



Special Notice

September 8, 2009

Update on commuted value transfers in Ontario

The Financial Services Commission of Ontario (FSCO) has just published some clarifications on the recent commuted value transfer policy. They should help pension plan administrators in implementing the new policy: [Commuted Value Transfers T800-402](#).

The policy, published on July 7, 2009 by FSCO, requires that all plan administrators that know or ought to know that the plan's transfer ratio has dropped by 10% or more and is below 0.9, must get approval from the Superintendent before allowing terminating members to transfer their commuted value or buy an annuity. More details can be found in the [Eckler Special Notice "Ontario imposes new limits on commuted value transfers."](#)

The main clarifications are as follows.

The new policy applies:

- to commuted value transfers for all members of pension plans registered in Ontario, regardless of the member's province of employment;
- to transfers to a former spouse as a result of marriage breakdown;
- to the lump-sum payment under the small benefit provisions;
- to amounts payable in excess of the Income Tax Act maximum transfer value;
- only to defined benefit portions of a pension plan, and not to defined contribution portions.

The new policy does not apply:

- to commuted value transfers for members employed in Ontario, who belong to a pension plan registered with another jurisdiction;
- to transfers between plans under reciprocal agreements;
- to the transfer of pre-retirement death benefits;
- to settlements of benefits resulting from a full or partial wind-up of Ontario-registered plans.

Administrative issues

FSCO also clarified the following administrative issues:

- expected turnaround time for approvals is five business days;
- the determination date of the updated transfer ratio should be within three months of the date the request for approval is made;
- there are no exemptions for small plans, although plans with a low frequency of commuted value transfers may conduct a review of the transfer ratio only when a transfer is requested.

The web link to the full text of FSCO clarification is: [Commuted Value Transfers - Questions and Answers](#).

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