

FTR Now

New Mortality Tables in Effect for Ontario Commuted Value Calculations

Date: December 18, 2015

On December 10, 2015, the Ontario government amended the Regulations under the *Pension Benefits Act* (“PBA”) to require pension plans to use the new mortality tables when calculating commuted values (“CVs”) for Ontario members. The use of the new mortality assumptions, which are found under section 3500 of the Actuarial Standards Board *Standards of Practice* (“Standards”) published by the Canadian Institute of Actuaries, is likely to lead to higher CVs.

In this *FTR Now*, we discuss how these changes may impact pension plan administration.

THE AMENDED REGULATIONS

The Amended Regulations provide that the revised Standards apply to CV calculations for:

- portability rights on termination of employment and plan wind up;
- pension division and valuation for family law purposes;
- asset transfers under sections 80 and 81 of the PBA; and
- transfers to jointly sponsored pension plans and conversion of single employer pension plans.

IMPACT ON PENSION PLAN ADMINISTRATION

Although the new mortality tables were in place October 1, 2015, administrators are not required to adopt the new Standards until the effective date of the Regulations, which is December 10, 2015. However, the Financial Services Commission of Ontario (“FSCO”) has indicated that plans may choose to use the revised Standards for Ontario members starting on October 1, 2015, as long as the resulting CV is not lower than the minimum CV using the old Standards and the plan terms do not prevent the use of the new mortality assumptions. The plan administrator must also advise FSCO that the new mortality assumptions are being used and as a result, CVs were calculated on a higher basis than the basis prescribed under the Regulations (before they were revised).

Ontario is the last province to adopt the new Standards. If not already adopted as of an earlier date, plan administrators must ensure that their systems are programmed as necessary to reflect the mandatory new assumptions for Ontario member CV calculations on and after December 10, 2015.

If you have any questions about the impact of these Regulations on your plan, please contact [Stephanie J. Kalinowski](#) at 416.864.7263, or any member of [Hicks Morley’s Pension, Benefits and Executive Compensation group](#).

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