



President
of the Treasury Board

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du Conseil du Trésor

**Report on the
Administration of the
*Members of Parliament
Retiring Allowances Act*
for the Fiscal Year
Ended March 31, 2000**



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Published by the
Treasury Board of Canada Secretariat

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Catalogue No BT 1-11/2000
ISBN 0-662-65533-8

This document is also available in Acrobat
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Her Excellency the Right Honourable Adrienne Clarkson, C.C., C.M.M., C.D.
Governor General of Canada

Excellency:

I have the honour to submit to Your Excellency the *Report on the Administration of the Members of Parliament Retiring Allowances Act for the Fiscal Year Ended March 31, 2000.*

Respectfully submitted,

Lucienne Robillard
President of the Treasury Board



INTRODUCTION

The *Members of Parliament Retiring Allowances Act* (the Act or MPRAA) governs pension arrangements for members of Parliament — members of the House of Commons and senators. Under the Act, the plan also provides a survivor allowance for eligible spouses and children. This report begins with a brief summary of the plan's main provisions and then presents information, for the fiscal year 1999–2000, on the transactions recorded in the pension plan accounts, on membership and benefits paid. Historical data are also included.

In this report, “members” refers to active and retired participants in the plan. Where necessary, members of the House of Commons and senators are referred to separately.

FUNDING

Accounts

Two accounts are operated under the plan: the Retiring Allowances (RA) Account and the Retirement Compensation Arrangements (RCA) Account.

The RA Account records the transactions related to the benefits payable under the plan when these benefits accord with income tax rules for registered pension plans. The RCA Account records the transactions related to the benefits payable under the plan when the benefits exceed the limits imposed by those tax rules.

Members' contributions

Members of the House of Commons are required to contribute 9 per cent of their sessional indemnities and senators are required to contribute 7 per cent. Some members also receive additional allowances and salaries as speakers, ministers, leaders of the opposition, parliamentary secretaries and so forth. A member must contribute to the plan, based on these additional allowances and salaries, unless a member elects not to make such contributions or to contribute at a lower rate. The prime minister must contribute 7 per cent on the salary paid to him or her as prime minister in addition to the contributions required as a member of the House of Commons. Any member can decide to contribute for prior service in Parliament, in which case the member must pay interest on past service contributions.





Government contributions

Monthly, the government is required to contribute an amount to each account — net of members' contributions — that will fund the costs of all future benefits that members have earned during that month. The government contribution rate for each account varies from year to year and can be expressed as a multiple of members' contributions. The ratios of government contributions to members' contributions for the calendar years 1999 and 2000 were as follows:

MULTIPLE OF MEMBERS' CONTRIBUTIONS		
	1999	2000
House of Commons		
RA Account	3.06	3.22
RCA Account	6.81	6.72
Senate		
RA Account	1.90	1.88
RCA Account	2.99	2.68

Interest

Every quarter, the government credits interest on the balance of each account at a rate set by regulations. For the fiscal year ended March 31, 2000, the interest rate was 2.5 per cent per quarter.

Future unfunded liabilities

When the government identifies an unfunded liability after it tables a valuation report in Parliament, the government must cover that liability by equal annual credits to the accounts over a period not exceeding 15 years.

Tables 1 to 4 in this report present current and historical data on the RA and RCA accounts.





ALLOWANCES AND OTHER BENEFITS

Annual allowance

Members

Upon ceasing to be a member of Parliament, members are entitled to an annual allowance after they have contributed under the plan for at least six years. For service up to and including July 12, 1995, former members are entitled to an immediate annual allowance. For service after that date, former members are not entitled to an annual allowance until they are 55.

The benefit accrual rate for members of the House of Commons is 5 per cent up to and including July 12, 1995, and 4 per cent per year of service after that date, to a maximum of 75 per cent of the average sessional indemnity.

For senators, the accrual rate is 3 per cent per year for a maximum of 25 years. The amount of the annual allowance is based on the member's average pay for the best six years.

The annual allowance of a retired member is suspended if that person becomes a member again, either as a member of the House of Commons or as a senator. The annual allowance of a retired member of the House of Commons is also suspended if that person starts working for the federal government.

Prime minister

During their tenure as prime minister, incumbents must contribute for at least four years if this service is to be eligible for an allowance. The allowance will be paid once the prime minister is no longer a member of Parliament or is 65 years old, whichever comes later. 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.

Withdrawal allowance

Some members may get a withdrawal allowance. This is a return of a member's contributions along with interest on those contributions at a rate set by regulations. Members get withdrawal allowances if they do not complete six years of contributory service, if they are expelled from the House of Commons or if they leave the Senate by reason of disqualification.





Survivor allowance

Members

Eligible spouses and children of members may receive an allowance.

For spouses, this allowance is equal to three fifths of the basic annual allowance that the member would have been entitled to receive, or that the retired member was receiving, immediately before his or her death.

If a child is under the age of 18 or is a full-time student between the age of 18 and 25, that child is entitled to a survivor allowance. This allowance is equal to one tenth of the member's basic annual allowance or two tenths if no spousal allowance is being paid.

Prime minister

An eligible surviving spouse receives an allowance equal to one half of the allowance payable to a former prime minister for service as prime minister.

Indexing

Allowances to retired members and survivors are adjusted at the beginning of each calendar year. This adjustment corresponds to the percentage increase in the average of the Consumer Price Index (CPI) for the 12 months ended on the preceding September 30, over the CPI average for the 12 months ended a year earlier.

