

1 **Q. Further to the reply to CA-NP-48 (part (b)), please provide copies of the Provincial**  
2 **and Federal Government announcements referred to therein.**

3  
4 A. Attachment A is the Provincial Government announcement in June 2009 related to the  
5 solvency funding of pension plan assets.

6  
7 Attachment B is the announcement from the Office of the Superintendent of Financial  
8 Institutions Canada in March 2009 related to the January 2009 Federal Budget describing  
9 the valuation of pension plan assets from a solvency basis.

**Government of Newfoundland and Labrador**  
**June 18, 2009 Announcement**  
**Solvency Funding Requirements**

## MEMO

June 18, 2009

**To: All Defined Benefit Pension Plans**

**From: Julian McCarthy, Deputy Superintendent of Pensions**

**Re: Solvency Funding Requirements**

The following information is provided relating to the solvency funding requirements under the *Pension Benefits Act, 1997*.

1. The Solvency Funding Relief Regulations which were effective until January 1, 2009 may still be availed off for pension plans that are preparing an actuarial valuation report if the effective date of the valuation is January 1, 2009 or earlier. The valuation report is not required to be filed with this office until nine months after the effective date of the report.
2. The new CIA commuted value standards which were effective April 1, 2009 may be used to determine the solvency funded position of a pension plan for actuarial valuations reports completed after December 19, 2008.
3. Section 11(c) of the Pension Benefit Act Regulations (the Regulations) permits the use of smoothing of investment gains and losses to determine the value of assets for solvency funding purposes. From a policy perspective this office will accept smoothing of assets to a maximum of 15 percent above the market value of assets.
4. Section 15(5) of the Regulations restricts transfers out of a pension plan if the administrator has reason to believe that the solvency ratio of the plan may be reduced to a value less than 0.9 since the last actuarial valuation. For compliance with this section, this office will accept a letter from the plan actuary which provides a current solvency ratio without having to file a new actuarial valuation report.

Should you have any questions please contact me at 709-729-6014.

**Specification 2009-1 of the Superintendent of  
Financial Institutions on Asset Values Used  
In Pension Plan Solvency Valuations**



March 6, 2009

**To:** Actuaries of Federally-Regulated Defined Benefit Pension Plans

**Subject: Specification 2009-1 of the Superintendent of Financial Institutions on  
Asset Values used in Pension Plan Solvency Valuations**

Further to the announcement contained in the January 27, 2009 Federal Budget, OSFI is specifying rules on asset smoothing for solvency valuations. The attached Specification of the Superintendent sets out the rules that apply.

Smoothing of assets up to 110% of market value is permitted in actuarial reports with effective dates of November 1, 2008 or later.

Smoothing of assets up to 115% of market value is permitted on a temporary basis only for actuarial reports that are prepared in accordance with and for the purposes of the solvency funding relief regulations announced by the government in November 2008. These regulations have not yet been issued.

As announced in the Federal Budget, the government will make the amount of any deferral of funding that results from the use of an asset value in excess of 110% of market value subject to a deemed trust.

The Instruction Guide on the Preparation of Actuarial Reports for Defined Benefit Pension Plans will provide further detailed guidance on asset valuations. The final version of the Guide is targeted for release in early April 2009.

Questions on this topic can be addressed to Jean-Claude Primeau, Director, Actuarial, Policy and Approvals at (613) 990-8136 or [jean-claude.primeau@osfi-bsif.gc.ca](mailto:jean-claude.primeau@osfi-bsif.gc.ca) or by facsimile to (613) 990-7394.

Julie Dickson,

Superintendent of Financial Institutions

