FSRA
Financial Services Regulatory Authority of Ontario

Information

Effective Date: June 23, 2021
Identifier: No. PE0226INF

Bank of Canada Revisions: Effect on Commuted Value Calculations and Filings

Purpose

On May 10, 2021, the Bank of Canada published revisions to real return bond data from June 1, 2020. This Guidance explains that FSRA will not require recalculations of commuted value calculations carried out for plan beneficiaries or re-filing of reports filed with FSRA prior to that date. There is an exception for wind-up reports not already approved by FSRA.

Scope

This guidance affects the following entities regulated or registered by FSRA:

- Pension plans.

This guidance may affect the following stakeholders:

- Plan beneficiaries.
- Employers, plan sponsors, plan administrators and their agents.

Rationale and background

On May 10, 2021, the Bank of Canada published revisions to real return bond data from June 1, 2020 to April 30, 2021. The Bank of Canada revised the following real return bond data:

- V39057 (daily)
- V80691347 (weekly)
- V122553 (monthly)[1]

On May 26, 2021, the Committee on Pension Plan Financial Reporting ("PPFRC") of the Canadian Institute of Actuaries ("CIA") published an Explanatory Report (the "Report"). The Report explains how these revisions affected commuted value calculations and other matters under the *Standards of Practice.*

The Report provides PPFRC's interpretation of how the *Standards of Practice* apply in the context of the revisions. It explains when an actuary should perform a recalculation of commuted values or revise other work or reports. This Guidance informs as to whether FSRA will require revised calculations or filings as a result of the revisions.

Information

Commuted value calculation:

Regulation 909 refers to section 3500 ("Pension Commuted Values") of the CIA *Standards of Practice*, as amended from time to time for the purpose of calculating commuted values. FSRA's position is consistent with PPFRC's Explanatory Report. FSRA will not require recalculations of commuted values for dates from July 1, 2020 to April 30, 2021 where:

- The plan has paid the commuted value to the member.
- The plan has communicated the commuted value to the member but has not paid the commuted value.

[1] The bond data is referred to in section 3500 of the CIA Standards of Practice. Section 3500 is referenced in Regulation 909 with respect to performing commuted value calculations and preparing certain reports.

Actuarial reports and other matters:

The Bank of Canada revisions may have implications on other regulatory matters (e.g. actuarial reports, determination of transfer ratios or solvency ratios, etc.). Except as noted below, FSRA is not requiring administrators to revise actuarial reports or other information filed with FSRA as of May 10, 2021, to reflect the revised rates. For filings received after May 10, 2021, FSRA will require the use of the revised rates. Administrators may contact FSRA prior to re-filing to discuss the impact and context of this filing.

For wind up reports that FSRA has not already approved as of May 10, 2021, FSRA is requiring administrators to revise and refile, if necessary, to reflect the revised rates.

Effective date and future review

This Information is effective as of June 23, 2021. A review of the Guidance was completed on February 17, 2026. The guidance will not be reviewed going forward as this information will continue to be relevant for specific time periods noted above.

About this Guidance

This document is consistent with FSRA's Guidance Framework. As Information guidance, it describes FSRA's views on certain topics without creating new compliance obligations for regulated persons.