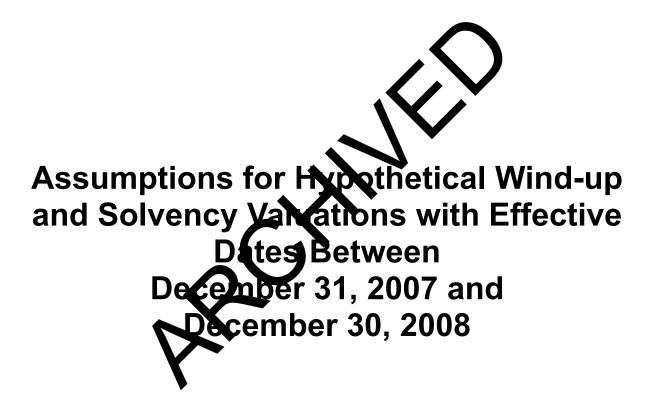


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Addendum to Educational Note



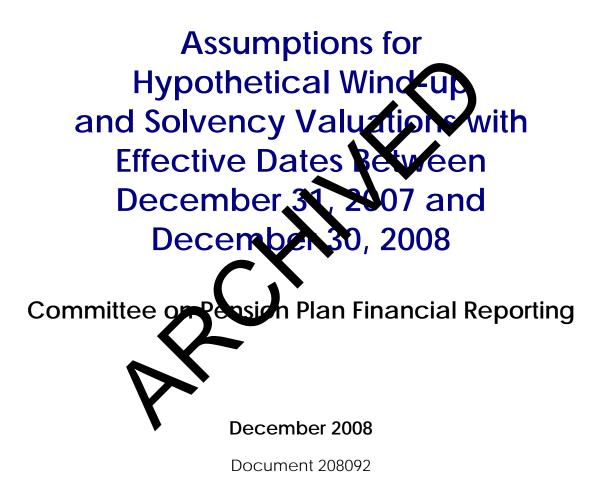
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Addendum to Educational Note



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Members should be familiar with educational notes. Educational notes describe but do not recommend practice in illustrative situations. They do not constitute Standards of Practice and are, therefore, not binding. They are, however, intended to illustrate the application (but not necessarily the only application) of the Standards of Practice, so there should be no conflict between them. They are intended to assist actuaries in applying Standards of Practice in respect of specific matters. Responsibility for the manner of application of Standards of Practice in specific circumstances remains that of the members in the pension practice area.

ADDENDUM TO EDUCATIONAL NOTE ASSUMPTIONS FOR HYPOTHETICAL WIND-UP AND SOLVENCY VALUATIONS WITH EFFECTIVE DATES BETWEEN DECEMBER 31, 2007 AND DECEMBER 30, 2008

The Committee on Pension Plan Financial Reporting (PPFRC) is aware that, as a result of the dramatic increase in the yield spreads for bonds other than Government of Canada bonds over Government of Canada bonds in recent months, costs to purchase annuities are currently lower than indicated in the March 2008 Educational Note on Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2007 and December 30, 2008 for benefits assumed to be settled by purchase of annuities.

The PPFRC does not currently have data available to quantify the extent of the change in annuity prices or to specify an alternative basis that may be appropriate for current valuation dates. The PPFRC plans to review 2008 annuity purches data to be collected from insurance companies early in 2009 with a view to providing orther guidance in February 2009.

Pending such further guidance, it would be appropriate for valuations effective in the later months of 2008 to take into account any information available to an actuary as to actual annuity purchase costs at a date close to the valuation date.

