



Office of the Superintendent of  
Financial Institutions Canada

Bureau du surintendant des  
institutions financières Canada

Office of the Chief Actuary

Bureau de l'actuaire en chef



# ACTUARIAL REPORT

on the Pension Plan for the

## MEMBERS OF PARLIAMENT

as at 31 March 2013

**Office of the Chief Actuary**

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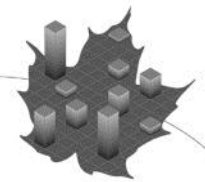
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4 July 2014

The Honourable Tony Clement, P.C., M.P.  
President of the Treasury Board  
Ottawa, Ontario  
K1A 0R5

Dear President:

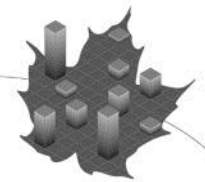
Pursuant to section 6 of the *Public Pensions Reporting Act*, I am pleased to submit this report on the actuarial review as at 31 March 2013 of the Pension Plan for the Members of Parliament. This actuarial review is in respect of pension benefits and contributions which are defined by Parts I, II and III of the *Members of Parliament Retiring Allowances Act* and the *Pension Benefits Division Act*.

Yours sincerely,

A handwritten signature in black ink that reads "Jean-Claude Ménard". The signature is written in a cursive, flowing style.

Jean-Claude Ménard, F.S.A., F.C.I.A.  
Chief Actuary





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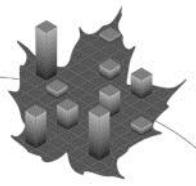
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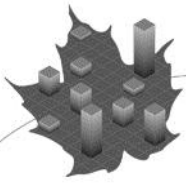
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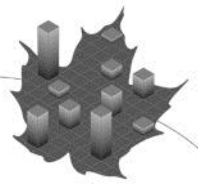


## ACTUARIAL REPORT

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Pension Plan for the **MEMBERS OF PARLIAMENT**  
as at 31 March 2013





## **I. Executive Summary**

This actuarial report on the pension plan for the Members of Parliament (the Plan) was made pursuant to the *Public Pensions Reporting Act*.

This actuarial valuation is as at 31 March 2013 and is in respect of pension benefits and contributions defined by the *Members of Parliament Retiring Allowances Act* (MPRAA) and the *Pension Benefits Division Act*.

The previous statutory actuarial report was prepared as at 31 March 2010. Following the Royal Assent on 1 November 2012 of the *Pension Reform Act*, an actuarial report updating the Actuarial Report on the Pension Plan for the Members of Parliament as at 31 March 2010 was prepared to reflect the plan amendments brought forward by the *Pension Reform Act* (the “Special Report”). The Special Report was tabled before Parliament on 31 May 2013. The next periodic review is scheduled for no later than 31 March 2016.

### **A. Purpose of the Report**

The purpose of this actuarial valuation is to:

- determine the state of the Members of Parliament Retiring Allowances (MPRA) Account and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account;
- set the parliamentarians’ contribution rates for calendar years 2016 and 2017; and
- assist the President of the Treasury Board in making informed decisions regarding the financing of the government’s pension benefit obligation.

### **B. Valuation Basis**

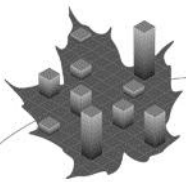
This report is based on pension benefit provisions enacted by legislation, summarized in Appendix 1. Since the last statutory actuarial valuation, there have been changes to the plan provisions brought forward by the *Pension Reform Act*. These changes are described in Appendix 1 and they have been reflected in this valuation.

The financial data on which this valuation is based are composed of accounts (Retiring Allowances and Retirement Compensation Arrangements) established to record the transactions for the Plan and to track the respective pension benefit obligations. These pension accounts are summarized in Appendix 3. The Membership data is summarized in Appendix 4.

The valuation was prepared using accepted actuarial practices in Canada, methods and assumptions which are summarized in Appendices 5 and 6.

All actuarial assumptions used in this report are best-estimate assumptions. They are, individually and in aggregate, appropriate for the purposes of the valuation at the date of this report.

Actuarial assumptions used in the previous report were revised based on economic trends and demographic experience. A complete description of the assumptions is shown in Appendix 6.



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Pension Plan for the MEMBERS OF PARLIAMENT  
as at 31 March 2013

### C. Main Findings

#### 1. Actuarial Excesses and Amounts that May be Debited

As at 31 March 2013, after taking into account the debits recommended in the Special Report<sup>1</sup>, the MPRA Account had an actuarial excess of \$13.2 million and the MPRCA Account had an actuarial excess of \$23.4 million. To maintain a conservatism margin, it is recommended that no amounts be debited from the Accounts.

#### 2. Current Service Costs

The Plan's total current service cost for the 2014 Plan<sup>2</sup> year is \$31.2 million or 47.50% of pensionable payroll, and is projected to decrease slightly to 47.40% of pensionable payroll in Plan year 2015 and to further decrease to 46.14% and 42.67% of pensionable payroll in Plan years 2016 and 2017, respectively.

The current service costs are borne jointly by the parliamentarians and the Government. In accordance with the new plan provisions brought forward by the *Pension Reform Act*, the parliamentarians' contribution rates will be gradually increased, beginning in calendar year 2013, so that a 50:50 Members/Government cost sharing ratio will be reached in calendar year 2017. The allocation of current service costs as a percentage of pensionable payroll is as follows:

Plan Year	Current Service Costs (% of Pensionable Payroll)		Ratio of Government to Parliamentarians Current Service Costs	Total
	Government	Parliamentarians		
2014	39.20	8.30	4.73	47.50
2015	38.10	9.30	4.10	47.40
2016	34.65	11.49	3.02	46.14
2017	25.33	17.34	1.46	42.67

The parliamentarians' contribution rates<sup>3</sup> for calendar years 2014 to 2017 in percentage of total pensionable payroll are as follows:

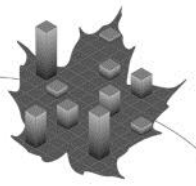
Calendar Year	2014	2015	2016 <sup>4</sup>	2017 <sup>4</sup>
Parliamentarians' Contribution Rates	9.00%	10.00%	15.79%	21.59%

<sup>1</sup> These amounts have been debited at the date of preparation of this report.

<sup>2</sup> Any reference to a given Plan year should be taken herein to mean as the 12-month period ending 31 March of the given year.

<sup>3</sup> For members not having reached the 75% maximum pension accrual.

<sup>4</sup> The contribution rates presented for calendar years 2016 and 2017 are combined contribution rates. In effect, parliamentarians will pay a lower contribution rate for the portion of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) and a higher contribution rate for pensionable earnings over the YMPE. More details on contribution rates may be found in Appendix 2.



### 3. Valuation Interest Rates

The legislation requires that the interest rates credited to the Accounts be the same as the interest rates used in the most recent tabled valuation report. The valuation interest rates used in this report and the effective quarterly rates are as follows:

Plan Year	Valuation Rate	Effective Quarterly Rate
2015	3.4%	0.839%
2016	4.1%	1.010%
2017	4.6%	1.131%



## ACTUARIAL REPORT

Pension Plan for the MEMBERS OF PARLIAMENT  
as at 31 March 2013

### II. Valuation Results

This report is based on pension benefit provisions enacted by legislation, summarized in Appendix 1, and the financial and membership data, summarized in Appendices 3 and 4. The valuation was prepared using accepted actuarial practices in Canada, methods and assumptions summarized in Appendices 5 and 6. Emerging experience, differing from the corresponding assumptions, will result in gains or losses to be revealed in subsequent reports.

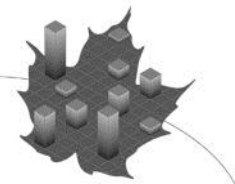
#### A. Financial Position and Amounts that may be Credited or Debited from the Accounts

**Table 1 State of the Accounts**  
(\$ millions)

	Account as at 31 March			
	MPRA 2013	MPRCA 2013	MPRA 2010	MPRCA 2010
<b>Recorded Account Balances</b>				
Account balances	755.8	244.0	606.7	197.5
Present value of prior service contributions	0.3	0.7	0.4	1.1
Refundable tax for past contributions	-	238.1	-	187.1
<b>Total Recorded Account Balances</b>	<b>756.1</b>	<b>482.8</b>	607.1	385.7
Amounts (debited) credited <sup>1</sup>	(280.0)	(30.0)	-	-
<b>Adjusted Account Balances</b>	<b>476.1</b>	<b>452.8</b>	607.1	385.7
<b>Actuarial Liabilities</b>				
For benefits accrued by or in respect of:				
· Parliamentarians	89.9	150.8	101.2	172.7
· Pensioners	326.4	269.6	293.4	206.7
· Surviving dependants	46.6	9.0	38.7	4.3
<b>Total Actuarial Liabilities</b>	<b>462.9</b>	<b>429.4</b>	433.3	383.7
<b>Actuarial Excess (Shortfall)</b>	<b>13.2</b>	<b>23.4</b>	173.8	2.0
Recommended amounts to be (debited) credited	0.0	0.0	-	-
<b>Actuarial Excess (Shortfall) After Recommendation</b>	<b>13.2</b>	<b>23.4</b>	173.8	2.0

The *Pension Reform Act* brought forward two changes to ensure that the recorded account balances reflect and better track the actuarial liabilities of the Plan. Firstly, the interest credited to the MPRA and MPRCA Accounts was changed from 2.5% per quarter to the effective quarterly rate derived from the interest rate used in the most recent actuarial report tabled before Parliament. Secondly, if the President of the Treasury Board is of the opinion, based on actuarial advice, that the recorded account balances are in excess of the actuarial liabilities for one or both of the Accounts, there may be debited from that (those) Account(s), at the time and in the manner determined by the President, an amount specified by the President. Conversely, if an actuarial shortfall is identified in one or both Accounts,

<sup>1</sup> Amounts debited as at 31 March 2014 as per the recommendation in the actuarial report updating the actuarial report on the Pension Plan for the Members of Parliament as at 31 March 2010 tabled before Parliament on 31 May 2013.



amount(s) shall be credited to that (those) Account(s), at the time and in the manner determined by the President, so that the recorded account balances be sufficient to meet the total cost of all allowances and other benefits payable under the Plan.

Debits of amounts not exceeding \$280 million for the MPRA Account and \$30 million for the MPRCA Account were recommended in the Special Report tabled before Parliament on 31 May 2013. These amounts have been debited from the Accounts at the date of preparation of this report.

To maintain a conservatism margin, it is recommended that no amounts be debited from the Accounts.

## **B. Reconciliation of Actuarial Liabilities**

This section describes the various factors reconciling the actuarial liabilities of this valuation with the corresponding items of the previous valuation. Figures in parentheses indicate negative amounts. The items shown in the following table are explained immediately following the table.

**Table 2 Reconciliation of Actuarial Liabilities**  
 (\$ millions)

	MPRA	MPRCA
<b>As at 31 March 2010</b>	<b>433.3</b>	<b>383.7</b>
Expected interest on actuarial liabilities	58.9	27.9
Data corrections	0.4	0.1
Expected current service costs	31.3	67.8
Expected benefit payments	(73.3)	(31.7)
Experience gains and losses	7.2	(0.5)
Revision of actuarial assumptions	5.1	(17.2)
Prime Minister's new plan provisions	0.0	(0.7)
<b>As at 31 March 2013</b>	<b>462.9</b>	<b>429.4</b>

### **1. Expected Interest on Actuarial Liabilities**

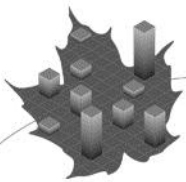
The net interest to 31 March 2013 on the corrected actuarial liabilities as at 31 March 2010, the expected current service costs and the expected benefit payments amounted to \$58.9 million for the MPRA and \$27.9 million for the MPRCA, based on the interest rate assumed in the previous statutory report for the three-year intervaluation period.

### **2. Data Corrections**

The corrections of the data (such as status and pension amounts) upon which the 2010 report was based, increased the actuarial liabilities by \$0.4 million in the MPRA Account and increased the actuarial liabilities by \$0.1 million in the MPRCA Account.

### **3. Expected Current Service Costs**

In accordance with the previous statutory valuation report, the expected current service costs of \$10.2 million, \$10.4 million and \$10.7 million for the intervaluation period



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as at 31 March 2013

increase the actuarial liabilities of the MPRA by \$31.3 million and the expected current service costs of \$22.5 million, \$22.6 million and \$22.7 million for the intervaluation period increase the actuarial liabilities of the MPRCA by \$67.8 million.

#### 4. Expected Benefit Payments

In accordance with the previous statutory valuation report, the expected benefit payments of \$23.1 million, \$24.3 million and \$25.9 million for the intervaluation period decrease the actuarial liabilities of the MPRA by \$73.3 million and the expected benefit payments of \$9.0 million, \$10.5 million and \$12.2 million for the intervaluation period decrease the actuarial liabilities of the MPRCA by \$31.7 million.

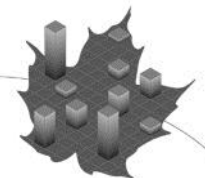
#### 5. Experience Gains and Losses

Since the previous valuation, experience gains and losses have increased the actuarial liabilities of the MPRA Account by \$7.2 million and decreased the actuarial liabilities of the MPRCA Account by \$0.5 million.

**Table 3 Experience Gains and Losses**  
(\$ millions)

Experience gains and losses	Account	
	MPRA	MPRCA
Demographic assumptions (i)		
Terminations	0.9	(2.9)
Mortality	4.7	2.3
New parliamentarians	1.4	2.6
<i>Total</i>	<i>7.0</i>	<i>2.0</i>
Pension indexation (ii)	2.2	1.4
Remuneration increases (iii)	(1.2)	(2.1)
Double-dipping provision (iv)	(0.3)	(0.4)
Divisions of pension (v)	(0.4)	(0.4)
Miscellaneous	(0.1)	(1.0)
<b>Net experience (gains) losses</b>	<b>7.2</b>	<b>(0.5)</b>

- (i) The net impact of the demographic experience increased the MPRA Account actuarial liabilities by \$7.0 million and increased the MPRCA Account actuarial liabilities by \$2.0 million.
- Mostly due to the general election of 2 May 2011, the number of members of the House of Commons who terminated was higher than anticipated especially for Members not yet eligible to receive a retirement allowance upon termination resulting in experience gains. However, the number of Senators who terminated before age 75 while eligible to receive a retirement allowance upon termination was also higher than anticipated resulting in experience losses. Because the impact of the early terminations of Senators is greater for the MPRA Account, the MPRA Account lost \$0.9 million while the MPRCA Account gained \$2.9 million.
  - The number of deaths among pensioners was less than anticipated. Consequently, the MPRA Account lost \$4.7 million and the MPRCA Account



lost \$2.3 million.

