

DEFINITIONS

ACCRUAL	Change in assets and liabilities over time
OAS	Old Age Security
CPP	Canada Pension Plan
ACTIVES	Employees currently working and covered by the pension plan

BENEFICIARIES	Person for whom a pension trust is established and who will or does receive benefits
FIDUCIARY DUTY	The duty of caring for another's money
DEFERRED WAGES	Workers' earnings held over for retirement
ASSETS	Investments or cash held by a pension fund

LIABILITIES	Financial obligations of the pension plan
ACTUARIAL ASSUMPTIONS	Assumptions made by the actuary about future experience, to estimate future costs of benefits, including assumptions about mortality rates, staff turnover, wage levels and investment returns
ASSET MIX	Proportions of various types of investments held by a pension fund and required by the statement of investment policy
REAL RATE OF RETURN	Rate of return of investments after taking into account inflation

COMMUTED VALUE	The value of a pension calculated in a prescribed manner at a fixed date
BENEFIT FORMULA	Provision in a pension plan for calculating a defined benefit, according to years of service, earnings (career or final average), a fixed dollar amount etc
BOND	A certificate of debt
BOOK VALUE	Amount shown in the books as the cost of an asset

FLAT BENEFIT	A defined benefit which specifies a specific dollar amount of benefit (often negotiated)
DEFINED BENEFIT	A pension to be provided based on service, average earnings etc but not on the total contributions
CONTRIBUTION	The tax deductible amount put in regularly to a pension plan by employers, employer or both
EMPLOYER SPONSORED PLAN	A pension plan offered by an employer where the employer bears all the risk

FULLY FUNDED	A plan having sufficient assets to provide for all its pensions and benefits at a certain date
GOING CONCERN	An actuarial valuation that the pension plan will continue indefinitely
INVESTMENT POLICY	The governing document of a pension plan setting out its investment policy, guidelines, asset mix and degree of trustee involvement in investment oversight
LIQUIDITY	The ease with which an investment can be converted to cash

TIME HORIZON	The period of time governing valuations of a pension plan
MULTI-EMPLOYER PLAN	A pension plan covering employees of more than one employer
PORTABILITY	Extent to which a pension benefit can recognize all periods of employment with various employers
PORTFOLIO	Collection of investments

RATE OF RETURN	Investment yield as a measure of risk
RRSP	Registered retirement savings plan – a personal plan where contributions up to a certain ceiling are tax deductible
RISK	Central principle governing the mix of investments in a pension portfolio
SURPLUS	The amount determined by the actuary when the present value of estimated future liabilities is less than current assets of the pension plan

PENSION TRUST	The embodiment of the trust agreement setting out the duties and responsibilities of trustees of a pension plan
UNFUNDED LIABILITY	The amount by which the assets of a pension plan are less than its liabilities
VESTING	The right of an employee to 'lock-in' contributions
WIND-UP	Discontinuation of a pension plan as regulated by law

YMPE	Year's maximum pensionable earnings; refers to the earnings ceiling on which contributions and benefits are calculated
TAX DEFERRAL	Provision in the Income Tax Act whereby pension contributions and investments are tax exempt and benefits are taxed
FUND MANAGER	The representative of a company in the financial industry, responsible for fund investment
PRUDENCE	The wisdom and care needed to handle someone else's money

SOLVENCY LIABILITY	The cost of accrued benefits if the plan is wound-up immediately
T-BILLS	Treasury bills