



Canadian Institute of Actuaries • Institut Canadien des Actuaires

June 9, 2004

Nancy MacNeill Smith
Superintendent of Pensions
CAPSA
5160 Yonge Street
North York, ON
M2N 6L9

Subject:
Review of the Commuted Value Standard

Dear Ms. MacNeill Smith:

As you may remember from the meeting in March in Quebec City, the Canadian Institute of Actuaries (CIA) announced in February 2004 the adoption of a new actuarial standard of practice for determining commuted values in pension plans, that is the Standard of Practice for Determining Pension Commuted Values (the "CV Standard"), effective September 1, 2004.

The purpose of this e-mail is to advise you that, following a petition filed by members of the CIA in May, a review of the CV Standard by the CIA Board has been initiated in accordance with the CIA Bylaws. Following this review, the CIA Board may decide to confirm, alter or annul the CV Standard. The CIA Board must render its decision no later than August 1, 2004.

Given the uncertainty of the outcome of this review and considering the practical difficulties for pension plan administrators, pension regulators, actuaries and other parties to efficiently implement the CV Standard, the CIA has decided to withdraw the scheduled effective date of the CV Standard (i.e., September 1, 2004), and to leave it unspecified for the time being. In determining such effective date, the CIA undertakes to ensure that sufficient time and notice is provided for pension plan administrators, pension regulators, actuaries and other parties to efficiently implement any final CV Standard.

We urge you to share this information with all CAPSA members. We recognize that these developments are particularly of great significance to New Brunswick, Ontario and Quebec pension authorities as they may have initiated the process for amending their regulations in order to accommodate the new CV Standard.

We will inform you of the decision of the CIA Board resulting from its review of the CV Standard. Please do not hesitate to contact us if you have any questions on the CV Standard.

Respectfully,

Daniel Lapointe
Executive Director