- The number of new parliamentarians was higher than expected during the period mostly as a result of the 2011 general election. Consequently, the MPRA Account lost \$1.4 million and the MPRCA Account lost \$2.6 million.
- (ii) In the previous report, pension indexation was projected to be 2.0% as at 1 January 2012 and 2013. The actual indexation of pension was 2.8% as at 1 January 2012 and 2.0% as at 1 January 2013 which resulted in a loss of \$2.2 million in the MPRA Account and \$1.4 million in the MPRCA Account.
- (iii) Remuneration increase effective 1 April 2013 was lower than expected (1.6% vs. 3.2% expected) which resulted in a gain of \$1.2 million in the MPRA Account and a corresponding gain of \$2.1 million in the MPRCA Account.
- (iv) The suspension period of retirement allowances was longer than expected for the majority of concerned pensioners and the allowances of two additional pensioners were reduced in accordance with the double-dipping provision resulting in gains of \$0.3 million for the MPRA Account and of \$0.4 million for the MPRCA Account.
- (v) The benefits of three pensioners were reduced following the division of pension in accordance with the *Pension Benefits Division Act* resulting in gains of \$0.4 million for the MPRA Account and of \$0.4 million for the MPRCA Account.

## 6. Revision of Actuarial Assumptions

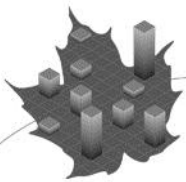
Actuarial assumptions were revised based on economic trends and demographic experience as described in Appendix 6. The impact of these revisions as at 31 March 2013 is shown in the following table.

**Table 4 Revision of Actuarial Assumptions**  
(\$ millions)

Assumption	Account	
	MPRA	MPRCA
Valuation interest rate	26.6	14.3
Mortality	6.4	5.4
Pension indexation	(23.5)	(28.1)
Termination rates	0.4	0.9
Probability of general election	0.0	(0.2)
Remuneration increases	(4.8)	(9.5)
<b>Net impact of revisions</b>	<b>5.1</b>	<b>(17.2)</b>

## 7. Prime Minister's New Plan Provisions

The *Pension Reform Act* brought forward changes to the allowance to former Prime Ministers who cease to hold office after 31 December 2012. This change to the plan provisions has decreased the MPRCA Account actuarial liabilities by \$0.7 million.



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as at 31 March 2013

### C. Cost Certificate

The details of the current service costs for Plan year 2014 and reconciliation with the Plan year 2011 current service cost are shown below.

**Table 5 Current Service Cost for Plan Year 2014**  
**For each Account**  
(\$ millions)

	MPRA	MPRCA	Total
Parliamentarians required contributions	1.9	3.5	5.4
Government current service cost	8.4	17.4	25.8
Total current service cost	10.3	20.9	31.2
Expected pensionable payroll <sup>1</sup>	65.8	65.8	65.8
Total current service cost as % of pensionable payroll	15.74%	31.76%	47.50%

Current service costs for the House of Commons and the Senate are shown separately in Appendix 7.

**Table 6 Reconciliation of Current Service Cost**  
**For each Account**  
(% of pensionable payroll)

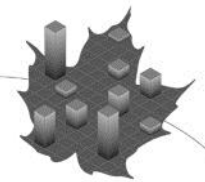
	MPRA	MPRCA	Total
<b>For Plan year 2011</b>	<b>16.05</b>	<b>35.17</b>	<b>51.22</b>
Expected current service cost change	0.97	(0.17)	0.80
Data corrections	(0.02)	0.04	0.02
Change in demographics	(0.45)	(0.70)	(1.15)
Salary increases	0.25	0.52	0.77
Change in actuarial demographic assumptions	0.21	0.44	0.65
Change in actuarial economic assumptions	(1.27)	(3.53)	(4.80)
Prime Minister's new plan provisions	0.00	(0.01)	(0.01)
<b>For Plan year 2014</b>	<b>15.74</b>	<b>31.76</b>	<b>47.50</b>

#### 1. Projection of Current Service Costs

The following current service costs for each Account are expressed as a percentage of the projected pensionable payroll<sup>1</sup> as well as a dollar amount in each given Plan year.

<sup>1</sup> The projected pensionable payroll includes the salaries of members aged 71 and over who do not make contributions under the MPRA Account but do contribute under the MPRCA Account. Therefore, the current service costs for the MPRA Account would be higher if expressed as a percentage of the payroll of only the members contributing (ages below 71) under the MPRA Account.




**Table 7 Projection of Current Service Costs**

Plan Year	MPRA		MPRCA		Total	
	%	\$ Millions	%	\$ Millions	%	\$ Millions
2014	15.74	10.3	31.76	20.9	47.50	31.2
2015	15.47	10.4	31.93	21.5	47.40	31.9
2016	15.73	11.3	30.41	21.8	46.14	33.1
2017	17.35	13.4	25.32	19.5	42.67	32.9
2018	17.90	14.2	25.45	20.1	43.35	34.3
2020	18.23	15.2	25.07	20.9	43.30	36.1
2025	18.99	17.9	24.30	22.9	43.29	40.8
2030	19.66	20.9	23.47	25.0	43.13	45.9

## 2. Allocation of Current Service Costs

The current service costs are borne jointly by the parliamentarians and the Government. Parliamentarians make required contributions in accordance with the applicable required contribution rate with the Government covering the balance of the current service cost. With the implementation of the new plan provisions brought forward by the *Pension Reform Act*, the parliamentarians' contribution rates will be gradually increased, starting in 2013, so that a 50:50 Members/Government cost sharing ratio will be reached in 2017. The following table shows the parliamentarians' contribution rates<sup>1</sup> for the calendar years following the implementation of the amendments. More details with respect to the contribution rates may be found in Appendix 2.

**Table 8 Parliamentarians' Contribution Rates<sup>1</sup>**

(As a percentage of pensionable payroll)

Calendar Year	2014	2015	2016 <sup>2</sup>	2017 <sup>2</sup>
	9.00	10.00	15.79	21.59

Table 9 shows the allocation of the current service costs between the parliamentarians and the Government as a percentage of pensionable payroll.

<sup>1</sup> For members not having reached the 75% maximum accruals.

<sup>2</sup> The contribution rates presented for calendar years 2016 and 2017 are combined contribution rates. In effects, parliamentarians will pay a lower contribution rate for the portion of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) and a higher contribution rate for pensionable earnings over the YMPE. More details on contribution rates may be found in Appendix 2.

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**Table 9 Allocation of Current Service Costs**  
(As a percentage of pensionable payroll)

Plan Year	MPRA			MPRCA			Total		
	Gov.	Parl.	Ratio <sup>1</sup>	Gov.	Parl.	Ratio <sup>1</sup>	Gov.	Parl.	Ratio <sup>1</sup>
2014	12.80	2.94	4.38	26.40	5.36	4.93	39.20	8.30	4.73
2015	12.59	2.88	4.37	25.51	6.42	3.97	38.10	9.30	4.10
2016	12.37	3.36	3.68	22.28	8.13	2.74	34.65	11.49	3.02
2017	10.14	7.21	1.41	15.19	10.13	1.50	25.33	17.34	1.46

## 3. Contributions for Prior Service Elections

Parliamentarians and Government contributions for prior service elections were estimated as follows. It is assumed that there would be no new prior service elections in the next three years.

**Table 10 Estimated Contributions for Prior Service**  
**For each Account**  
(Dollars)

Plan Year	MPRA		MPRCA	
	Government	Parliamentarians	Government	Parliamentarians
2014	60,700	13,100	171,200	32,300
2015	55,200	11,900	108,400	25,300
2016	45,200	11,700	73,400	24,800
2017	17,400	11,600	70,100	24,200

## 4. Actuarial Adjustments

There is a small actuarial excess in both the MPRA and MPRCA accounts therefore no actuarial adjustment is recommended.

## 5. Administrative Expenses

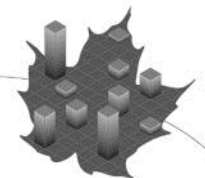
No administrative expenses are charged to the Accounts as they are assumed by the Government.

## D. Sensitivity to Variation in Key Economic Assumptions

The results below measure the effect on the Plan year 2014 current service costs and the actuarial liabilities as at 31 March 2013 if key economic assumptions are varied by one percentage point per annum from Plan year 2014 onward. Also presented are the effects of using the rates that would be applicable based on the prior statutory actuarial valuation.

The estimates indicate the degree to which the valuation results depend on some of the key economic assumptions. The differences between the results below and those shown in the valuation can also serve as a basis for approximating the effect of other numerical variations in one of the key economic assumptions, to the extent that such effects are linear.

<sup>1</sup> Ratio of Government to parliamentarians' current service costs.


**Table 11 Sensitivity to Variations in Key Economic Assumptions**

Assumption(s) Varied	Current Service Cost		MPRA Account		MPRCA Account	
	2014 (%)	Effect	Actuarial Liabilities (\$ millions)	Effect	Actuarial Liabilities (\$ millions)	Effect
<b>Current basis</b>	<b>47.50</b>		<b>462.9</b>		<b>429.4</b>	
Interest rates						
- if 1% higher	41.00	(6.50)	413.3	(49.6)	394.9	(34.5)
- if 1% lower	55.62	8.12	523.7	60.8	468.6	39.2
- if prior valuation rates	45.52	(1.98)	436.3	(26.6)	415.1	(14.3)
Inflation						
- if 1% higher	55.15	7.65	516.3	53.4	496.7	67.3
- if 1% lower	41.42	(6.08)	421.0	(41.9)	377.5	(51.9)
- if prior valuation rates	50.44	2.94	486.4	23.5	457.5	28.1
Salary increases						
- if 1% higher	50.67	3.17	466.9	4.0	437.1	7.7
- if 1% lower	44.68	(2.82)	459.3	(3.6)	422.4	(7.0)
- if prior valuation rates	51.36	3.86	467.7	4.8	438.9	9.5

Additional information with respect to the sensitivity to variations in valuation interest rates may be found in Appendix 7.

## E. Summary of Estimated Government Cost

The following table summarizes the estimated total government cost on a Plan year basis.

**Table 12 Estimated Total Government Cost**

Plan Year	Current Service Cost (\$ millions)		Other Contributions (\$ millions)	Total Cost	
	MPRA	MPRCA		(\$ millions)	% of Pensionable Payroll
2014	8.4	17.4	0.2	26.0	39.51%
2015	8.5	17.2	0.2	25.9	38.48%
2016	8.9	16.0	0.1	25.0	34.82%
2017	7.8	11.7	0.1	19.6	25.46%



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### III. Actuarial Opinion

In our opinion, considering that this report was prepared pursuant to the *Public Pensions Reporting Act*,

- the valuation input data on which the valuation is based are sufficient and reliable for the purposes of the valuation;
- the assumptions that have been used are, individually and in aggregate, appropriate for the purposes of the valuation;
- the methodology employed is appropriate for the purposes of the valuation; and
- this report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

In particular, this report was prepared in accordance with the Standards of Practice (General Standards and Practice – Specific Standards for Pension Plans) published by the Canadian Institute of Actuaries.

To the best of our knowledge, there were no subsequent events between the valuation date and the date of this report that would materially impact the results of the actuarial valuation report.

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Jean-Claude Ménard, F.S.A., F.C.I.A.  
Chief Actuary

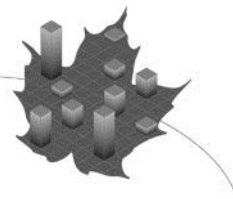
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Michel Rapin, F.S.A., F.C.I.A.  
Senior Actuary

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Laurence Frappier, F.S.A., F.C.I.A.  
Actuary

Ottawa, Canada  
4 July 2014



## **Appendix 1 – Summary of Plan Provisions**

The *Members of Parliament Retiring Allowances Act* (MPRAA) governs pension arrangements for parliamentarians - members of the Senate, House of Commons and the Prime Minister. Under the MPRAA, the pension plan for the Members of Parliament (the Plan) also provides a survivor allowance for eligible spouses and children. Benefits are modified by the *Pension Benefits Division Act* as the case may be.

### **Changes since the last Valuation Report**

The previous valuation report was based on the plan provisions as they stood as at 31 March 2010. The amended plan provisions as a result of the *Pension Reform Act* are summarized in this Appendix. The *Pension Reform Act* amended the plan provisions of the MPRAA as presented below. All other provisions remain unchanged from the valuation report as at 31 March 2010.

#### **A. Contribution Rates**

Effective 1 January 2013, the member contribution rates will be increased gradually with the objective that, by no later than 1 January 2017, the total amount of contributions to be paid by the members will represent 50% of the current service cost of the Plan.

#### **B. Retirement Age**

For service after 1 January 2016, the age at which a pension may be paid without a reduction is raised from age 55 to age 65. A member can still elect to receive a pension at age 55 but the pension will be reduced by 1% per year for each year by which the age at pension commencement precedes age 65.

#### **C. Coordination with C/QPP**

For service after 1 January 2016, the annual pension amount of a pensioner who attains age 60 (or who commences to receive a pension after age 60) is reduced by a percentage of the average pensionable earnings for C/QPP purposes multiplied by the years of pensionable service. The applicable percentage is determined by the Chief Actuary and is equal to 0.4%.

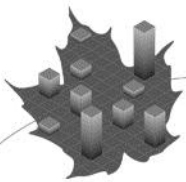
#### **D. Change in the Average Remuneration used in the Benefit Formula**

Plan members will no longer receive additional service for contributions paid on additional remuneration (allowances and salaries). Instead, additional allowances will be included in their average annual pensionable earnings calculation.

Subject to C/QPP coordination for service after 1 January 2016, the current rate of retirement pension is 3% of the highest average of annual pensionable earnings over any period of five consecutive years, multiplied by the number of years of pensionable service, to a maximum of 75% of the average annual pensionable earnings.

