



SECTION: Commuted Value
INDEX NO.: C125-100
TITLE: Calculation In A Continuing Plan - O. Reg. 708 ss. 16(1)
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EFFECTIVE DATE: October 9, 1992 [No longer applicable – July 2012]

Note: Due to legislative changes, references to ss. 16(1), 16(1a), 16(1b) and 25(2) of the Regulation should now read ss. 19(1), 19(1.1), 19(1.2) and 29(2) of the Regulation. Reference to "Recommendations for the Computation of Minimum Transfer Values of Pensions" issued by the Canadian Institute of Actuaries ("the CIA") and effective November 14, 1988 should now read "Recommendations for the Computation of Transfer Values from Registered Pension Plans" issued by the Canadian Institute of Actuaries and effective September 1, 1993.

Regulation 629/92 Explanatory Notes

Regulation 629/92 was filed on October 9, 1992 and was in force as of that date. The Regulation was published in the *Ontario Gazette* dated October 24, 1992. The following was changed by the Regulation:

Commuted value calculations

Subsection 16(1) of the Regulation has been amended in order to substitute provisions which expand on and clarify the rules for computing the minimum commuted value of a pension benefit in various on-going plan situations.

In situations where subsection 42(1) of the *Pension Benefits Act* (the "PBA") applies, the commuted value of a pension, deferred pension or ancillary benefit shall not be less than the value determined in accordance with "Recommendations for the Computation of Minimum Transfer Values of Pensions" issued by the *Canadian Institute of Actuaries* (the "CIA") and effective November 14, 1988. The CIA minimum requirement does not apply if a plan is wound up in whole or in part (subsection 16(1a)).

In situations where subsections 42(1) of the PBA and 25(2) of the Regulations do not apply, the commuted value of the same benefits identified above, is to be calculated in accordance with generally accepted actuarial principles and practices ("GAAP") - (subsection 16(1b)).

In wind up situations, subsection 25(2) requires that the minimum commuted value be the amount required to purchase the benefit from an insurance company at the date of wind up.