

# RET – Funding & Regulation Exam

Fall 2020/Spring 2021

## Important Exam Information:

### [Exam Registration](#)

Candidates may register online or with an application.

### [Order Study Notes](#)

Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.

### Syllabus Readings

Readings listed in this syllabus may include study notes, online readings and textbooks. Candidates are responsible for all readings in their entirety, including sections such as Appendices, unless it is stated otherwise in the syllabus.

### [Introductory Study Note](#)

The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.

### Case Study

A case study will not be provided for this examination.

### [Past Exams](#)

Past Exams from 2000-present are available on SOA website.

### [Updates](#)

Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

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<b>1. Topic: Valuation Data</b>
<b>Learning Objectives</b>
The candidate will understand how to analyze data for quality and appropriateness.
<b>Learning Outcomes</b>
The Candidate will be able to: a) Identify data needed b) Assess data quality c) Make and/or recommend appropriate assumptions where data cannot be provided d) Comply with regulatory and professional standards pertaining to data quality
<b>Resources</b>
<ul style="list-style-type: none"><li>• <a href="#">ASOP 23: Data Quality</a></li><li>• <a href="#">Experience Data Quality: How to Clean and Validate Your Data</a>, SOA, 2011 (excluding introduction)</li><li>• <a href="#">CIA Consolidated Standards of Practice</a>, sections 1440, 1510 &amp; 1530</li></ul>

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<b>2. Topic: Assumptions</b>
<b>Learning Objectives</b>
The candidate will understand how to analyze/synthesize the factors that go into selection of actuarial assumptions for funding purposes.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Describe and apply the techniques used in the development of assumptions for funding purposes</li><li>b) Evaluate and recommend appropriate assumptions for funding purposes</li><li>c) Evaluate actual experience, including comparisons to assumptions</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• FR-121-19: Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates between December 31, 2018, and December 30, 2019</li><li>• FR-125-17: Financial Services Commission of Ontario: Actuarial Guidance Note: Determination of the Solvency Liability Adjustment</li><li>• FR-132-17: A Problem-Solving Approach to Pension Funding and Valuation, 2<sup>nd</sup> Ed., Ch. 5</li><li>• FR-138-18: Alternative Settlement Methods for Solvency Valuations</li><li>• FR-143-19: Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2019, and Applicable to Valuations with Effective Dates Between March 31, 2019, and December 30, 2019</li><li>• FR-144-20: FSRA - Frequently Asked Questions Pertaining to the 2018 Funding Reform for Defined Benefit Pension Plans (Transition Rules section, Q400-Q404 background only)</li><li>• <a href="#">ASOP 25: Credibility Procedures</a></li><li>• <a href="#">ASOP 27: Selection of Economic Assumptions for Measuring Pension Obligations</a></li><li>• <a href="#">ASOP 35: Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</a></li><li>• <a href="#">Determination of Best Estimate Discount Rates for Going Concern Funding Valuations</a>, CIA Educational Note, Dec 2015</li><li>• <a href="#">Selecting and Documenting Mortality Assumptions</a>, AAA, June 2015 (Appendices background only)</li><li>• <a href="#">Selection of Mortality Assumptions for Pension Plan Actuarial Valuations</a>, CIA Educational Note, Dec 2017</li><li>• <a href="#">Provisions for Adverse Deviations in Going Concern Actuarial Valuations</a>, CIA Research Paper, Mar 2017</li><li>• <a href="#">Expenses in Funding Valuations for Pension Plans</a>, CIA Revised Educational Note, Sep 2014</li><li>• <a href="#">Reflecting Increasing Maximum Pensions Under the Income Tax Act in Solvency, Hypothetical Wind-up and Wind-up Valuations</a>, CIA Revised Educational Note, Jan 2015</li><li>• <a href="#">Alternative Settlement Methods for Hypothetical Wind-Up and Solvency Valuations</a>, CIA Educational Note, Sep 2013</li></ul>

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- [Task Force Report on Mortality Improvement](#), CIA Final Report, Sep 2017
- [A Practical Approach to Establishing Margins for Adverse Deviations in Going Concern Funding Valuations](#), CIA Member Paper, Oct 2018

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**3. Topic: Methods**

**Learning Objectives**

The candidate will understand how to apply/synthesize the methods used to value pension benefits for various purposes.

