

Memorandum

To: All Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of Actuaries and other interested parties

From: Conrad Ferguson, Chair
Actuarial Standards Board
Gavin Benjamin, Chair
Designated Group

Date: July 26, 2018

Subject: **Update: Designated Group on Review of Section 3500 of the Pensions Standards of Practice – Commuted Value**

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The Designated Group (DG) has been working diligently, with weekly conference calls, to arrive at a revised standard. One of the focuses of the DG is the development of different forms of pension pooling arrangements (risk sharing) across the country. This development seems to indicate a move towards increased focus on the long term sustainability of defined-benefit-like pension arrangements with less emphasis on short-term benefit security (solvency funding). This poses many challenges in defining what may be a fair transfer value for terminating pension plan members while at the same time taking into account the risk to remaining plan members and other stakeholders.

We have completed our review of the over 30 responses received to the initial exposure draft and have reached consensus on the proposals going forward. We are currently working on a revised exposure draft that will be submitted to the Actuarial Standards Board (ASB) in the near future. While this is within the purview of the ASB to decide, we expect the nature of the changes proposed will require a re-exposure. We are also planning a webinar during the comment period to explain the rationale behind the proposals. Allowing time for appropriate due process, our expectation for the earliest possible implementation date is sometime in the second calendar quarter of 2019.

CF, GB