#### **E. Allowance for Former Prime Minister**

A former Prime Minister who has held the office of the Prime Minister for at least four years is entitled to receive a retirement compensation allowance based on his or her salary as Prime Minister. With retroactive effect from 6 February 2006, the annual amount of retirement compensation allowance is changed to 3% of the salary payable under the *Salaries Act* to the Prime Minister as Prime Minister on day where the retirement compensation allowance becomes



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payable multiplied by the number of years and portions of years that the member held the office of Prime Minister.

The former Prime Minister may begin to receive the retirement compensation allowance at age 67 or upon ceasing to hold office, whichever is later.

### **F. Interest Rates Credited to the Accounts**

The interest rate to be credited to the MPRA and MPRCA Accounts is changed from 2.5% per quarter to the effective quarterly rate derived from the interest rate used in the most recent actuarial report of the Plan tabled before Parliament.

### **G. Actuarial Excess (Shortfall)**

The *Pension Reform Act* modifies the MPRAA to authorize the President of the Treasury Board, on the basis of actuarial advice, to debit amounts from the MPRA and the MPRCA Accounts if the amounts to the credit of the Accounts exceed the total costs of all allowances and other benefits payable under the Plan. Conversely, if the total costs of all allowances and other benefits payable under the Plan exceed the amounts to the credit of the Accounts, amounts shall be credited to the MPRA and the MPRCA Accounts to meet the total costs of all allowances and other benefits payable under the Plan.

### **Summary of Amended Plan Provisions**

Summarized in this Appendix are the plan provisions, as amended by the *Pension Reform Act*. The plan provisions are summarized in the first section of this Appendix without distinguishing between the benefits provided under the Members of Parliament Retiring Allowances (MPRA) Account and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account.

The MPRA Account records the transactions related to the benefits payable under the Plan when these benefits fall within limits permitted by income tax rules for registered pension plans. The MPRCA Account records transactions related to benefits payable under the Plan for benefits that exceed these limits.

The legislation shall prevail if there is a discrepancy between it and this summary.

### **A. Membership**

Membership in the Plan is compulsory for all parliamentarians.

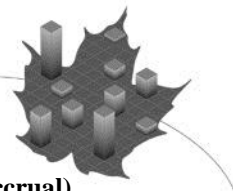
### **B. Contributions**

#### **1. Parliamentarians' Contributions**

- **Prior to 1 January 2016**

Until they reach the maximum pension accrual of 75%, members of the Senate and the House of Commons contribute on their sessional indemnity based on the rates shown in the following table. After reaching the maximum pension accrual, the contributions are reduced to 1% of their sessional indemnity.

Some parliamentarians receive additional allowances and salaries as speakers, ministers, leaders of the opposition, parliamentary secretaries, and so forth. They contribute on these additional allowances and salaries based on the rates shown in Table 13, unless they elect not to make such contributions or to contribute at a lower rate.



**Table 13 Contribution Rates on Sessional Indemnity (prior to reaching maximum pension accrual) and on Additional Allowances**

Calendar Year	Contribution Rates
2012	7%
2013	8%
2014	9%
2015	10%

Any parliamentarian can decide to contribute for prior service in Parliament, in which case interest must be paid on past service contributions.

- **After 1 January 2016**

Starting 1 January 2016, the contribution rates will be set by the Chief Actuary with the objective that, by no later than 1 January 2017, the total amount of contributions to be paid by members will represent 50% of the current service cost of the Plan.

- **Prime Minister**

In addition to the contributions made as a parliamentarian described above, the member who holds the office of Prime Minister must contribute on his salary received as Prime Minister prior to 1 January 2016 based on the rates shown in Table 13.

Starting 1 January 2016, the contribution rate to be applied to the salary received as Prime Minister will be set by the Chief Actuary.

## 2. Government Contributions

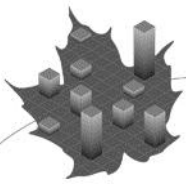
On a monthly basis, the Government is required to credit an amount to each account that, after taking into account parliamentarians' contributions, will be sufficient to cover the costs of all future benefits earned during that month. The Government contribution rate for each account varies from year to year and can be expressed as a multiple of parliamentarians' contributions. Commencing 1 January 2017, it is expected that the members and the Government will share equally (50-50) the costs of the Plan.

## 3. Interest

Every quarter, the Government credits interest on the balance of each account at the rate prescribed in the MPRAA. For years prior to 2013, the rate was set by the regulations and was equal to 2.5% per quarter. Starting 1 January 2013, the rate will be equal to the effective quarterly rate derived from the interest rate used in the most recent actuarial report of the Plan tabled before Parliament.

## 4. Actuarial Excess (Shortfall)

The President of the Treasury Board has the authority to, on the basis of actuarial advice, debit amounts from the MPRA and/or the MPRCA Accounts if there is an excess of the balance of the account over the actuarial liability. Conversely, if an actuarial shortfall is identified through a statutory triennial actuarial report, the MPRA and MPRCA Accounts are to be credited with such amounts which, in the opinion of the President of the Treasury



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Board on the basis of actuarial advice, will be necessary to meet the total costs of all allowance and other benefits payable under the Plan.

### **C. Summary Description of Benefits**

The objective of the Plan is to provide an employment earnings-related lifetime retirement pension to eligible members. Benefits to members in case of disability and to the spouse and children in case of death are also provided.

The current benefit accrual rate for Members of the House of Commons and Senators is 3% per year of service, to a maximum of 75% of the average sessional indemnity.

Effective 1 January 2001, the retirement allowance is based on the parliamentarian's average pay for the best five years of pay. The current benefit accrual rate for parliamentarians on additional allowances and salaries is 3% per year of service. A pro rata is applied on these rates if the additional allowances and salaries are different from the sessional indemnity received in that year. There is no limit on benefit accrual on additional allowances and salaries.

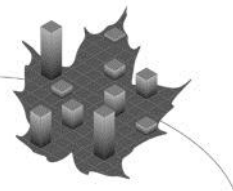
For service after 1 January 2016 and subject to coordination with the pensions paid by the Canada Pension Plan (CPP) or the Québec Pension Plan (QPP), the rate of retirement pension is 3% of the highest average of annual pensionable earnings over any period of five consecutive years, multiplied by the number of years of pensionable service, to a maximum of 75% of the average annual pensionable earnings.

Historical accrual rates are presented in Appendix 10. Once in pay, the pension is indexed annually with the Consumer Price Index. Such indexation also applies to deferred pensions during the deferral period.

Prime Ministers are also entitled to a retirement allowance based on salary and service as Prime Minister. For a member who has held the office of Prime Minister for four years before 6 February 2006, the allowance is equal to two thirds of the annual salary payable to a Prime Minister at the time the payment of the allowance begins. For subsequent Prime Ministers, the allowance is equal to 3% of the salary payable to a Prime Minister at the time the payment of the allowance begins multiplied by the parliamentarian's service as Prime Minister.

Detailed notes on the following overview are provided in the following section.





Type of Termination	Benefit
<b>Parliamentarians</b>	
<b>Retirement with less than six years of service</b>	Return of contributions (Note 17)
<b>Retirement with six or more years of service</b>	Immediate allowance (Note 9)
• Service up to and including 12 July 1995	Deferred allowance to age 55 (Note 10)
• Service from 12 July 1995 to 31 December 2015	Deferred allowance to age 65 (Note 10)
• Service after 1 January 2016	Return of contributions (Note 19)
<b>Compulsory retirement because of misconduct</b>	Immediate allowance (Note 14)
<b>Disability</b>	Minimum benefit (Note 18)
<b>Death leaving no eligible survivor</b>	Survivor allowance(s) (Note 13)
<b>Death leaving eligible survivors (Notes 15 and 16)</b>	
<b>Prime Minister<sup>1</sup></b>	
<b>Retirement with less than four years as Prime Minister</b>	Return of contributions (Note 17)
<b>Retirement with four or more years as Prime Minister</b>	Deferred allowance to age 65 (Note 10)
• Four years of service prior to 6 February 2006	Deferred allowance to age 67 (Note 10)
• Four years of service after 6 February 2006	Minimum benefit (Note 18)
<b>Death leaving no eligible survivor</b>	Survivor allowance(s) (Note 13)
<b>Death leaving eligible survivors (Notes 15 and 16)</b>	

## Explanatory Notes

### 1. Sessional Indemnity

- Member of the House of Commons**

This is the remuneration of a Member provided pursuant to section 55 or 55.1 of the *Parliament of Canada Act*. The annual sessional indemnity at 1 April 2013 for Members of the House of Commons is \$160,200. Thereafter the sessional indemnity will be increased annually in accordance with an index as described in Appendix 6.

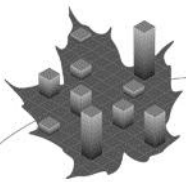
- Senator**

This is the remuneration of a Senator provided pursuant to section 55 or 55.1 of the *Parliament of Canada Act*. The annual sessional indemnity at 1 April 2013 for Senators is \$135,200. Thereafter their sessional indemnity will be the sessional indemnity received by the Members of the House of Commons less \$25,000.

### 2. Pensionable Earnings

With respect to any calendar year, pensionable earnings are equal to the aggregate of the parliamentarian's sessional indemnity and any additional allowances in respect of which contributions have been made to the Plan.

<sup>1</sup> For salary and service as Prime Minister



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### 3. Additional Allowance

The following two items constitute a member's additional allowance for the purpose of this report:

#### **Salary**

This is the remuneration of a parliamentarian provided pursuant to section 4 or 4.1 of the *Salaries Act* or section 60, 61, 62.1 or 62.2 of the *Parliament of Canada Act*, or payable to a member pursuant to an appropriation Act as a minister of state or a minister without portfolio.

#### **Annual Allowance**

This is the remuneration of a parliamentarian provided pursuant to section 62 or 62.3 of the *Parliament of Canada Act* or payable to a member pursuant to an appropriation Act as Deputy Chairman or Assistant Deputy Chairman of a committee.

### 4. Average Annual Sessional Indemnity

The average annual sessional indemnity for Plan purposes is the average of the annual sessional indemnities during any five-year period of pensionable service selected by the parliamentarian.

### 5. Average Annual Pensionable Earnings

The average annual pensionable earnings for Plan purposes are the average of the annual pensionable earnings during any five-year period of pensionable service selected by the parliamentarian.

### 6. Average Maximum Pensionable Earnings

The average maximum pensionable earnings for Plan purposes means the average of the Year's Maximum Pensionable Earnings, as defined in subsection 2(1) of the Canada Pension Plan, for the earlier of the year in which the former member ceased to be a member or the year in which the former member becomes entitled to receive a retirement benefit from the Canada Pension Plan or the Québec Pension Plan, and for the four years preceding that earlier year.

### 7. Years of Pensionable Service

Parliamentarians accumulate years of pensionable based on the contributions on sessional indemnity they make to the Plan. Prior to 1 January 2016, contributing on additional allowances provides the parliamentarian with additional years of pensionable service instead of increasing the pensionable earnings on which the retirement allowance is calculated. After 1 January 2016, parliamentarians will no longer receive additional service for contributions paid on additional allowances. Instead, additional allowances will be included in their average annual pensionable earnings calculation.

### 8. Earnings Limit

In relation to a parliamentarian in respect of one or more sessions in any calendar year, the earnings limit is the maximum pensionable earnings in respect of which benefits may be accrued under a registered pension plan during that calendar year within the meaning of the



*Income Tax Act* (ITA). The earnings limit was \$134,800 in calendar year 2013 and will be increasing to \$138,500 in calendar year 2014. Thereafter, the earnings limit will be indexed in accordance with the industrial aggregate of average weekly earnings.

Starting 1 January 2016, the earnings limit will be adjusted to take into consideration the coordination of the retirement allowance payable with the benefits of the Canada Pension Plan or the Québec Pension Plan.

## **9. Immediate Allowance**

An *immediate allowance* is an unreduced pension payable upon retirement. The annual amount payable is calculated in accordance with note 11.

## **10. Deferred Allowance**

A *deferred allowance* is an annuity that becomes payable to a pensioner when he or she reaches a certain age. The annual payment is determined as if it were an immediate annuity (see note 9 above) but is adjusted to reflect the indexation (see note 12) from date of termination to the commencement of annuity payments.

## **11. Retirement Allowances**

### **(a) Parliamentarians Covered by the Plan**

A parliamentarian is eligible to receive a retirement allowance upon termination of Membership after having contributed for at least six years. The portion of the retirement allowance related to the MPRA Account is called the basic retirement allowance while the portion of the retirement allowance related to the MPRCA Account is called the retirement compensation allowance.

#### **For service prior to 1 January 2016**

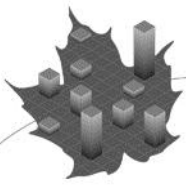
The annual amount of basic retirement allowance and of retirement compensation allowance payable to a parliamentarian is determined by multiplying the parliamentarian's average sessional indemnity by the fraction corresponding to the sum of i) plus ii), where

- i) is the sum, subject to a maximum of 0.75, of:
  - in respect of contributions made on sessional indemnity as a Member of the House of Commons:
 

the number of years of pensionable service, multiplied by the corresponding annual accrual rates from Table 52, depending when the pensionable service was accrued or the election was made.
  - in respect of contributions made on sessional indemnity as a Senator:
 

the number of years of pensionable service, multiplied by the corresponding annual accrual rates from Table 53, depending when the pensionable service was accrued or the election was made.
- ii) in respect of contributions made on additional allowances as a parliamentarian:
 

the number of calculated years of pensionable service based on contributions made on additional allowances, multiplied by the corresponding annual accrual rates



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from Table 54, depending when the pensionable service was accrued or the election was made.

The allocation of the payments between the MPRA and the MPRCA Accounts are described in Tables 52, 53 and 54.

### **For service after 1 January 2016**

The annual amount of retirement allowance (basic retirement allowance plus retirement compensation allowance) is equal to 3% of the parliamentarian's average annual pensionable earnings multiplied by the number of years and portions of years of pensionable service. For retirement allowances payable after age 60, this amount is reduced by a percentage of the person's average maximum pensionable earnings multiplied by the number of years and portions of years of pensionable service. The applicable percentage is fixed by the Chief Actuary and is equal to 0.4% as at the date of this valuation report. The aggregate of the basic retirement allowance and the retirement compensation allowance shall not exceed 0.75 of the member's average annual pensionable earnings.