**Learning Outcomes**

The Candidate will be able to:

- a) Differentiate between the various purposes for valuing pension plans:
  - i. Funding
  - ii. Solvency
  - iii. Termination/wind-up/conversion
- b) Perform periodic valuations of ongoing plans, calculating normal cost and actuarial liability, using a variety of cost methods
- c) Analyze and communicate the pattern of cost recognition that arises under a variety of funding methods
- d) Analyze and communicate the impact on cost stability of a variety of asset valuation methods
- e) Perform valuations for special purposes, including:
  - i. Plan termination/windup/conversion valuations
  - ii. Hypothetical wind-up and solvency valuations
  - iii. Open group valuations
  - iv. Shared risk pension plan valuations
- f) Calculate actuarially equivalent benefits

**Resources**

- *Canadian Pensions and Retirement Income Planning*, Willis Towers Watson, 6<sup>th</sup> Edition, 2017
  - Ch. 15 (excluding Section 1525)
- *Morneau Shepell, Handbook of Canadian Pension and Benefit Plans*, 16<sup>th</sup> Edition, 2016
  - Ch. 3
  - Ch. 6 (excluding pp. 188-196)

**\*Candidates may also use:**

- *Morneau Shepell, Handbook of Canadian Pension and Benefit Plans*, 17<sup>th</sup> Edition, 2020
  - Ch. 3
  - Ch. 6 (excluding pp. 176-183)
- *Pension Mathematics for Actuaries*, Anderson, Arthur W., 3<sup>rd</sup> Edition, 2006
  - Ch. 1-4 and 7
- FR-104-13: Pension Projections (Appendix background only)

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- FR-108-13: Pension Funding Exercises (background only)
- FR-133-17: Actuarial Equivalence Calculations
- FR-138-18: Alternative Settlement Methods for Solvency Valuations
- [ASOP 4: Measuring Pension Obligations and Determining Pension Plan Costs or Contributions](#)
- [Guidance on Asset Valuation Methods](#), CIA Educational Note, Sep 2014
- [Calculation of Incremental Cost on a Hypothetical Wind-Up or Solvency basis](#), CIA Educational Note, Dec 2010
- [Asset Valuation Methods under ERISA](#), Pension Forum, Sep 2002, Ch. 1, 3, 4 and 5
- [Survey of Asset Valuation Methods for Defined Benefit Plans](#), section 2 only
- [CIA Consolidated Standards of Practice](#), section 1400
- [CIA Consolidated Standards of Practice](#), sections 3100-3500
- [CIA Section 3500 of the Practice-Specific Standards for Pension Plans – Pension Commuted Values \(Subsection 3570\)](#)
- [CIA Section 3500 of the Practice-Specific Standards for Pension Plans – Pension Commuted Values \(other than Subsection 3570\)](#)
- [Use of Models](#), CIA Educational Note, Jan 2017
- [Alternative Settlement Methods for Hypothetical Wind-Up and Solvency Valuations](#), CIA Educational Note, Sep 2013
- [Funding of Public Sector Pension Plans](#), Retirement 20/20 Papers, Jun 2018
- [A Practical Approach to Establishing Margins for Adverse Deviations in Going Concern Funding Valuations](#), CIA Member Paper, Oct 2018
- [Guidance on Selection and Disclosure of Plausible Adverse Scenarios](#), CIA Educational Note, Feb 2019

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<b>4. Topic: Regulations - Principles and Rationale</b>
<b>Learning Objectives</b>
The candidate will understand the principles and rationale behind regulation.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Describe the principles and motivations behind pension legislation and regulation</li><li>b) Describe sources and framework of government regulation</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>Canadian Pensions and Retirement Income Planning</i>, Willis Towers Watson, 6<sup>th</sup> Edition, 2017<ul style="list-style-type: none"><li>○ Ch. 1: Section 105</li><li>○ Ch. 1: Section 110 (background only)</li><li>○ Ch. 3</li></ul></li><li>• FR-127-15: Rebuilding New Brunswick: The Case for Pension Reform (including Appendices C, D and E)</li><li>• FR-139-18: OECD Core Principles of Private Pension Regulation (Parts I and II, pp. 11-75)</li><li>• FR-145-20: CAPSA Recommendations - Funding of Benefits for Plans Other than Defined Contribution Plans</li><li>• FR-146-20: FSRA - Pension Sector Guiding Principles</li></ul>

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**5. Topic: Regulations - Evaluation and Application**

**Learning Objectives**

The candidate will understand how to evaluate and apply regulatory policies and restrictions for registered retirement plans.

