

Memorandum

To: All Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of Actuaries and Other Interested Parties

From: Jim Christie, Chair
Actuarial Standards Board
Conrad Ferguson, Chair
Designated Group

Date: October 22, 2013

Subject: **Final Standards – Revision to the Practice-Specific Standards for Pension Plans – Mortality Assumption for Pension Commuted Values and Promulgation of Mortality Table**

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INTRODUCTION

The attached final revisions to paragraph 3530.01 of the Practice-Specific Standards for Pension Plans were approved by the Actuarial Standards Board (ASB) on October 8, 2013.

BACKGROUND

The ASB created a Designated Group (DG) to develop these revisions. The DG includes Conrad Ferguson (chair) and Laura Newman.

A [notice of intent](#) (NOI) was published on March 6, 2013, with a comment period ending on March 26, 2013. An [exposure draft](#) (ED) was published on May 31, 2013, with a comment period ending on July 5, 2013.

COMMENTS RECEIVED

Only one consulting firm provided comments on the ED. It reiterated its comments made for the NOI and emphasized its view that stakeholders would be better served by regular due process for changes to assumptions and methods for pension commuted values. It further expressed a concern that the promulgation approach pre-supposes that a change is needed, thereby appearing to shift the burden of proof relative to the regular due process.

DG Response

On the issue of appearance of a shift in the burden of proof, the DG does not agree with this concern. Promulgation clauses are used in other standards and have not caused any

such challenge. The DG acknowledges that changes to pension commuted value calculations do trigger considerations such as the opposing impact on terminating members and sponsors of defined benefit pension plans. However, the due process for promulgation of a new mortality table would afford interested parties ample opportunity to express concerns at that time.

DUE PROCESS

The ASB's Policy on Due Process for the Adoption of Standards of Practice was followed in the revisions to paragraph 3530.01.

TIMELINE AND EFFECTIVE DATE

These final revisions are effective on February 1, 2014. Early adoption is not relevant to this proposed change as current practice is not affected by the proposed change.

JC, CF