



**ACMA 490-3E  
THEORY OF PENSIONS**

**Spring 2003  
EVENING COURSE**

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**Instructor: LORI SATOV**

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**Prerequisites:**

STAT 280. Corequisite: ACMA 320, or permission of the Department of Statistics & Actuarial Science.

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**Textbook:**

*The Handbook of Canadian Pension Plans* 12th edition, Revised by Jennifer Greenan, publisher CCH Canadian Ltd.

**References:**

- *Private Pension Policies in Industrialized Countries* by J. Turner and N. Watanabe 1995, publisher W.E. Upjohn Institute for Employment Research
  - *Fundamentals of Private Pensions*, 7th edition, by McGill, Brown, Haley, and Schieber 1996, publisher Pension Research Council, The Wharton School of the University of Pennsylvania
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**Calendar Description:**

Topics in areas of probability and statistics not covered in the regular undergraduate curriculum of the department.

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**Outline:**

**Section I - Overview of Pension Plans (70%)**

- Defined Benefit Plans versus Defined Contribution Plans
- Replacement ratio
- Plan Design
- Government versus private pension plans
- Funding Mechanisms
- Other practical issues relating to the pension environment in Canada (e.g. accounting for pension expense, union issues, public pension plans, executive arrangements, investment issues, - time will dictate which topics are covered)

**Section II - Pension Plan Valuation - the Basics (30%)**

- Purpose of the valuation
  - Membership reconciliation
  - Asset reconciliation and asset smoothing techniques
  - The balance sheet
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**Grading:**

60% projects and assignments  
40% final exam  
The grading is subject to change.

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*Students should be aware that they have certain rights to confidentiality concerning the return of course papers and the posting of marks. Please pay careful attention to the options discussed in class at the beginning of the semester.*

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Revised October 2002