**Learning Outcomes**

The Candidate will be able to describe and apply regulation pertaining to:

- a) Plan design
- b) Plan establishment
- c) Plan amendment
- d) Plan termination/windup
- e) Plan conversion
- f) Plan merger or spin-off
- g) Reporting requirements
- h) Members' rights
- i) Contributions and benefits
- j) Individual savings plans
- k) Coordination of individual and employer sponsored retirement plans

**Resources**

- *Canadian Pensions and Retirement Income Planning*, Willis Towers Watson, 6<sup>th</sup> Edition, 2017
  - Ch. 2
  - Ch. 5-12
  - Ch. 14
  - Ch. 16-22
- *Morneau Shepell, Handbook of Canadian Pension and Benefit Plans*, 16<sup>th</sup> Edition, 2016\*
  - Ch. 5 (background only)
  - Ch. 8
  - Ch. 9
  - Ch. 10
  - Ch. 11 (pp. 364-374)
  - Ch. 13 (pp. 408-413)
  - Ch. 30 (pp. 709-719)

**\*Candidates may also use:**

- *Morneau Shepell, Handbook of Canadian Pension and Benefit Plans*, 17<sup>th</sup> Edition, 2020



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- Ch. 5 (background only)
- Ch. 8
- Ch. 9
- Ch. 10
- Ch. 11 (pp. 366-376)
- Ch. 13 (pp. 402-410)
- FR-111-13: OSFI Guidelines for Converting DB to DC
- FR-112-16: Filing Requirements and Procedure on Full or Partial Wind up of a Pension Plan
- FR-114-19: Ontario Pension Benefits Act R.R.O. 1990, Reg 909 (excluding sections 5.5.1 and 5.5.2 - Funding and Funding Relief for Specified Pension Plans and 5.5.3, 5.6, 5.6.1, 5.6.2, 5.6.3, 5.7, 5.8, 5.9, 5.10 - Solvency Funding Relief)
- FR-115-19: Ontario Pension Benefits Act, R.S.O. 1990, Ch. P.8
- FR-116-17: FSCO Q&A on Agreement Respecting Multi-Jurisdictional Pension Plans
- FR-117-15: FSCO overview and Q&A on Letters of Credit
- FR-118-15: FSCO overview and Q&A on Letters of Credit – FAQs
- FR-123-19: Pension Benefits Act–Ontario Regulation 310/13
- FR-129-16: Pension Asset Transfers made easier, Pension Benefits and Executive Compensation, February 2014
- FR-131-19: FSCO Q&A on Asset Transfers for Plan Administrators and Actuaries
- FR-134-17: CIA Revised Educational Note: Transfer Values – Ontario Reporting Requirements
- FR-142-19: 2018 Funding Reform - Ability to take contribution holidays and pay PBGF assessments
- [FSCO Policy T800-402, Commuted Value Transfers](#)
- [FSCO Policy on Actuarial Filing for Plan Amendments](#)
- [FSCO Policy on Conversion of a Plan from Defined Benefit to Defined Contribution](#)
- [FSCO Policy: Application by Employer for Payment of Surplus on Full Wind Up of a Pension Plan](#)
- [FSCO Actuarial Guidance Note on Determination of Interest Payments Where Solvency Special Payments are covered by Letters of Credit](#)
- [Canada Revenue Agency PA Guide](#)
- [Canada Revenue Agency PSPA Guide](#)
- [Canada Revenue Agency PAR Guide](#)