The retirement allowance for service after 1 January 2016 is payable from age 65. However, a parliamentarian may elect to receive a reduced retirement allowance from age 55. The reduction is equal to 1% per year for each year by which the age at pension commencement precedes age 65.

The allocation of the payments between the MPRA and the MPRCA Accounts are described in Table 45.

### **(b) Prime Minister**

Former Prime Ministers are eligible to receive a retirement compensation allowance if they contributed for at least four years on their salary received as Prime Minister, as described in section B-1.

For a member who has held the office of Prime Minister for four years before 6 February 2006, the annual amount of retirement compensation allowance, payable from the day on which a Prime Minister ceases to be a parliamentarian or reaches 65 years of age, whichever is later, is equal to two-thirds of the annual salary payable to the Prime Minister on the day on which the retirement compensation allowance is payable.

For a member who has held the office of Prime Minister for four years after 6 February 2006, the annual amount of retirement compensation allowance, payable from the day on which a Prime Minister ceases to be a parliamentarian or reaches 67 years of age, whichever is later, is equal to 3% of the salary payable under the *Salaries Act* to the Prime Minister as Prime Minister on day where the retirement compensation allowance becomes payable multiplied by the number of years and portions of years that the member held the office of Prime Minister.

## **12. Retirement Allowance Indexation**

Benefit adjustments corresponding to increases in the Consumer Price Index (CPI) are provided in respect of the allowances payable under both the MPRA and MPRCA Accounts to pensioners and survivors. The adjusted benefit, with adjustment applicable at the



beginning of each calendar year, is calculated by applying to the benefit the ratio of the average of the CPI for the 12-month period ending on September 30 of the preceding year to the average for the corresponding period one-year earlier.

Although survivor benefits and disability pensions are indexed immediately when they commence to be paid, retirement or compensation allowances are not indexed until age 60. However, the increase at that age reflects the cumulative increase since the parliamentarian ceased to hold parliamentary office. The increase is also cumulative in case of a former Prime Minister's retirement compensation allowance where the allowance is based on the annual salary payable to the Prime Minister on the day on which the retirement compensation allowance is payable.

The benefit adjustment is equal to the initial amount of the retirement allowance to which the beneficiary is entitled multiplied by the excess, over one, of the ratio of the Benefit Index for the year of payment to the Benefit Index for the deemed date on which the person to whom or in respect of whose service the pension is payable ceased to hold parliamentary office. If the actual date of termination is after 21 June 1982, then the deemed date is the first day of the next calendar month; otherwise, it is the first day of January immediately preceding the actual date of termination.

### **13. Survivor Benefits**

The following survivor allowances are payable on the death of a pensioner or a parliamentarian who has satisfied the eligibility requirements for a retirement allowance:

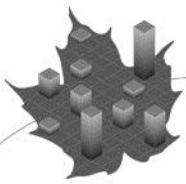
- **Parliamentarians or Pensioners**

The surviving spouse benefit is an allowance equal to three-fifths of the retirement allowance. If there is more than one surviving spouse, the person who was married to the parliamentarian receives three-fifths of the retirement allowance less the amount payable to the person who was cohabiting with the parliamentarian in a relationship of a conjugal nature. The latter amount is equal to three-fifths of the retirement allowance multiplied by the following ratio: the number of years that the survivor cohabited with the person while he or she was a parliamentarian divided by the number of years that the person was a parliamentarian.

To each surviving child, an allowance is payable equal to one-tenth of the retirement allowance, subject to a maximum of three-tenths in total for all surviving children. If the person died leaving no surviving spouse, each surviving child receives two-tenths of the retirement allowance subject to a maximum of eight-tenths in total for all surviving children.

- **Prime Minister**

The surviving spouse benefit is an allowance equal to one-half of the retirement compensation allowance that the person was receiving as former Prime Minister at the time of death or would have been eligible to receive if, immediately before the time of death, that person had ceased to hold the office of Prime Minister and had reached 65 years of age, in the case of a member who has held the office of Prime Minister before 6 February 2006, or 67 years of age otherwise. If there is more than one surviving spouse, the person who was married to the Prime Minister receives half of the former Prime Minister's retirement compensation allowance less the amount payable to the person who



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was cohabiting with the Prime Minister in a relationship of a conjugal nature. The latter amount is equal to one-half of the retirement allowance multiplied by the following ratio: the number of years the survivor cohabited with the parliamentarian divided by the number of years that the member was a parliamentarian.

There is no child benefit paid related to the retirement compensation allowance that the person was receiving as former Prime Minister.

### **14. Disability Benefit**

#### **(a) Where the parliamentarian has not reached 55 years of age**

A deferred temporary compensation allowance becomes an immediate temporary allowance and is payable in the following two cases:

- a parliamentarian who resigns by reason of disability and who is entitled to receive a disability pension under the Canada Pension Plan or the Québec Pension Plan.
- a pensioner entitled to receive a disability pension under the Canada Pension Plan or the Québec Pension Plan.

The basic retirement allowance commences at the age of 60.

#### **(b) Where a pensioner has reached 55 years of age or where a parliamentarian has reached 55 years of age but has not reached 65 years of age**

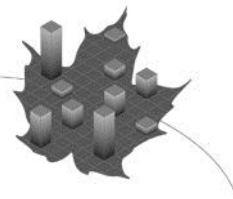
There is no formal disability benefit in this case and the parliamentarian or the pensioner is entitled to receive the retirement allowance that is immediately payable.

#### **(c) Where the parliamentarian has reached 65 years of age when that parliamentarian resigns by reason of disability**

A parliamentarian who has reached 65 years of age and who resigns by reason of disability can choose between the following two benefits:

- a disability allowance equal to 70% of annual salaries and allowances, in accordance with the *Parliament of Canada Act*. This is payable if a severance allowance has not been paid and until the next general election for Members of the House of Commons or until 75 years of age for Senators. The disability allowance also ceases if the pensioner revokes the election or dies. While receiving the disability allowance, the pensioner still contributes under the MPRA and to the MPRCA Accounts. These contributions are calculated in respect of the salaries and allowances on which the disability allowance is based.

When the disability allowance ceases to be paid other than because of death, the pensioner is entitled to receive the retirement allowance payable to that parliamentarian taking into account the service accrued while receiving the disability allowance. Since this disability allowance benefit is a provision of the *Parliament of Canada Act*, it was not actuarially valued in this report.



- The parliamentarian who does not elect to receive the disability allowance mentioned above is entitled to receive the retirement allowance that is immediately payable to that parliamentarian<sup>1</sup>.

### **15. Eligible Surviving Spouse**

In the case of a parliamentarian, the eligible surviving spouse is the person who was married to the parliamentarian immediately before his or her death or was cohabitating in a relationship of a conjugal nature with the parliamentarian for at least one year immediately before his or her death.

In the case of a pensioner, the eligible surviving spouse is the person who was married to the pensioner before his or her death and before the time when he or she ceased to be a parliamentarian, or who was cohabiting in a relationship of a conjugal nature with the pensioner for at least one year immediately before his or her death, where such cohabitation commenced while the pensioner was a parliamentarian.

### **16. Eligible Surviving Child**

An eligible surviving child is a child or stepchild of (or an individual adopted either legally or in fact by) a parliamentarian or pensioner who:

- is less than 18 years of age; or
- is 18 years of age or older but less than 25 years of age and is in full-time attendance at a school or university, having been in such attendance substantially without interruption since the child reached 18 years of age or the parliamentarian or pensioner died, whichever occurred later.

### **17. Return of Contributions**

If a parliamentarian ceases to be a parliamentarian before satisfying the eligibility requirements for a retirement allowance, or if the parliamentarian is disqualified from the Senate or is expelled from the House of Commons, the parliamentarian is entitled to a return of contributions plus interest.

### **18. Minimum Death Benefit**

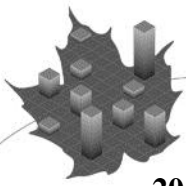
If a parliamentarian or pensioner dies leaving no eligible survivor, or if the survivor dies, the amount by which the sum of the parliamentarian's contributions and interest paid on prior service contributions exceeds any annuity payments made to the parliamentarian and to his or her survivors, is payable to the parliamentarian's estate.

### **19. Compulsory Retirement as a Result of Misconduct**

In the case of compulsory retirement because of misconduct, the contributor is entitled to a return of contributions<sup>2</sup> plus interest.

<sup>1</sup> This option can be more advantageous to the former member who was not receiving any additional allowances when he or she resigned and who had already accrued 75% of the average sessional allowance as a retirement allowance.

<sup>2</sup> No contribution is paid by a parliamentarian during any session in the course of which the member ceases to be a Senator by reason of disqualification or was expelled from the House of Commons.



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### 20. Election for Joint and Survivor Benefit

A pensioner who has a survivor to whom, in the event of the pensioner's death, no survivor benefit would be paid may elect, subject to the regulations, to receive, instead of all future retirement allowances, a joint and survivor benefit. The amount of the joint and survivor benefit is determined by adjusting in accordance with the regulations the aggregate of the retirement allowances. In no circumstance may the actuarial present value of the joint and survivor benefit be less than the actuarial present value of the original retirement allowance. An election for a joint and survivor benefit is irrevocable except under such circumstances and such terms and conditions as are prescribed. When a pensioner who made such an election subsequently becomes a parliamentarian on any day thereafter, the election is deemed to be revoked on that day. If the election is in force, there will be paid on the death of the pensioner to the survivor, who was designated as such at the time of the election, a joint and survivor benefit in an amount determined in accordance with the regulations.

### 21. Division of Pension in Case of Spousal Union Breakdown

In accordance with the *Pension Benefits Division Act*, upon the breakdown of a spousal union (including a union of a conjugal nature), a lump sum can be transferred by court order or by mutual consent to the credit of the former spouse of a contributor or pensioner. As at the transfer date, the maximum transferable amount is half the value of the retirement pension accrued by the contributor or pensioner during the period of cohabitation. If the parliamentarian's benefits are not vested, the maximum transferable amount corresponds to half the parliamentarian's contributions made during the period subject to division, accumulated with interest at the rate applicable on a refund of contributions. The benefits of the contributor or pensioner are then reduced accordingly.

### 22. Suspension of Allowance

An allowance payable to a pensioner is suspended for the whole month during any part of which such person is a Senator or a Member of the House of Commons.

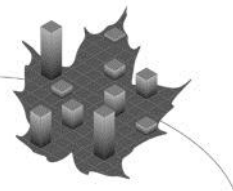
### 23. Double-Dipping Provision

Where a pensioner in receipt of a pension under this Plan also receives remuneration of at least \$5,000 in any one-year period as a federal Government employee or pursuant to a federal service contract, the aggregate of all retirement allowances under the MPRAA to that pensioner in that year shall be reduced by one dollar for each dollar of such remuneration received in that year. The effect of the double-dipping provision has been taken into account in the present review.

### 24. Rate of Interest for Lump Sum Calculations

The rate of interest used in calculating lump sum repayments of prior service contributions is prescribed by regulation (currently 4% per annum).





## Appendix 2 – Contribution Rates after 1 January 2016

The current service costs are borne jointly by the parliamentarians and the Government. Parliamentarians make required contributions in accordance with the applicable required contribution rate with the Government covering the balance of the current service cost. Prior to 2016, the contribution rates were set by legislation. Starting 1 January 2016, the contribution rates will be set by the Chief Actuary with the objective that, by no later than 1 January 2017, the total amount of contributions to be paid by members will represent 50% of the current service cost of the Plan.

The following table show the contribution rates for parliamentarians (including the Prime Minister) not having reached the 75% maximum pension accrual for calendar years 2016 and 2017. For illustrative purposes, the contribution rates for calendar years 2014 and 2015 are also presented.

**Table 14 Parliamentarians' Contribution Rates (prior to reaching 75% maximum pension accrual)**

MPRA						
Calendar Year	Under Age 71				Ages 71 and Above	Combined <sup>1</sup>
	Below YMPE	YMPE to MPE	Above MPE	Combined <sup>2</sup>		
2014 <sup>3</sup>	4.00	4.00	0.00	3.00	0.00	2.89
2015 <sup>3</sup>	4.00	4.00	0.00	3.00	0.00	2.90
2016	6.98	8.91	0.00	6.86	0.00	6.44
2017	9.59	12.25	0.00	9.42	0.00	8.88

MPRCA						
Calendar Year	Under Age 71			Ages 71 and Above	Combined <sup>1</sup>	
	Below MPE	Above MPE	Combined <sup>2</sup>			
2014 <sup>3</sup>	5.00	9.00	5.96	9.00	6.11	
2015 <sup>3</sup>	6.00	10.00	6.95	10.00	7.10	
2016	7.59	15.79	8.94	15.79	9.35	
2017	10.30	21.59	12.17	21.59	12.71	

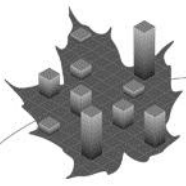
  

TOTAL						
Calendar Year	Under Age 71				Ages 71 and Above	Combined <sup>1</sup>
	Below YMPE	YMPE to MPE	Above MPE	Combined <sup>2</sup>		
2014 <sup>3</sup>	9.00	9.00	9.00	9.00	9.00	9.00
2015 <sup>3</sup>	10.00	10.00	10.00	10.00	10.00	10.00
2016	14.56	16.49	15.79	15.79	15.79	15.79
2017	19.90	22.55	21.59	21.59	21.59	21.59

<sup>1</sup> If expressed as a percentage of the total pensionable payroll.

<sup>2</sup> If expressed as a percentage of the pensionable payroll of members under the age of 71.

<sup>3</sup> Set by legislation.

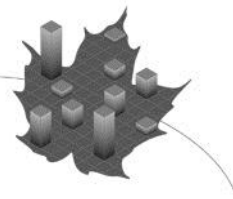


## ACTUARIAL REPORT

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Upon reaching the 75% maximum pension accrual, members under the age of 71 will contribute 1% of pensionable earnings up to the MPE to the MPRA Account and 1% of pensionable earnings above the MPE to the MPRCA Account. Members ages 71 and above reaching the 75% maximum pension accrual will contribute 1% of pensionable earnings to the MPRCA Account.



