

**New Pension Commuted Value (CV) Standards
Effective for Retirements Beginning January 1, 2021 and Beyond**

On January 24, 2020, the Canadian Institute of Actuaries announced changes to the standards of practice for calculating pension commuted values (CV). It is expected that the new CV calculation model will take effect on December 1, 2020 and General Motors of Canada will be required to adopt the new standard for retirements on January 1, 2021 and after.

To better understand the upcoming changes, please refer to the Q&A listed below:

Q: Why is this new CV calculation model being introduced and when is the actual effective date?

⇒ The Canadian Institute of Actuaries reviews and updates its guidance for calculating commuted values (CV) from time to time. The last major update to the CV standards was in 2009, and the mortality table to be used with the 2009 standard was updated in 2015. It has been confirmed that the new CV calculation model will take effect for retirements beginning on January 1, 2021 and after.

Q: What date do I have to end my employment by if I want to be sure my CV calculation is under the current method rather than the new CV standard?

⇒ Your last day in active status must be no later than November 30, 2020 in order for the current CV standard to be applied. For anyone terminating December 1st 2020 or after, the requirement is to use the new CV standard.

Q: Is this new CV calculation being applied to the GM pension plan only, or will this apply to all federal and provincial plans?

⇒ The new CV standards will apply to all registered pension plans, whether federally registered or registered with one of the provincial regulators.

Q: Will the new CV calculation model have any impact on my estimated GM monthly pension (if I keep my money with GM)?

⇒ The new CV standards will not impact your estimated GM monthly pension payable in the normal form (monthly pension)

Q: I'm planning on retiring in early 2021, how much of a change should I expect on my CV balance?

⇒ The amount of change will vary from month to month, depending on the amount that corporate bond yields exceed federal bond yields, and the amount that provincial bond yields exceed federal bond yields, as of the previous month

end. If the federal bond yields, provincial bond yields and corporate bond yields when you retire are similar to what they were as of the end of July 2020, the estimated reduction would likely be in the range of 3% to 4%. Other factors that impact the amount of the reduction include your age at retirement, your spouse's age (if you have a spouse), and the size of your lifetime pension relative to your bridge pension.

Q: If I had already declared my intention with GM to retire on December 1st, 2020 (prior to the announcement of the new CV calculation format) will my CV calculation be handled under the old or new model?

⇒ Your CV will be based on the current CV Standards if you retire on December 1, 2020. The new CV standards will apply to retirements dated January 1, 2021 or later.

Q: Has the modeler at the GM Canada Benefit Centre been updated with this change, if not, when will my estimates be ready?

⇒ We are working with the GM Canada Benefits Centre to have the modeler updated. The estimated completion date is late October 2020.

Q: Where can I go to read the details of the new CV standards?

⇒ The new CV standards are prescribed by the Canadian Institute of Actuaries Standards of Practice section 3500. These standards will change effective December 1, 2020. Please refer to section 3500 in the document in the link below:

⇒ <https://www.cia-ica.ca/docs/default-source/standards/sp120120e.pdf>

Q: If the new CV standards were in effect now, how would the August interest rates for commuted values change?

⇒ The interest rates under the current CV standards for August 2020 are 1.3% for 10 years and 2.2% thereafter. If the new CV standards were in effect for August 2020, the interest rates would be 1.4% for 10 years and 2.6% thereafter. The differences between the interest rates under the current standards and the new CV standards change every month, depending on federal, provincial and corporate bond yields.