
PENSION VALUATORS OF CANADA

Valuing Pensions Is Our Only Business

Providing the Best Service Is Our Primary Concern

Attention: Family Law Lawyers

Bulletin No. 115

PORTION OF PENSION EARNED OUTSIDE MARRIAGE

Most people start work before they get married and therefore a portion of their pension is earned prior to the marriage. That part of the value is not subject to equalization.

The Family Law Act says that when a portion of the pension was earned outside the marriage, a three step process is to be followed. **First**, you value the pension at the valuation date. **Second**, you value the pension at the date of marriage. **Thirdly**, you deduct the second value from the first in order to establish the value accrued during the marriage. This is commonly known as the "**Value-Added Method**".

Many pension valuers, and the courts, apportion the value based



on the number of months married over the number of months in the plan. This is commonly known as the "Rutherford" method or the "**Pro-Rata**".

Adhering to the strict letter of the law and using the value-added method will *generally produce a higher value* for the portion earned during the marriage. **If** you are acting for the non-member spouse, you may want to **insist** on this method being used.

If you have any questions please call Pension Valuers of Canada at **1-800-891-9122** or fax us at 1-705-749-6762.

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