## Appendix 3 – Recorded Account Balances

### A. MPRA and MPRCA Accounts

The Accounts record the transactions for the Plan, meaning that no formal debt instrument has been issued to the Accounts by the government in recognition of the amounts therein.

The Accounts are credited with current and prior service contributions made by the parliamentarians and the Government. The interest rate applying to net cash flows (contributions minus benefits) to the Accounts is set by regulation and was, prior to 2013, 2.5% per quarter. Beginning 1 January 2013, it is equal to the effective quarterly rate derived from the interest rate used in the most recent actuarial report of the Plan tabled before Parliament. The interest rates credited during the intervaluation period are presented in the following table.

Plan Year	Effective Quarterly Rate
2011	2.5%
2012	2.5%
2013 (Q1-Q3)	2.5%
2013 (Q4)	1.155%

Interest is credited at the end of the quarter on the balance at the beginning of the quarter. The MPRCA Account is debited or credited in each calendar year with an amount equal to the net amount of tax, if any, determined at the end of the year to be payable under subsection 207.7(1) or refundable under subsection 207.7(2) of the *Income Tax Act*. All benefit payments pursuant to the Plan are debited from the Accounts when they are paid.

The following tables show the reconciliation of the recorded balances in the MPRA and MPRCA Accounts between the last valuation date and the current valuation date. Since the last valuation, the MPRA Account recorded balance has increased by \$149.1 million to reach \$755.8 million as at 31 March 2013 and MPRCA Account recorded balance has increased by \$46.5 million to reach \$244.0 million as at 31 March 2013.

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**Table 15 Reconciliation of Recorded Balances in the MPRA Account**  
(\$ millions)

Plan Year	MPRA Account			
	2011	2012	2013	2011-2013
Opening balance	606.7	655.5	708.0	606.7
<b>INCOME</b>				
Member contributions	1.8	2.0	1.9	5.7
Government contributions	7.5	9.0	9.0	25.5
Interest	62.5	67.5	62.9	192.9
<i>Subtotal</i>	<i>71.8</i>	<i>78.5</i>	<i>73.8</i>	<i>224.1</i>
<b>EXPENDITURES</b>				
Annual allowances	23.0	24.6	25.8	73.4
Return of contributions	0.0	0.7	0.0	0.7
Pension division payments	0.0	0.5	0.2	0.7
Transfers	0.0	0.2	0.0	0.2
<i>Subtotal</i>	<i>23.0</i>	<i>26.0</i>	<i>26.0</i>	<i>75.0</i>
Closing balance	655.5	708.0	755.8	755.8

**Table 16 Reconciliation of Recorded Balances in the MPRCA Account**  
(\$ millions)

Plan Year	MPRCA Account			
	2011	2012	2013	2011-2013
Opening balance	197.5	215.1	231.5	197.5
<b>INCOME</b>				
Member contributions	2.7	2.7	2.8	8.2
Government contributions	19.7	21.2	18.6	59.5
Interest	21.0	22.7	20.9	64.6
<i>Subtotal</i>	<i>43.4</i>	<i>46.6</i>	<i>42.3</i>	<i>132.3</i>
<b>EXPENDITURES</b>				
Annual allowances	9.0	11.8	12.0	32.8
Return of contributions	0.0	1.0	0.1	1.1
Refundable tax remitted to CRA	16.8	16.9	17.4	51.1
Pension division payments	0.0	0.5	0.3	0.8
<i>Subtotal</i>	<i>25.8</i>	<i>30.2</i>	<i>29.8</i>	<i>85.8</i>
Closing balance	215.1	231.5	244.0	244.0

### B. Refundable Tax Account

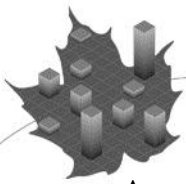
Transactions are recorded annually between the MPRCA Account and CRA either to debit the 50% refundable tax in respect of the net contributions and interest credits or to credit a reimbursement based on the net benefit payments. During the intervalation period, the MPRCA Account recorded a debit to CRA of \$51.1 million. No tax credit was recorded as a transfer back



to the MPRCA Account. The recorded account balance of the refundable Tax Account as at 31 March 2013 was \$238.1 million.

**C. Sources of Recorded Account Balances Data**

The Account entries shown in section A above were taken from the Public Accounts of Canada. In accordance with section 8 of the *Public Pensions Reporting Act*, the Office of the Comptroller General of the Treasury Board of Canada Secretariat provided a certification of the Accounts balances of the Plan as at 31 March 2013.



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### Appendix 4 – Membership Data

#### A. Sources of Membership Data

The Accounting Division of the Administration and Personnel Branch of the Senate provided seriatim records comprising valuation data on Senators. The House of Commons Division of Public Works and Government Services Canada Department provided similar records for Members of the House of Commons and for the Prime Minister.

#### B. Validation of Membership Data

We performed certain tests of internal consistency, as well as tests of consistency with the data used in the previous valuation, with respect to membership reconciliation, basic information (date of birth, date of hire, date of termination, sex, etc.), salary levels, and pensions to survivors and pensioners.

Based on the omissions and discrepancies identified by these and other tests, appropriate adjustments were made to the basic data after consulting with the data provider.

#### C. Summary of Membership Data

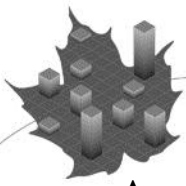
The following tables, derived from the basic data, show pertinent information regarding parliamentarians, pensioners and survivors during the period from April 2010 to March 2013. Relevant detailed statistics on parliamentarians, pensioners and survivors are shown in Appendix 9.

**Table 17 Summary of Membership Data**

	As at 31 March 2013	As at 31 March 2010
<b>Parliamentarians</b>		
Number	410	413
Average Sessional Indemnity and Additional Allowance	\$165,200	\$162,200
Average Age	54.6	55.6
Average Service	6.7	7.4
<b>Pensioners</b>		
Number	587	531
Average Pension In Pay	\$56,100	\$50,600
Average Deferred Pension	\$4,800	\$4,800
Average Age	70.3	69.6
<b>Eligible Surviving Spouses</b>		
Number	164	154
Average Pension	\$31,500	\$27,900
Average Age	79.0	78.8
<b>Eligible Surviving Children</b>		
Number	8	7
Average Pension	\$3,600	\$3,200


**Table 18 Reconciliation of Membership**

	Parliamentarians	Pensioners	Surviving Spouses	Surviving Children
As at 31 March 2010	413	531	154	7
Data corrections		(2)	3	
New parliamentarians	138			
Return to Parliament	3	(3)		
Terminations				(3)
Annual allowances	(103)	103		
Lump sum benefit	(39)			
Emerging survivors			27	
Emerging surviving children				4
Deaths	(2)	(42)	(20)	
As at 31 March 2013	410	587	164	8



### Appendix 5 – Methodology

#### A. Recorded Account Balances

The recorded account balances consist of the balance in the MPRA and MPRCA Accounts, the Refundable Tax Account recorded by the Canada Revenue Agency and the present value, discounted in accordance with the actuarial assumptions of all future parliamentarians' contributions and Government credits in respect of prior service elections. The accounts record the transactions for the Plan, meaning that no debt instrument has been issued to the Accounts by the government in recognition of the amounts therein.

#### B. Actuarial Cost Method

As benefits earned in respect of current service will not be payable for many years, the purpose of an actuarial cost method is to assign costs over the working lifetime of the members.

As in the previous valuations, the *projected accrued benefit actuarial cost method* (also known as the projected unit credit method) was used to determine the current service cost and actuarial liability. Consistent with this cost method pensionable earnings are projected up to retirement using the assumed annual increases in average pensionable earnings. The yearly maximum salary cap and other benefit limits under the *Income Tax Act* described in Appendix 1 were taken into account to determine the benefits payable under the MPRA Account and those payable under the MPRCA Account.

##### 1. Current Service Cost

Under the *projected accrued benefit actuarial cost method*, the current service cost, also called normal cost, computed in respect of a given year is the sum of the value, discounted in accordance with the actuarial assumptions of all future payable benefits considered to accrue in respect of that year's service.

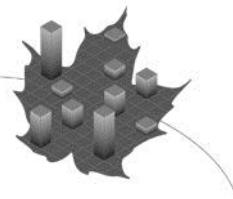
Under this method, the current service cost for an individual member will increase each year as the member approaches retirement. However, all other things being equal, the current service cost for the total population, expressed as a percentage of total pensionable payroll, can be expected to remain stable as long as the average age and service of the total population remains constant.

The government current service cost is the total current service cost reduced by the members' contributions. The new plan provisions brought forward by the *Pension Reform Act* provide that, by no later than 1 January 2017, the total amount of contributions to be paid by the members will represent 50% of the current service cost of the Plan.

##### 2. Actuarial Liability

The actuarial liability with respect to parliamentarians corresponds to the value, discounted in accordance with the actuarial assumptions, of all future payable benefits accrued as at the valuation date in respect of all previous service. For pensioners and survivors, the actuarial liability corresponds to the value of future payable benefits discounted in accordance with the actuarial assumptions.





### **3. Actuarial Excess (Shortfall)**

It is unlikely that the actual experience will conform to the assumptions that underlie the actuarial estimates. Thus, a balancing item must be calculated under this cost method to estimate the necessary adjustments. Adjustments may also be necessary if the terms of the pension benefits enacted by legislation are modified or if assumptions need to be updated.

The actuarial excess or shortfall is the difference between the recorded account balances and the actuarial liability. If the President of the Treasury Board is of the opinion, based on actuarial advice, that the recorded account balances are in excess of the actuarial liabilities for one or both of the Accounts, there may be debited from that (those) Account(s), at the time and in the manner determined by the President, an amount specified by the President.

Conversely, if an actuarial shortfall is identified in one or both Accounts, amount(s) shall be credited to that (those) Account(s), at the time and in the manner determined by the President, so that the recorded account balances be sufficient to meet the total cost of all allowances and other benefits payable under the Plan.

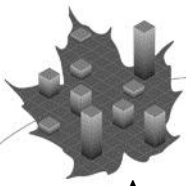
### **4. Government Contributions**

The recommended government contribution corresponds to the sum of:

- a) the government current service cost; and
- b) the government contributions for prior service.

### **C. Membership Data**

For valuation purposes, individual data on each parliamentarian were used.



## Appendix 6 – Actuarial Assumptions

The payment of accrued pension benefits is the responsibility of the government, therefore the likelihood of the plan being wound-up and its obligation not being fulfilled is practically nonexistent. Consequently, all assumptions used in this report are best-estimate assumptions which reflect our best judgement of the future long-term experience of the Plan and do not include margins for adverse deviations.

### A. Key Economic Assumptions

#### 1. Level of Inflation

Price increases, as measured by changes in the Consumer Price Index (CPI), tend to fluctuate from year to year. In 2012, the Bank of Canada and the Government renewed their commitment to keep inflation between 1% and 3% until the end of 2016. To reflect recent experience and the expectations that inflation will remain subdued in the short term, the price increase assumption was set at 1.0% for Plan year 2014, 1.6% for Plan year 2015 and 1.9% for Plan year 2016 before reaching its ultimate rate of 2.0% in Plan year 2017. The ultimate rate of 2.0% is 0.4% lower than the assumed ultimate rate of 2.4% used in the previous valuation.

#### 2. Average Canadian Wage Increase (Industrial Aggregate)

The ultimate productivity rate (i.e. increase in average employment earnings in excess of inflation) was assumed at 1.2% per annum as in the previous valuation. Real increases in average earnings are assumed to rise from 0.6% in Plan year 2015 to reach the ultimate 1.2% per annum in Plan year 2021.

#### 3. Government Real<sup>1</sup> Cost of Borrowing

The ultimate real return of a notional portfolio of long-term government bonds was assumed at 3.1% (the nominal rate is 5.1%). The real rate of return is assumed to rise from 1.7% in Plan year 2014 to reach the ultimate real rate of 3.1% per annum in 2019. The ultimate real rate of 3.1% is slightly lower than the average of the private sector forecasts published in the December 2013 Department of Finance Private Sector Survey<sup>2</sup>.

<sup>1</sup> Note that all of the real rates of return referred to in this report are real-return differentials. This differs from the technical definition of the real rate of returns, which, in the case of the ultimate real rate of return assumption, would be 3.04% (derived from 1.051/1.02).

<sup>2</sup> The Department of Finance regularly surveys about 15 private sector forecasters for their views on the main economic variables, such as gross domestic product, the unemployment rate and interest rates. The average of private sector forecasts forms the basis for the economic assumptions used for fiscal planning purposes in the budget and the fall update.



For the period ending December 2012, the following table was prepared based on the Canadian Institute of Actuaries Report on Canadian Economic Statistics 1924-2012.

Period of Years Ending December 2012	15	25	50
Level of Inflation	2.0%	2.2%	4.1%
Real <sup>1</sup> Increases in Average Earnings	0.5%	0.4%	1.0%

## B. Derived Economic Assumptions

As the key assumptions were changed, it follows that all derived assumptions are also changed for this valuation.

**Table 19 Economic Assumptions**  
(Percentage)<sup>2</sup>

Plan Year	Inflation		Employment Earnings Increase			Interest	
	CPI Increase	Pension Indexing	Industrial Aggregate	MPE	Remuneration	Valuation Rate	Effective Rate for MPRCA <sup>3</sup>
2014	1.0	<b>0.9</b>	2.7	<b>1.9</b>	<b>1.6</b>	2.7	1.35
2015	1.6	1.3	2.2	2.6	2.2	3.4	1.70
2016	1.9	1.9	2.6	2.3	2.2	4.1	2.05
2017	2.0	2.0	3.8	2.7	2.2	4.6	2.30
2018	2.0	2.0	2.9	2.8	2.2	5.0	2.50
2019	2.0	2.0	3.3	2.9	2.3	5.1	2.55
2020	2.0	2.0	3.1	3.0	2.4	5.1	2.55
2021	2.0	2.0	3.2	3.1	2.4	5.1	2.55
2022+	2.0	2.0	3.2	3.2	2.4	5.1	2.55

### 1. Valuation Interest Rates

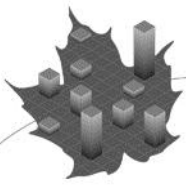
These rates are required for the computation of present value of benefits to determine the Plan's actuarial liabilities and the current service costs and they are derived from the assumed future level of inflation and the expected return on long-term government of Canada bonds. The assumed rate of 2.7% per annum for Plan year 2014 is expected to increase gradually to the ultimate rate of 5.1% per annum by Plan year 2019. In the previous valuation, the ultimate projected yield was assumed to be 5.2%.

