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Commuted Value Calculation Standard - FAQs

Archived Content

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Archived on August 27, 2015

On Friday, March 27, 2009, the Government announced a [change to the regulations](#)  under the PBA to reflect the recent adoption by the Canadian Institute of Actuaries of a new standard for the calculation of the commuted values of pension benefits.

Q1. How will this change affect members and administrators of pension plans registered in Ontario?

A1. If a member's membership in a pension plan is terminated prior to April 1, 2009, the administrator must calculate the minimum commuted value of the member's pension benefit using the standard that was in effect prior to this change (the "old standard"). If membership is terminated on or after April 1, 2009, the minimum commuted value of the pension benefit must be calculated using the new standard. - 03/09

Q2. When should the new commuted value basis be used?


A2. The new standard must be used for the calculation of minimum commuted values:

- as a result of a plan wind up, in whole or in part, when the effective date of the wind up is on or after April 1, 2009;
- as a result of members' termination of employment on or after April 1, 2009;
- in an actuarial report in support of an asset transfer with an effective date of transfer on or after April 1, 2009; and
- in an actuarial report in support of a plan conversion with an effective date of conversion on or after April 1, 2009. - 03/09


Q3. What is the effect of the new standard on pensions currently being paid to retirees?

A3. This change will not affect pensions currently being paid to retirees of a pension plan. - 03/09

Q4. In preparing a funding valuation report, when can the new standard be used for the purpose of the solvency valuation?

A4. O. Reg. 239/09  made under the PBA amended subsection 16(5) of the Regulation effective June 19, 2009. The regulation provides that the new standard may be used for the purpose of solvency valuations with an effective date on or after December 12, 2008. - 02/10

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