not, by itself, provide the context and support that assists a student’s understanding and retention.

Noted education scholar David Merrill said it best "If you don’t provide adequate practice, if you don’t have an adequate knowledge structure, if you don’t provide adequate guidance, people don’t learn." (Training, June 1998). Thus, education is really the matching of instruction and information. Proper instruction gives students structure, context, opportunities for practice and self-assessment so that in the end they can better learn and retain the information presented.

The Guidelines need to differentiate between information and education such that the CAP sponsor can assess if they are meeting both the information and education needs of their members. As well, clear distinction will assist the CAP sponsor, if they wish, to identify and select a quality educator.

.../3



With that in mind we have the following recommendations:

**Specific Recommendations:**

Section 3 of the Guidelines (Investment Information and Decision-Making Tools for CAP Members) should be modified to include the following:

*Sub-Item 3.1.1 and Item 3.2* – The term ‘information’ is broad and could include information on plan details or, ideally, education on investment approaches, among other things. By specifying ‘education’ the CAP sponsor will more clearly understand the need to offer relevant education in an applied learning environment..

*Sub-Item 3.1.2* - CAP member investment decisions should be reviewed on a regular basis or when major life changes occur. The investment education and decision-making tools should be kept up-to-date by service-providers and be reusable by members.

*Sub-Item 3.1.3* – In selecting education the CAP sponsor should also consider:

- Additional learners beyond just the CAP member (e.g. partners of members),
- Repeatability of the education – as member circumstances change they may wish to revisit the materials and re-use the decision-making tools.

*Item 3.2* – Investment information (or ‘education’ as recommended above) is distinct from plan information. Investment information is:

- Information on how investment funds work
- Information regarding the relative level of expected risk and return associated with different investment options
- Product guides, explaining specific features and benefits associated with products used within the CAP

*Item 3.3* – To be renamed: Investment education and would include the following points:

- Content presented in a structured environment that transitions information into education
- Assessment tools of member’s current financial situation
- Investment decision-making tools (the current content of item 3.3)
- Self assessment quizzes or other methods for the member to determine if they are gaining a deeper understanding of the investment content and concepts presented or if education materials should be reviewed.

*Section 3 Title* – To be renamed as: Education and Information for CAP Members. This would clarify the fact that there is a delineation.

.../4



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We believe that a quality program that combines both information and education will result in increased employee participation and plan member satisfaction. This is supported by the 2002 Mercer Global DC Survey that concluded that a lack of understanding rather than a lack of interest is why employees do not participate in DC plans. Without quality education, employees are not provided with the tools with which they can make investment decisions based on sound principles.

Your Guidelines are providing an effective means for achieving quality outcomes. Thank you for this opportunity to present our views on information and education as presented within the Guidelines (April 2003).

My colleagues and I would be available to the Joint Forum Committee on Capital Accumulation Plans to discuss our comments or to provide additional assistance on issues pertaining to the education of CAP Members.

Sincerely,

A handwritten signature in black ink that reads "Roberta Wilton". The signature is written in a cursive style and is positioned to the left of a vertical line.

Roberta Wilton, Ph.D.  
President and CEO