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<b>6. Topic: Funding</b>
<b>Learning Objectives</b>
The candidate will understand how to apply the regulatory framework in the context of plan funding.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Evaluate retirement funding alternatives for the plan sponsor, shareholders, participants, and, for public pension plans, taxpayers</li><li>b) Evaluate funding restrictions imposed by regulations</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>Canadian Pensions and Retirement Income Planning</i>, Willis Towers Watson, 6<sup>th</sup> Edition, 2017<ul style="list-style-type: none"><li>○ Ch. 15 (excluding Section 1525)</li></ul></li><li>• <i>Morneau Shepell, Handbook of Canadian Pension and Benefit Plans</i>, 16<sup>th</sup> Edition, 2016*<ul style="list-style-type: none"><li>○ Ch. 6 (excluding pp. 188-196)</li><li>○ Ch. 9</li><li>○ Ch. 11 (pp. 364-374)</li><li>○ Ch. 12 (pp. 379-396)</li><li>○ Ch. 13 (pp. 407-413)</li></ul></li></ul> <p><b>*Candidates may also use:</b></p> <ul style="list-style-type: none"><li>• <i>Morneau Shepell, Handbook of Canadian Pension and Benefit Plans</i>, 17<sup>th</sup> Edition, 2020<ul style="list-style-type: none"><li>○ Ch. 6 (excluding pp. 176-183)</li><li>○ Ch. 9</li><li>○ Ch. 11 (pp. 366-376)</li><li>○ Ch. 12</li><li>○ Ch. 13 (pp. 402-410)</li></ul></li><li>• FR-114-19: Ontario Pension Benefits Act R.R.O. 1990, Reg 909 (excluding Sections 5.5.1 and 5.5.2 - Funding and Funding Relief for Specified Pension Plans and 5.5.3, 5.6, 5.6.1, 5.6.2, 5.6.3, 5.7, 5.8, 5.9, 5.10 - Solvency Funding Relief)</li><li>• FR-115-19: Ontario Pension Benefits Act, R.S.O. 1990, Ch. P.8</li><li>• FR-131-19: FSCO Q&amp;A on Asset Transfers for Plan Administrators and Actuaries</li><li>• FR-141-18: Alberta Interpretive Guideline #07: Solvency Reserve Account</li><li>• FR-147-20: A Look at the Landscape for Pension Funding Reform Across Canada</li><li>• FR-148-20: OSFI – Instruction Guide: Preparation of Actuarial Reports for Defined Benefit Pension Plans (sections 2.8 and 2.10 only)</li><li>• <a href="#">Funding of Public Sector Pension Plans</a>, Retirement 20/20 Papers, Jun 2018</li></ul>

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<b>7. Topic: Professionalism</b>
<b>Learning Objectives</b>
The candidate will understand how to apply the standards of practice and professional conduct guidelines.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Apply the standards related to communications to plan sponsors and others with an interest in an actuary's results (i.e., participants, auditors, etc.)</li><li>b) Explain and apply the Professional Conduct Guidelines</li><li>c) Explain and apply relevant qualification standards</li><li>d) Demonstrate compliance with requirements regarding the actuary's responsibilities to the participants, plan sponsors, etc.</li><li>e) Explain and apply all of the applicable standards of practice related to valuing pension benefits</li><li>f) Recognize situations and actions that violate or compromise Standards or Professional Conduct Guidelines</li><li>g) Recommend a course of action to repair a violation of the Standards or Professional Conduct Guidelines</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <a href="#">CIA Consolidated Standards of Practice</a>, Sections 1000-1700</li><li>• <a href="#">CIA Consolidated Standards of Practice</a>, Sections 3100-3500</li><li>• <a href="#">CIA Qualification Standards</a></li><li>• <a href="#">CIA Rules of Professional Conduct</a></li><li>• <a href="#">SOA Code of Professional Conduct</a></li><li>• <a href="#">Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States</a></li><li>• <a href="#">General Advice on the Application of Rule 13</a>, CIA Guidance Document, Dec 2018</li><li>• <a href="#">Events Occurring After the Calculation Date of an Actuarial Opinion for a Pension Plan</a>, CIA Revised Educational Note, Jan 2015</li></ul>