

## **Pension Plan Evaluations and Their Consequences**

At least every three years, a defined benefit plan must undergo an actuarial evaluation: “solvency tests”. The plan’s assets are assessed and compared to the plan’s liabilities (the pension promises).

These solvency tests are of two types:

1. **Going Concern**: the assets are compared to the liabilities on the assumption that the plan will *continue indefinitely*.
2. **Wind-Up**: the assets are compared to the liabilities of the plan as if it were to *cease operating*.

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- **If the pension plan is found to be in deficit under either solvency test, the plan sponsor, in our case the Dalhousie Board of Governors, must make up the difference.**
- **Most pension plans in Canada are currently showing deficits.**
- **Given the sums involved, these solvency repayments can be significant.**

# Plan Evaluations and Their Consequences

## **Dalhousie's Pension Plan Situation**

**The last DPP evaluation (June 30<sup>th</sup>, 2007) showed a slight surplus in the plan.**

**The 2010 evaluation will likely show significant deficits in both solvency tests.**