The *Members of Parliament Retiring Allowances Act* stipulate that the amount of interest to be credited to the MPRA and the MPRCA Accounts in respect of each quarter of a Plan year shall be equal to the effective quarterly rate derived from the interest rate used in the most recent actuarial report tabled before Parliament.

<sup>1</sup> These real rates are calculated after the level of inflation is removed geometrically.

<sup>2</sup> Bold denotes actual figures.

<sup>3</sup> Half of the valuation interest rates.



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As in the previous valuation, the valuation interest rates used for the MPRCA Account are half of the valuation interest rates used for the MPRA Account to reflect the deemed loss of interest earnings resulting from the recorded transactions, between the MPRCA Account and the Canada Revenue Agency (CRA), of 50% of net contributions and interest credits as a refundable tax.

Using the valuation interest rates for the MPRA and half the valuation interest rates for the MPRCA is equivalent to valuing the total pension promise at a flat nominal discount rate of 3.53%.

### **2. Increase in Pension Indexing Factor**

The year's pension indexing factor is used in the valuation process to determine the pension inflation adjustments. It is derived by applying the indexation formula described in Appendix 1, which relates to the assumed CPI increases over successive 12-month periods ending on 30 September.

### **3. Parliamentarians Remuneration Increase**

The annual sessional indemnity that shall be paid for each Plan year subsequent to the 2004 Plan year is defined by legislation. The future annual sessional indemnity for Members of the House of Commons is the sessional indemnity for the previous Plan year plus the amount obtained by multiplying that sessional indemnity by an index. This index is the average percentage increase in base-rate wages resulting from major settlements negotiated with bargaining units of 500 or more employees in the private sector in Canada.

For the period 2004-2013, the actual annual increases in the sessional indemnity were, on average, 1.2% less than the average Canadian wage increases. Therefore, parliamentarians' salaries increases are assumed to be, ultimately, 0.8% less than the increases in the Industrial Aggregate.

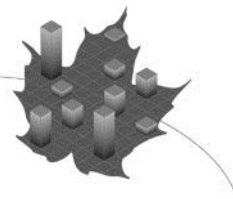
In the previous valuation, parliamentarians' salaries increases were set to 0.0% for Plan years 2011 to 2013 due to Part 7 of the *Jobs and Economic Growth Act*. Thereafter, salaries were assumed to follow the same pattern of increase as the Industrial Aggregate.

The remuneration for the Senators is assumed to be the remuneration of the Members of the House of Commons minus \$25,000.

### **4. Maximum Pensionable Earnings (MPE) Increase**

The MPE is part of the valuation process since the benefits accrued in respect of pensionable salary (sessional indemnity and additional allowance) in excess of the MPE is provided through the MPRCA Account. The MPE was \$134,800 in calendar year 2013. Thereafter it will be indexed in accordance with the average Canadian wage increase.

Starting 1 January 2016, the MPE will be adjusted to take into consideration the coordination of the retirement allowance payable with the benefits of the Canada Pension Plan or the Québec Pension Plan.



## C. Demographic Assumptions

Except where otherwise noted, all demographic assumptions were determined from the Plan's own experience as was done in the past.

### 1. New Parliamentarians

As in the previous valuation, the number of future entrants was determined so that the number of members in the Senate and the House of Commons would remain constant in the future, with the exception of an increase of 31 Members of the House of Commons (from 307 to 338) in Plan year 2016 to reflect the changes brought forward by the *Fair Representation Act* taking effect in the next general election.

The assumed age distribution of the new parliamentarians was changed for this valuation. The assumed age distribution of the new Members of the House of Commons is based on the Plan's 2002-2013 experience, whereas the assumed age distribution of new Senators is based on the Plan's 2004-2013 experience.

### 2. Parliamentarians Receiving Additional Allowance

Some parliamentarians, in addition to their sessional indemnity, receive an additional allowance in their capacity as Minister, Speaker, Leader of Opposition and so forth. For this review, any member receiving an additional allowance at the valuation date is deemed to continue to receive it for as long as he or she remains a parliamentarian. This assumption was retained from the preceding actuarial review.

### 3. Rates of Termination

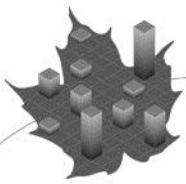
Termination means withdrawing with a return of contributions or retiring (excluding disability retirement) and receiving a life annuity in accordance with the provisions of the Plan.

- **Members of the House of Commons**

In this report, one set of termination rates is assumed to apply during a general election year and another set is assumed to apply during a non-election year. The termination rates during a non-election year were changed for this valuation to reflect higher than expected terminations for members with fifteen or more years of service. The termination rates are based on the 1987-2013 experience for a non-election year and on the 1995-2013 experience for an election year.

- **Senators**

Termination rates for Senators are unchanged from the previous valuation. The probability of termination is assumed to be zero for service less than five years. For longer service, the termination rates are based on the 2003-2013 experience. As Senators must leave the Senate by age 75, the termination rate for this age is set to one.



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**Table 20 Rates of Termination**

Completed Years of Service	House of Commons During a Non- Election Year	Senators	Age	House of Commons During an Election Year
0	0.001	0.011	30	0.100
1	0.003	0.011	40	0.207
5	0.008	0.011	50	0.189
10	0.017	0.011	60	0.281
15	0.040	0.011	70	0.600

### 4. Probability of General Election

This assumption was changed for this valuation by taking into account the most recent general election that occurred on 2 May 2011. Experience data since Confederation are shown in Table 21. Prior to 1917, all general elections gave rise to majority Governments. The characteristics of the 1917 and subsequent Parliaments are shown in Table 22.

**Table 21 General Elections Frequency since Confederation**

Duration of Parliament since preceding general election (rounded to nearest year)	Number of general elections in a given year since last general election, depending on status of dissolved Parliament	
	Majority	Minority
1	1	4
2	-	2
3	2	4
4	16	1
5	10	-
<b>Total</b>	<b>29</b>	<b>11</b>

**Table 22 Characteristics of Past Parliaments since 1917**

Status preceding general election	Probability of given status following general election	
	Majority	Minority
Majority	11/17	6/17
Minority	6/12	6/12

Based on this data, probabilities of a general election were developed for each Plan year in the future. In developing those probabilities, account was taken of the majority Government elected at the last election (2 May 2011) as well as the statute that provides for general election to be held every four years. The probabilities shown in Table 23 tend toward a value of 0.30 in the long term, implying that general elections are called every 3.3 years on average.


**Table 23 General Election Rates for the House of Commons**

Plan Year	Rate
2011	0.00
2012	1.00
2013-2015	0.00
2016	1.00
2017	0.13
2018	0.13
2019	0.17
2020	0.36
Ultimate	0.30

## 5. Mortality Rates and Longevity Improvement Factors

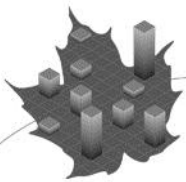
In the previous valuation, mortality rates for male and female parliamentarians were based on the Plan's own experience. Given the relatively small size of the parliamentarians and former parliamentarians' population, it was deemed more appropriate to base the mortality rate assumption for this valuation on the mortality rates used in the most recent actuarial report (as at 31 March 2011) on the pension plan for the Public Service of Canada (PSSA 2011). For this valuation, 90% of the mortality rates of the PSSA 2011 applicable to Plan year 2014 have been used for ages below 95 to incorporate an adjustment for pension income level. Unadjusted PSSA 2011 rates applicable to Plan year 2014 have been used for ages after 95 to reflect the fact that the "pension size effect" tends to disappear at older ages.

Assumed base rates of mortality for surviving spouses are the corresponding rates, from the PSSA 2011, applicable to surviving spouses.

**Table 24 Mortality Rates for Plan Year 2014**  
 (per 10,000 individuals)

Age	<u>Parliamentarians and Pensioners</u>		<u>Surviving Spouses</u>	
	Male	Female	Male	Female
30	4	2	11	4
40	6	4	25	9
50	16	12	43	25
60	49	36	79	52
70	150	104	198	124
80	484	328	602	344
90	1,409	1,066	1,526	1,086
100	3,427	3,034	3,509	3,167
110	4,997	4,992	5,000	5,000

Mortality rates are reduced in the future in accordance with the same mortality improvement assumption as that made for the 25<sup>th</sup> actuarial report on the Canada Pension Plan (as at 31 December 2009). Mortality improvement assumption as that made for the actuarial report on the Canada Pension Plan as at 31 December 2006 was used in the previous valuations. For both males and females, the improvement factors are higher than those used in the previous valuation except at advanced ages. Factors shown in the 25<sup>th</sup> actuarial report on the



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Canada Pension Plan are based on calendar years. These factors have been interpolated to obtain plan year longevity improvement factors.

The ultimate rates of improvement for years 2031 and thereafter were established by analyzing the trend by age and sex of the Canadian experience over the period 1921 to 2006. Rates of improvement for Plan years 2012 are assumed to be those experienced over the last 15 years (1991 to 2006). After Plan year 2012, the rates are assumed to reduce gradually to their ultimate levels by year 2031.

A sample of assumed mortality improvement factors is shown in the Table 25. Table 26 shows the calculated life expectancy for parliamentarians based on the mortality assumption described in this section.

**Table 25 Mortality Improvement Factors**

Age Last Birthday	Initial and Ultimate Plan Year Mortality Rate Reductions (%) <sup>1</sup>			
	Male		Female	
	2014	2031+	2014	2031+
40	1.97	0.80	1.26	0.80
50	1.72	0.80	1.21	0.80
60	2.14	0.80	1.31	0.80
70	2.31	0.80	1.39	0.80
80	1.87	0.70	1.37	0.70
90	1.08	0.44	0.66	0.44
100	0.34	0.30	0.13	0.30
110+	0.05	0.30	0.05	0.30

**Table 26 Life Expectancy of Parliamentarians**

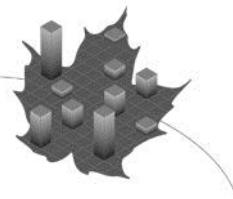
Age	As at 31 March 2013		As at 31 March 2030	
	Male	Female	Male	Female
60	26.4	28.7	27.4	29.6
65	21.8	24.0	22.7	24.8
70	17.3	19.5	18.3	20.3
75	13.3	15.3	14.2	16.0
80	9.8	11.5	10.5	12.1
85	7.0	8.3	7.5	8.7
90	4.8	5.8	5.1	6.1

## 6. Family Composition

Assumptions for the proportion of members leaving, upon death, a spouse eligible for a survivor pension and the age of the survivor spouse are unchanged from the previous valuation.

<sup>1</sup> The mortality rate reduction applicable during any year within the 17-year select period is found by linear interpolation between the figures for Plan years 2014 and 2031.





**Table 27 Assumptions for the Survivor Allowance to Spouses**  
Number of members with an eligible spouse at death (per 1,000 member deaths)

Age Last Birthday	Number		Average Age of Survivor	
	Male	Female	Male	Female
30	498	622	29	31
40	638	622	39	43
50	811	622	47	53
60	850	610	57	62
70	802	538	67	71
80	674	401	75	79
90	446	221	83	86
100	192	77	89	91
110	45	15	94	95

Assumptions with respect to the number of eligible children and their age are unchanged from the previous valuation. It was assumed that each member who had an eligible spouse at time of death had three children being 28, 30 and 32 years younger than the member, respectively. The payment of an allowance to a child between ages 18 and 25 is conditional on the child attending school full-time. It was assumed that all child beneficiaries would remain eligible for benefits until age 25 irrespective of school attendance status. The effect of mortality was not taken into account in determining the value of pensions payable to eligible children given that it would be negligible.

## D. Other Assumptions

### 1. Pension Benefits Division / Optional Survivor Benefit

Pension benefits divisions have almost no effect on the valuation results because the corresponding actuarial liability is reduced, on average, by roughly the amount debited from the Accounts to the credit of the former survivor. Consequently, no future pension benefits divisions were assumed in estimating current service costs and actuarial liabilities. However, past pension benefits divisions were fully reflected in the actuarial liabilities.

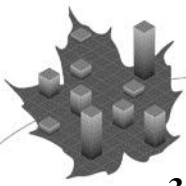
The optional survivor benefit gives a member who has an eligible spouse after retirement the right to make an election, within the prescribed period of time, for a survivor benefit. However, the member must accept an actuarially determined reduction in pension for as long as both the survivor and the union survive. The optional survivor benefit was treated in the same manner as pension benefits division for the same reason.

### 2. Double-Dipping Provision

A pensioner receiving remuneration of at least \$5,000 in the valuation year as a federal Government employee or pursuant to a federal service contract is assumed to continue receiving this remuneration up to age 62. Retirement allowances of those aged 62 or over at the valuation date is assumed to resume immediately. In accordance with this assumption, no retirement allowance will be paid from the Plan up to that age. Following attainment of age 62, the retirement allowance will resume.

No future double-dipping was assumed in estimating current service costs and actuarial liabilities.

These assumptions are the same used in the last report.



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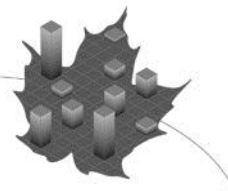
Pension Plan for the **MEMBERS OF PARLIAMENT**  
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### **3. Administrative Expenses**

To compute the actuarial liabilities and current service costs, no provision was made regarding the expenses incurred for the administration of the Plan. These expenses, which are not charged to the MPRA or MPRCA Accounts, are borne entirely by the Government.

### **4. Disability incidence**

Disability incidence was not taken into account in this valuation. The effect of the omission of disability incidence on valuation results was considered negligible.



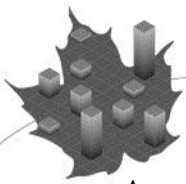
## Appendix 7 – Sensitivity to Variations in Valuation Interest Rates

The information required by statute, which is presented in the main report, has been derived using best-estimate assumptions regarding future demographic and economic trends. Given the element of future uncertainty embedded in the best-estimate assumptions, they are generally not uniquely determinable. Indeed, there is generally a range of reasonable best estimate assumptions. As shown in Table 28, the estimated cost of the Plan is significantly influenced by the valuation interest rates selected. The results below measure the effects on the Plan year 2014 current service costs and the actuarial liabilities as at 31 March 2013 of changing the valuation interest rates.

