



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

July 26, 2021

Mr. Marshall Posner
Chair, Designated Group
Actuarial Standards Board
Via email marshallposner@gmail.com and chris.fievoli@cia-ica.ca

Re: Determination of Pension Commuted Value in Economic Environments Where Bond Yields are Negative

Dear Mr. Posner,

PIAC appreciates the opportunity to comment on the Actuarial Standards Board's Exposure Draft on the determination of pension commuted values in economic environments where bond yields are negative.

PIAC has been the voice for Canadian pension funds since 1977 in matters related to pension investment and governance. PIAC's members manage over \$2.4 trillion of assets on behalf of millions of Canadians. Our mission is to promote sound investment practices and good governance for the benefit of plan sponsors and beneficiaries.

Responses to specific questions in Exposure Draft

1. Do you agree with the proposed change to r7? If not, what would you suggest?

Following our February 2021 submission on the same topic, we are pleased to see that a thorough analysis was provided laying out the proposed change to r7. PIAC agrees with the proposed change.

2. Do you agree with the proposed restriction (i.e., floor of zero) to i₁₋₁₀ and i₁₀₊?

PIAC agrees with the proposed restriction to i₁₋₁₀ and i₁₀₊

3. Can plan administrators implement the change(s) in the time frame envisioned?

The implementation timeline envisioned in the Exposure Draft will be challenging for administrators to implement. PIAC strongly recommends that there be a six-month period between the published date of the revised Standards and the effective date. Administrators will need that time to program administrative systems and perform appropriate testing to implement the changes.

Finally, to avoid annual year-end reporting cycles, it is advised that the effective date of the Standards be set for after March 31, 2022.

We appreciate the opportunity to respond and would be pleased to provide any further information, should you request it.

Yours sincerely,



Natasha Trainor
Chair