
PENSION VALUATORS OF CANADA

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Attention: Family Law Lawyers

Bulletin No. 119

THE PROPER RETIREMENT DATE

DOES THE CHOICE OF RETIREMENT DATE ASSUMED AFFECT THE VALUE OF A PENSION PLAN ?

In other bulletins we looked at how certain assumptions could affect the valuation of a particular pension plan entitlement. We will now consider the choice of the date for the pension payments to commence (assumed date of retirement).

It is not correct to assume in all cases that the pension payments will commence at the normal retirement age specified or even at the earliest date of unreduced pension. Many pension plans provide for early unreduced pensions and sometimes the courts have supported the use of this assumption. (See Miller v. Miller, Marsham v. Marsham, and Forster v. Forster). This could easily result in doubling the value placed on a particular pension.

A recent report issued by a competent Pension Valuation firm showed the following for one person's pension plan:

Retirement Age	Value if Non-Indexed	Value If Fully Indexed
57.2	\$114,265	\$253,709
60	\$ 88,447	\$209,309

57.2 was the earliest age at which the person could take an unreduced pension. Age 60 was the normal retirement age in this particular case. The calculations are correct and this is a good example of a large difference in values for less than a three year difference in the choice of possible retirement age.

Great care must be taken in order to ensure that the proper retirement age is used when calculating the value of pension plan entitlements. The particular pension plan must be checked for any early retirement provisions. However, one should not automatically assume the earliest age of unreduced pension.

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

*Published by G. Edmond Burrows, F.C.A.
Specialist in Pension Valuations*