
PENSION VALUATORS OF CANADA

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Attention: Family Law Lawyers

Bulletin No. 120

WHEN IS AN R.R.S.P. NOT A FAMILY ASSET

OR

THE GOLDEN HANDSHAKE

In these times of down-sizing by so many companies, employees are accepting early retirement or other arrangements for a job change. The severance package frequently includes incentives which are rolled into an R.R.S.P. On marriage breakdown, it is normal to consider an R.R.S.P. as a Family Asset subject to equalization.

Some, but only some, of these incentives are based on an existing agreement and/or are calculated based on the employee's years of past service. These might well be a Family Asset.

We recently reviewed a severance package and applicable case law, and it became apparent that in this case the incentive (which had

been rolled into an R.R.S.P.) was **not** a Family Asset. This saved the client over \$10,000.00.

We suggest that before automatically considering an R.R.S.P. to be a Family Asset, you enquire as to the source of the funds in the R.R.S.P. and the reasons for the payment.

We also remind you that most government employees (and some others) have an accrued severance pay at the date of separation that is a shareable family asset that is in addition to and entirely separate from their pension. This asset must be valued separately. We can calculate the value of this asset for you if you wish.

For further information or a copy of our extensive brief please call Pension Valuators of Canada at **1-800-891-9122** or fax us at 1-705-749-6762.

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