In addition, the estimated cost of the Plan is impacted by the fact that the valuation interest rates used for the MPRCA Accounts are half of the valuation interest rate for the MPRA Account to reflect the deemed loss of interest earnings resulting from the transactions, between the MPRCA Account and the Canada Revenue Agency, of 50% of net contributions and interest credits as a refundable tax. To illustrate this impact, the effects of using the full valuation interest rates for the MPRCA Account are also presented below.

**Table 28 Sensitivity to Variations in Valuation Interest Rates**

Assumption(s) Varied	Current Service Cost		MPRA Account		MPRCA Account	
	2014 (%)	Effect	Actuarial Liabilities (\$ millions)	Effect	Actuarial Liabilities (\$ millions)	Effect
Ultimate nominal interest rate of 5.1%						
- MPRCA with half interest rates	<b>47.50</b>		<b>462.9</b>		<b>429.4</b>	
- MPRCA with full interest rates	34.56	(12.94)	462.9	None	298.4	(131.0)
Ultimate nominal interest rate of 5.4%						
- MPRCA with half interest rates	45.95	(1.55)	454.3	(8.6)	422.4	(7.0)
- MPRCA with full interest rates	33.11	(14.39)	454.3	(8.6)	291.4	(137.9)
Ultimate nominal interest rate of 4.8%						
- MPRCA with half interest rates	49.37	1.87	474.6	11.6	438.0	8.6
- MPRCA with full interest rates	36.38	(11.12)	474.6	11.6	307.5	(121.9)
Ultimate nominal interest rate of 4.5%						
- MPRCA with half interest rates	51.44	3.94	487.6	24.7	447.3	17.9
- MPRCA with full interest rates	38.42	(9.08)	487.6	24.7	317.7	(111.6)



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### Appendix 8 – Current Service Costs for the House of Commons and the Senate

#### A. Members of the House of Commons<sup>1</sup>

##### 1. Projection of Current Service Costs - Members of the House of Commons

The following current service costs associated to Members of the House of Commons are expressed as a percentage of the projected pensionable payroll as well as a dollar amount in each given Plan year.

**Table 29 Members of the House of Commons - Current Service Costs**  
(Percentage of pensionable payroll and \$millions)

Plan Year	MPRA Account		MPRCA Account		Total	
	%	\$ Millions	%	\$ Millions	%	\$ Millions
2014	16.64	8.7	33.49	17.6	50.13	26.3
2015	16.54	8.9	33.43	17.9	49.97	26.8
2016	16.80	9.7	31.51	18.2	48.31	27.9
2017	18.16	11.4	26.03	16.3	44.19	27.7

##### 2. Allocations of Current Service Cost - Members of the House of Commons

The foregoing current service costs are borne jointly by the Members of the House of Commons and the Government. Members of the House of Commons make required contributions in accordance with the applicable contribution rate, with the Government covering the balance of the current service cost. With the implementation of the new plan provisions, the parliamentarians' contribution rates will be gradually increased, starting in 2013, so that a 50:50 Members/Government cost sharing ratio will be reached in 2017. Table 30 presents the allocation of current service cost to be paid with respect to the MPRA and the MPRCA Accounts in the next three Plan years.

**Table 30 Members of the House of Commons - Allocation of Plan Year Current Service Costs**  
(In percentage of pensionable payroll)

Plan Year	MPRA Account			MPRCA Account		
	Government (G)	Members (M)	Ratio (G/M)	Government (G)	Members (M)	Ratio (G/M)
2014	13.64	3.00	4.55	28.20	5.29	5.33
2015	13.56	2.98	4.55	27.12	6.31	4.30
2016	13.30	3.50	3.80	23.53	7.98	2.95
2017	10.83	7.33	1.48	16.03	10.00	1.60

<sup>1</sup> In this section, the current service cost for the Prime Minister has been added in the current service cost for the Members of the House of Commons.



## B. Senators

### 1. Projection of Current Service Costs - Senators

The following current service costs associated to Senators expressed as a percentage of the projected pensionable payroll as well as a dollar amount in each given Plan year.

**Table 31 Senators - Current Service Costs**  
(In percentage of pensionable payroll and in \$ millions)

Plan Year	MPRA Account		MPRCA Account		Total	
	%	\$ Millions	%	\$ Millions	%	\$ Millions
2014	12.14	1.6	24.87	3.3	37.01	4.9
2015	11.24	1.5	26.01	3.6	37.25	5.1
2016	11.36	1.6	25.87	3.6	37.23	5.2
2017	13.88	2.0	22.26	3.2	36.14	5.2

### 2. Allocation of Current Service Costs - Senators

The foregoing current service costs are borne jointly by the Senators and the Government. Senators make required contributions in accordance with a contribution rate with the Government covering the balance of the current service cost. With the implementation of the new plan provisions, the parliamentarians' contribution rates will be gradually increased, starting in 2013, so that a 50:50 Members/Government cost sharing ratio will be reached in 2017. Table 32 presents the allocation of current service cost to be paid with respect to the MPRA and the MPRCA Accounts in the next three Plan years.

**Table 32 Senators - Allocation of Plan Year Current Service Costs**  
(In percentage of pensionable payroll)

Plan Year	MPRA Account			MPRCA Account		
	Government (G)	Senators (S)	Ratio (G/S)	Government (G)	Senators (S)	Ratio (G/S)
2014	9.46	2.69	3.52	19.21	5.66	3.39
2015	8.73	2.51	3.47	19.19	6.82	2.81
2016	8.57	2.79	3.07	17.15	8.72	1.97
2017	7.21	6.67	1.08	11.55	10.71	1.08



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### Appendix 9 – Detailed Membership Data

**Table 33 Reconciliation of Parliamentarians**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Parliamentarians as at 31 March 2010</b>	<b>241</b>	<b>67</b>	<b>308</b>	<b>70</b>	<b>35</b>	<b>105</b>
New entrants	76	42	118	15	8	23
Resignations with an annual allowance	(61)	(20)	(81)	(16)	(6)	(22)
Resignations with a lump sum benefit	(25)	(12)	(37)	(2)	-	(2)
Deaths	(1)	-	(1)	(1)	-	(1)
<b>Parliamentarians as at 31 March 2013</b>	<b>230</b>	<b>77</b>	<b>307</b>	<b>66</b>	<b>37</b>	<b>103</b>

**Table 34 Reconciliation of Pensioners**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Pensioners as at 31 March 2010</b>	<b>399</b>	<b>67</b>	<b>466</b>	<b>48</b>	<b>17</b>	<b>65</b>
Data corrections	(2)	-	(2)	-	-	-
New entitlements	61	20	81	16	6	22
Deaths	(29)	(2)	(31)	(9)	(2)	(11)
Return to Parliament	(3)	-	(3)	-	-	-
<b>Pensioners as at 31 March 2013</b>	<b>426</b>	<b>85</b>	<b>511</b>	<b>55</b>	<b>21</b>	<b>76</b>
Suspension of annual allowances	(12)	-	(12)	-	(1)	(1)
<b>Pensioners receiving an annual allowance as at 31 March 2013</b>	<b>414</b>	<b>85</b>	<b>499</b>	<b>55</b>	<b>20</b>	<b>75</b>

**Table 35 Reconciliation of Surviving Spouses**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Surviving spouses as at 31 March 2010</b>	<b>2</b>	<b>109</b>	<b>111</b>	<b>2</b>	<b>41</b>	<b>43</b>
Data corrections	-	3	1	-	-	-
New entitlements	1	18	19	-	68	6
Deaths	-	(12)	(13)	(1)	(7)	(8)
<b>Surviving spouses as at 31 March 2013</b>	<b>3</b>	<b>118</b>	<b>121</b>	<b>1</b>	<b>42</b>	<b>43</b>



**Table 36 Members of the House of Commons - Sessional Indemnity**  
 As at 31 March 2013

Age Last Birthday	Completed Years of Service										All Years of Service
	Male					Female					
	0-4	5-9	10-14	15-19	20+	0-4	5-9	10-14	15-19	20+	
20-24	2					4					6
25-29	2					8					10
30-34	2	4				5					11
35-39	12	5	1			4					22
40-44	15	10	2	2		2	2				33
45-49	19	10	2	4		7	1				43
50-54	20	12	4	1		9	1	1			48
55-59	14	13	3	6	1	10	3				50
60-64	15	10	4	7	1	6	2	1	3		49
65-69	5	9	1	4	2	1	3	1			26
70-75	3	2	1			2			1		9
All Ages	109	75	18	24	4	58	12	3	4	0	307

**Male**

Average age: 52.2

Sessional indemnity: \$160,200

Average pensionable service: 6.4

**Female**

Average age: 49.0

Sessional indemnity: \$160,200

Average pensionable service: 3.9

**Table 37 Senators - Sessional Indemnity**  
 As at 31 March 2013

Age Last Birthday	Completed Years of Service										All Years of Service
	Male					Female					
	0-4	5-9	10-14	15-19	20+	0-4	5-9	10-14	15-19	20+	
35-39	1										1
40-44						1					1
45-49	3	1				2					6
50-54	3					1	1				5
55-59	2	1			1	3		1			8
60-64	11	3	2	1		4	1	2			24
65-69	8	4	3	2	5	4	3	2	1	2	34
70-75	5	2		2	6	1	1	3	3	1	24
All Ages	33	11	5	5	12	16	6	8	4	3	103

**Male**

Average age: 64.1

Sessional indemnity: \$135,200

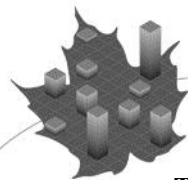
Average pensionable service: 9.7

**Female**

Average age: 63.9

Sessional indemnity: \$135,200

Average pensionable service: 8.7



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**Table 38 Additional Allowances Recipients - House of Commons**  
Number and Average Annual Additional Allowances - As at 31 March 2013

Age Last Birthday	Completed Years of Service								All Years of Service
	Male				Female				
	0-4	5-9	10-14	15 +	0-4	5-9	10-14	15 +	
< 35	1	3			3				7
	\$11,165	\$34,172			\$10,894				\$20,909
35-39	2	2	1		2				7
	\$31,161	\$43,341	\$75,516		\$10,759				\$35,148
40-44	2	6	1	1	2	1			13
	\$15,834	\$35,694	\$11,165	\$75,516	\$45,675	\$75,516			\$38,414
45-49	8	8	2	4	5	1			28
	\$9,592	\$29,004	\$18,676	\$23,142	\$23,710	\$16,849			\$20,503
50-54	4	6	4	1	4				19
	\$22,381	\$31,059	\$46,487	\$6,684	\$28,217				\$30,546
55-59	4	12	3	4	4	2			29
	\$8,222	\$31,837	\$10,894	\$7,054	\$28,217	\$40,600			\$23,100
60-64	3	7	3	6	5	1	1	3	29
	\$32,345	\$32,814	\$52,239	\$33,258	\$16,971	\$5,684	\$56,637	\$26,458	\$31,364
65 +	4	5	2	3	1	2	1	1	19
	\$59,428	\$19,163	\$22,432	\$5,684	\$28,420	\$8,425	\$5,684	\$5,684	\$23,794
All ages	28	49	16	19	26	7	2	4	151
	\$22,823	\$31,210	\$34,015	\$22,031	\$23,197	\$28,014	\$31,161	\$21,264	\$27,005

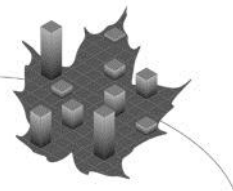
	Male	Female
Average Age:	53.5	53.3
Average Service in Parliament:	8.4	5.5

**Table 39 Additional Allowances Recipients - Senate**  
Number and Average Annual Additional Allowances - As at 31 March 2013

Age Last Birthday	Completed Years of Service								All Years of Service
	Male				Female				
	0-4	5-9	10-14	15 +	0-4	5-9	10-14	15 +	
45-49	1	1			2				4
	\$36,000	\$11,100			\$8,350				\$15,950
50-54	1								1
	\$11,100								\$11,100
55-59		1			2				3
		\$5,600			\$8,800				\$7,733
60-64	3	2	2		1		1		9
	\$7,433	\$8,350	\$8,350		\$5,600		\$11,100		\$8,044
65 +	5	3	1	8		2	3	3	25
	\$10,000	\$16,033	\$11,100	\$16,013		\$14,200	\$6,600	\$28,900	\$14,888
All ages	10	7	3	8	5	2	4	3	42
	\$11,940	\$11,643	\$9,267	\$16,013	\$7,980	\$14,200	\$7,725	\$28,900	\$12,921

	Male	Female
Average Age:	65.8	64.3
Average Service in Parliament:	13.8	10.8




**Table 40 Male Pensioners - House of Commons**  
 Average Retirement Allowances (Dollars)

Age Last Birthday	Former Members	Allowances Payable				
		MPRAA Account		MPRCA Account		
		Up to Age 60	From Age 60	Up to Age 55	From 55+ to 60	From Age 60
<45	8	-	20,599	-	39,547	22,396
45-49	6	-	18,806	1,935	35,582	21,096
50-54	19	2,886	28,011	5,552	50,067	29,616
55-59	38	8,372	32,017	-	41,242	25,926
60-64	53		39,127			29,924
65-69	73		37,866			23,453
70-74	87		46,723			20,270
75-79	59		49,092			12,246
80-84	37		43,477			7,494
85-89	26		40,815			2,623
>89	8		38,019			-
Suspensions	12	17,847	57,728	-	59,911	17,728
All ages	426					

Average Age: 69.5

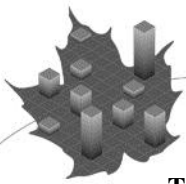
Average Total Pension: \$59,700

**Table 41 Female Pensioners - House of Commons**  
 Average Retirement Allowances (Dollars)

Age Last Birthday	Former Members	Allowances Payable				
		MPRAA Account		MPRCA Account		
		Up to Age 60	From Age 60	Up to Age 55	From 55+ to 60	From Age 60
<45	4	-	19,157	-	39,165	21,907
45-49	1	-	26,343	11,347	52,294	35,078
50-54	4	5,682	33,034	7,667	49,596	28,658
55-59	9	2,662	29,978		51,803	31,847
60-64	20		33,893			35,043
65-69	15		28,830			34,733
70-74	15		36,538			27,147
75-79	10		44,398			15,016
80-84	3		31,026			18,836
85-89	4		66,034			1,206
All Ages	85					

