



Financial Services Commission of Ontario
Commission des services financiers de l'Ontario

SECTION: Transfer Values

INDEX NO.: T800-400

TITLE: Recalculation of Transfer Value Not Permitted in Most Instances,
O. Reg. 909, ss. 19(1) and ss. 24(11.1)

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Taken from the "Your Questions Answered" column published in the PCO Bulletin. Please see the disclaimer at the beginning of the directory.

For the purposes of a transfer of a commuted value (except in wind up circumstances), subsection 19(1) of the Regulation 909 requires that the commuted value of a pension shall not be less than the value determined in accordance with "Recommendations for the Computation of Minimum Transfer Values for Pensions", (the "Recommendations"), issued by the Canadian Institute of Actuaries and effective on November 14, 1988.

In accordance with section 1.04 of Part I of the Recommendations, where a period of four months has passed following the valuation of the pension benefit, the actuary may revalue the benefit using a more current rate of interest. Does the option to recalculate a commuted value apply under subsection 19(1) of the Regulation?

The requirements of subsection 19(1) of the Regulation apply with respect to the interest rate assumptions set out in section 1.03 of Part I of the Recommendations. There is no intention to permit an adjustment of the interest assumption in the event that a period of months has expired between the date of termination and the date of payment. In accordance with subsection 24(11.1) of the Regulation, interest at the rate used to calculate the commuted value at the date of termination is required to be credited from the date of termination to the beginning of the month of payment.

Please refer to the "CIA Recommendations for the Computation of Transfer Values from Registered Pension Plans" currently in use. It was issued by the CIA effective September 1, 1993.