
PENSION VALUATORS OF CANADA

Valuing Pensions Is Our Only Business

Providing the Best Service Is Our Primary Concern

Attention: Family Law Lawyers

Bulletin No. 102

F.Y.I.

SOME RECENT EXPERIENCES:

1. One lawyer said to us recently, " My client doesn't want to spend the money on a full pension valuation. Surely we can get a close-enough figure by doing a present-value calculation or just showing the accumulated contributions with interest". Actually a simple present-value calculation will almost never give a figure that is close to the correct value of a pension plan. In an effort to save a few hundred dollars on the cost of a valuation, your client may be losing thousands of dollars by not having the pension plan valued properly.
2. We recently had one case where an actuary had valued a pension plan for the spouse of the member and arrived at a value of \$ 110,000. Acting for the plan member we were able to show that the true value was \$ 22,215., based on the provisions of one paragraph in the pension plan that the actuary had neglected to consider (or perhaps had been instructed to ignore), thus saving our client many thousands of dollars. (We are not faulting the actuary here as we don't know all of the background of this case.)
3. In another pension plan where the employee's contributions totalled approximately \$ 25,000. The true value of the pension plan was \$ 285,000., due mainly to early retirement provisions of the particular plan. Valuing this pension at the accumulated contributions plus interest or by a simple calculation would have been extremely costly to the non-member spouse.
4. We had one case where the plan member was only 29 years old and had accumulated \$ 12,778. in contributions and interest in his plan. His accrued pension was \$229. per month starting at age 65. We acted for the spouse of the plan member and were able to justify a value of \$15,535. due to one special section of the Ontario Pension Benefits Act (thereby saving the client almost five times the amount of our fee).

Avoiding the costs of a proper pension valuation may well be a case of being "penny wise and pound foolish ". You will want to explain this to your client for both his benefit and yours.

For further information please call Pension Valuers of Canada at **1-800-891-9122** or fax us at 1-705-749-6762.

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