Average Age: 66.1

Average Total Pension: \$62,500



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Pension Plan for the **MEMBERS OF PARLIAMENT**  
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**Table 42 Male Pensioners - Senate**  
Average Retirement Allowances (Dollars)

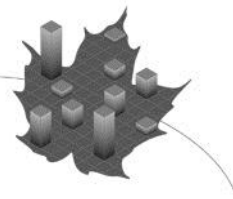
Age Last Birthday	Former Members	Allowances Payable	
		MPRAA Account	MPRCA Account
<75	9	44,686	18,052
75-79	26	48,772	26,145
80-84	9	58,184	19,597
85-89	9	37,276	8,109
>89	2	93,432	5,413
All Ages	55		

Average Age: 79.2  
Average Total Pension: \$69,400

**Table 43 Female Pensioners - Senate**  
Average Retirement Allowances (Dollars)

Age Last Birthday	Former Members	Allowances Payable	
		MPRA Account	MPRCA Account
<75	4	42,028	26,060
75-79	9	40,581	34,751
80-84	4	18,020	22,790
85-89	1	5,006	29,671
>89	2	55,599	4,931
Suspensions	1	21,981	4,546
All Ages	21		

Average Age: 79.7  
Average Total Pension: \$61,700

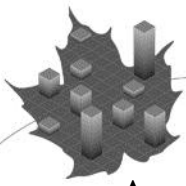


**Table 44 Survivors**  
Average Survivor Allowances (Dollars)

Age Last Birthday	House of Commons			Senate		
	Number	MPRA Account	MPRCA Account	Number	MPRA Account	MPRCA Account
<60	8	23,747	14,249	3	12,063	5,962
60-64	5	23,240	6,724	2	39,332	5,535
65-69	13	29,909	4,743	4	43,730	3,212
70-74	17	31,847	3,242	5	38,611	6,741
75-79	10	28,081	1,333	6	32,623	4,935
80-84	31	25,168	367	4	45,077	3,918
85-89	20	26,173	168	10	39,556	1,229
>89	17	24,639	41	9	25,527	942
Widows <sup>1</sup>	121			43		
Children	8	1,682	1,895	-	-	-

Widows <sup>1</sup>	House of Commons	Senate
Average Age:	78.6	79.9
Average Total Pension:	\$29,200	\$37,800

<sup>1</sup> All surviving spouses are female except for 3 male survivors from the House of Commons and 1 male survivor from the Senate.



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### Appendix 10 – Accrued Benefit Rates after 1 January 2016

**Table 45 Accrual Rates and Retirement Allowances – Pensionable Earnings**

When Contribution or Election Made	Annual Accrual Rate	Coordination with C/QPP	Type of Allowance
<b>Accruing from 1 January 2016</b>			
Service accrued when member is less than 71 years of age			
Contribution on pensionable earnings up to the earnings limit			
MPRA Account	2%	Yes	Reduced deferred allowance to age 60*
	2%	Yes	Deferred allowance to age 65**
	3%	No	Reduced temporary allowance from age 55 to 60*
MPRCA Account	1%	Yes	Reduced deferred allowance to age 60*
	1%	Yes	Deferred allowance to age 65**
Contribution on pensionable earnings over the earnings limit			
MPRA Account	0%	No	None
	3%	No	Reduced temporary allowance from age 55 to 60*
MPRCA Account	3%	Yes	Reduced deferred allowance to age 60*
	3%	Yes	Deferred allowance to age 65**
Service accrued when member has reached 71 years of age			
MPRA Account	0%	No	None
MPRCA Account	3%	Yes	Immediate allowance

\* Payable only if the member elects to start receiving a pension prior to age 65.

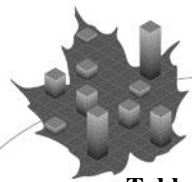
\*\* Payable only when the member elects to start receiving a pension at or after age 65.



## Appendix 11 – Contributions and Accrued Benefit Rates Prior to 2016

**Table 46 Contributions - Sessional Indemnity - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account		
2013	4% per year until member accrues 75% benefits; 0% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	5% per year until member accrues 75% benefits; 0% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	6% per year until member accrues 75% benefits; 0% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 1% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	9% per year until member accrues 75% benefits; 1% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	10% per year until member accrues 75% benefits; 1% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
<b>On or after 1 January 2001 but before 1 January 2013</b>		
Member is less than 69 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	3% per year until member accrues 75% benefits; 0% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
Member has reached 69 years of age		
MPRA Account	0%	0%
MPRCA Account	7% per year until member accrues 75% benefits; 1% thereafter	7% per year until member accrues 75% benefits; 1% thereafter



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**Table 46 (cont'd) Contributions - Sessional Indemnity - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	5% per year until member accrues 75% benefits; 0% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	9% per year until member accrues 75% benefits; 1% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
<b>On or after 1 January 1992 but before 13 July 1995</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	7% per year until member accrues 75% benefits; 0% thereafter	11% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	11% per year until member accrues 75% benefits; 1% thereafter	11% per year until member accrues 75% benefits; 1% thereafter
<b>Before 1 January 1992</b>		
MPRA Account	11% per year until member accrues 75% benefits; 1% thereafter	11% per year until member accrues 75% benefits; 1% thereafter
MPRCA Account	0%	0%


**Table 47 Contributions - Additional Allowances - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 4% thereafter	8% per year
2014	9% per year until member accrues 75% benefits; 5% thereafter	9% per year
2015	10% per year until member accrues 75% benefits; 6% thereafter	10% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year	8% per year
2014	9% per year	9% per year
2015	10% per year	10% per year
<b>On or after 1 January 2001 but before 1 January 2013</b>		
Member is less than 69 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account	7% per year until member accrues 75% benefits; 3% thereafter	7% per year
Member has reached 69 years of age		
MPRA Account	0%	0%
MPRCA Account	7% per year	7% per year



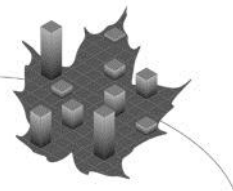
## ACTUARIAL REPORT

Pension Plan for the **MEMBERS OF PARLIAMENT**  
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**Table 47 (cont'd) Contributions - Additional Allowances - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	5% per year	9% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	9% per year	9% per year
<b>On or after 1 January 1992 but before 13 July 1995</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	7% per year	11% per year
Member has reached 71 years of age		
MPRA Account	0% per year	0%
MPRCA Account	11% per year	11% per year
<b>Before 1 January 1992</b>		
MPRA Account	11% per year	11% per year
MPRCA Account	0%	0%




**Table 48 Contributions - Prior Service - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2001 but before 1 January 2016</b>		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
<b>On or after 13 July 1995 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	5% per year	9% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	9% per year	9% per year
<b>On or after 1 January 1992 but before 13 July 1995</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	7% per year	11% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	11% per year	11% per year
<b>Before 1 January 1992</b>		
MPRA Account	10% per year	10% per year
MPRCA Account	0%	0%



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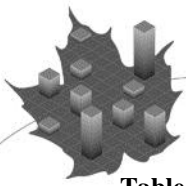
Pension Plan for the **MEMBERS OF PARLIAMENT**  
as at 31 March 2013

**Table 49 Contributions - Sessional Indemnity - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account		
2013	4% per year until member accrues 75% benefits; 0% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	5% per year until member accrues 75% benefits; 0% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	6% per year until member accrues 75% benefits; 0% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 1% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	9% per year until member accrues 75% benefits; 1% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	10% per year until member accrues 75% benefits; 1% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
<b>On or after 1 January 2001 but before 1 January 2013</b>		
Member is less than 69 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	3% per year until member accrues 75% benefits; 0% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
Member has reached 69 years of age		
MPRA Account	0%	0%
MPRCA Account	7% per year until member accrues 75% benefits; 1% thereafter	7% per year until member accrues 75% benefits; 1% thereafter


**Table 49 (cont'd) Contributions - Sessional Indemnity - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 1992 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	3% per year until member accrues 75% benefits; 0% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	7% per year until member accrues 75% benefits; 1% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
<b>Before 1 January 1992</b>		
MPRA Account	7% per year until member accrues 75% benefits; 1% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
MPRCA Account	0%	0%



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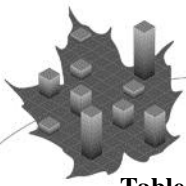
Pension Plan for the **MEMBERS OF PARLIAMENT**  
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**Table 50 Contributions - Additional Allowances - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 4% thereafter	8% per year
2014	9% per year until member accrues 75% benefits; 5% thereafter	9% per year
2015	10% per year until member accrues 75% benefits; 6% thereafter	10% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year	8% per year
2014	9% per year	9% per year
2015	10% per year	10% per year
<b>On or after 1 January 2001 but before 1 January 2013</b>		
Member is less than 69 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account	7% per year until member accrues 75% benefits; 3% thereafter	7% per year
Member has reached 69 years of age		
MPRA Account	0%	0%
MPRCA Account	7% per year	7% per year


**Table 50 (cont'd) Contributions - Additional Allowances - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	5% per year	9% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	9% per year	9% per year
<b>On or after 1 January 1992 but before 13 July 1995</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	7% per year	11% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account	11% per year	11% per year
<b>Before 1 January 1992</b>		
MPRA Account	11% per year	11% per year
MPRCA Account	0%	0%



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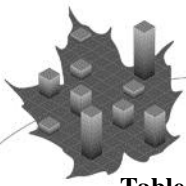
Pension Plan for the **MEMBERS OF PARLIAMENT**  
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**Table 51 Contributions - Prior Service - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2001 but before 1 January 2016</b>		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
<b>On or after 1 January 1992 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year	0%
MPRCA Account	3% per year	7% per year
Member has reached 71 years of age		
MPRA Account	0% per year	0%
MPRCA Account	7% per year	7% per year
<b>Before 1 January 1992</b>		
MPRA Account	6% per year	6% per year
MPRCA Account	0%	0%


**Table 52 Accrual Rates and Retirement Allowances - Sessional Indemnity - House of Commons**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 69 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	2%	Deferred allowance to age 60
	4%	Temporary allowance from age 55 up to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	4%	Deferred allowance to age 55
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	4%	Immediate allowance



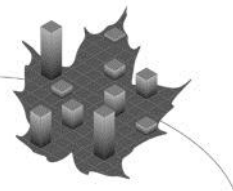
## ACTUARIAL REPORT

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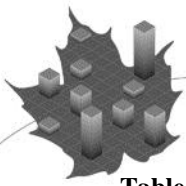
**Table 52 (cont'd) Accrual Rates and Retirement Allowances - Sessional Indemnity - House of Commons**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
	3%	Deferred allowance to age 60
MPRCA Account	5%	Temporary allowance up to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	5%	Immediate allowance
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	5%	Immediate allowance
<b>Accruing before 1 January 1992</b>		
MPRA Account	5%	Immediate allowance
MPRCA Account	0%	None




**Table 53 Accrual Rates and Retirement Allowances - Sessional Indemnity - Senate**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 69 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	1%	Deferred allowance to age 60
	3%	Temporary allowance from age 55 up to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance



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as at 31 March 2013

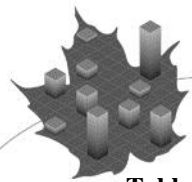
**Table 53 (cont'd) Accrual Rates and Retirement Allowances - Sessional Indemnity - Senate**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	1%	Deferred allowance to age 60
	3%	Temporary allowance up to age 60
Contribution on sessional indemnity over the earnings limit		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing before 1 January 1992</b>		
MPRA Account	3%	Immediate allowance
MPRCA Account	0%	None



**Table 54 Accrual Rates and Retirement Allowances - Additional Allowances - Parliamentarians**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on additional allowances up to the earnings limit when member has accrued 75% of the sessional indemnity		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	1%	Deferred allowance to age 60
In respect of contribution made to the MPRCA Account		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution on additional allowances up to the earnings limit when member has accrued 75% of the sessional indemnity		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	1%	Deferred allowance to age 60
In respect of contribution made to the MPRCA Account		
MPRA Account	0%	None
MPRCA Account	3%	Deferred allowance to age 55
Service accrued when member has reached 69 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
Service accrued when member is less than 71 years of age		
Portion of additional allowances greater than: earnings limit minus sessional indemnity		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	2%	Deferred allowance to age 60
	4%	Temporary allowance from 55 to 60
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	4%	Immediate allowance
Portion of additional allowances greater than: earnings limit minus sessional indemnity		
MPRA Account	0%	None
MPRCA Account	4%	Deferred allowance to age 55

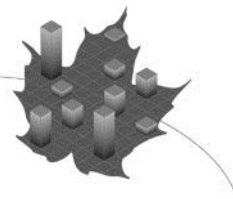


## ACTUARIAL REPORT

Pension Plan for the **MEMBERS OF PARLIAMENT**  
as at 31 March 2013

**Table 54 (cont'd) Accrual Rates and Retirement Allowances - Additional Allowances - Parliamentarians**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
Service accrued when member is less than 71 years of age		
Portion of additional allowances greater than: earnings limit minus sessional indemnity		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Deferred allowance to age 60
	5%	Temporary allowance up to age 60
Portion of additional allowances lower than: earnings limit minus sessional indemnity		
MPRA Account	0%	None
MPRCA Account	5%	Immediate allowance
Service accrued when member has reached 71 years of age		
MPRA Account	0%	None
MPRCA Account	5%	Immediate allowance
<b>Accruing before 1 January 1992</b>		
MPRA Account	5%	Immediate allowance
MPRCA Account	0%	None



## **Appendix 12 – Acknowledgements**

The Office of the Comptroller General of the Treasury Board of Canada Secretariat provided a certification of the Accounts balances of the Plan as at 31 March 2013.

The Accounting Division of the Administration and Personnel Branch of the Senate and the House of Commons Division of Public Works and Government Services Canada provided relevant valuation input data on parliamentarians, pensioners and survivors.

The co-operation and able assistance received from the above-mentioned data providers deserve to be acknowledged.

The following individuals assisted in the preparation of this report:

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