Indexing payments do not begin until the former member is 60 years old. But once indexing begins, payments reflect the cumulative increase in the CPI since the member left Parliament.

Survivor allowances are indexed immediately based on the date a member left Parliament.

Minimum benefit

When a member or retired member dies, and when there are no survivors entitled to an allowance, then the member's estate receives the amount by which the member's contributions exceed any allowances already paid.

CONTRIBUTORS

At March 31, 2000, there were 399 members contributing under the plan, and one vacant seat in the House of Commons. Tables 5 and 6 in this report present information on the number and distribution of allowances.



**TABLE 1****Members of Parliament Retiring Allowances Account (in dollars)**

	Fiscal Year 1999–2000	Fiscal Year 1998–99	From Inception to March 31, 2000
Receipts			
Members' contributions, current	978,229	971,713	35,727,351
Government contributions, current	2,673,500	2,261,588	45,010,291
Members' contributions, arrears on principal, interest and mortality insurance	76,697	110,231	5,311,286
Government contributions on amounts payable (re elections)	–	–	3,226,108
Interest	29,409,145	27,620,578	229,870,888
Transfer from the Supplementary Retirement Benefits Account	–	–	9,941,788
Actuarial liability adjustment	–	–	158,000,000
Total Receipts	33,137,571	30,964,110	487,087,712
Disbursements			
Annual allowances	15,311,534	15,211,454	173,921,592
Withdrawal allowances including interest	149,676	17,013	7,472,684
Pension division payments	530,339	656,901	2,249,838
Transfers to Public Service Superannuation Account	–	–	294,211
Total Disbursements	15,991,549	15,885,368	183,938,330
Excess of Receipts over Disbursements	17,146,022	15,078,742	303,149,382

**TABLE 2****Retirement Compensation Arrangements Account (in dollars)**

	Fiscal Year 1999–2000	Fiscal Year 1998–99	From Inception to March 31, 2000
Receipts			
Members' contributions, current	1,248,721	1,267,421	11,094,204
Government contributions, current	7,397,670	6,902,331	63,917,282
Interest	4,458,146	3,769,295	21,221,617
Total Receipts	13,104,537	11,939,047	96,233,103
Disbursements			
Annual allowances	1,017,774	976,109	5,673,658
Withdrawal allowances	81,963	76,253	2,016,291
Pension division payments	382,398	37,680	515,605
Refundable tax ¹	5,790,772	5,101,490	42,528,863
Total Disbursements	7,272,907	6,191,532	50,734,417
Excess of Receipts over Disbursements	5,831,630	5,747,515	45,498,686

¹ A refundable tax equal to 50 per cent of contributions and interest credited to the RCA Account, less 50 per cent of benefits paid out of the account, must be remitted each year to the Canada Custom and Revenue Agency.



TABLE 3

**Members of Parliament Retiring Allowances Account
Comparative Data — November 20, 1952, to March 31, 2000 (in dollars)**

Fiscal Year	Members' Contributions ¹	Government Contributions	Interest	Total Receipts	Annual Allowances	Withdrawal Allowances	Transfers to PSS Account	Total Disbursements	Account Balance
1952-1984	15,849,257	16,578,719	10,111,408	42,539,384	20,231,128	1,450,414	269,623	21,951,165	73,618,796
1984-85	2,025,883	1,650,253	2,312,087	5,988,223	2,917,071	1,308,678	—	4,225,749	22,350,690
1985-86	2,105,449	1,870,007	2,132,431	6,107,887	4,183,402	96,168	—	4,279,570	24,179,007
1986-87	2,104,235	1,906,447	2,681,302	6,691,984	4,304,166	—	—	4,304,166	26,566,825
1987-88	2,039,384	1,883,721	2,729,295	6,652,400	4,392,043	47,801	—	4,439,844	28,779,384
1988-89	2,175,303	1,897,766	2,950,677	7,023,746	5,086,914	1,461,995	—	6,548,909	29,254,221
1989-90	2,267,074	2,082,958	2,960,449	7,310,481	6,197,822	124,942	24,593	6,347,357	30,217,345
1990-91	2,305,080	2,175,581	3,059,384	7,540,045	6,368,934	27,364	—	6,396,298	31,361,092
1991-92	2,060,258	2,220,659	3,440,449	175,663,154 ²	7,187,271	7,339	—	7,194,610	199,829,636
1992-93	1,042,520	2,131,335	20,493,768	23,667,623	9,813,446	17,221	—	9,830,667	213,666,592
1993-94	1,048,643	2,064,761	21,882,703	24,996,107	12,084,079	1,852,076	—	13,936,155	224,726,544
1994-95	1,070,539	1,884,100	22,861,864	25,816,503	15,432,287	58,833	—	15,491,120	235,051,927
1995-96	990,575	1,685,476	23,933,398	26,609,379	14,947,496	936,723	—	15,884,219	245,777,087
1996-97	876,577	1,561,870	25,029,451	27,467,898	15,000,643	138,516 ³	—	15,139,159	258,105,826
1997-98	941,060	1,707,658	26,262,499	28,911,217	15,251,902	840,521 ⁴	—	16,092,426	270,924,617
1998-99	1,081,944	2,261,588	27,620,578	30,964,110	15,211,454	673,914 ⁵	—	15,885,368	286,003,360
1999-2000	1,054,926	2,673,500	29,409,145	33,137,571	15,311,534	680,015 ⁶	—	15,991,549	303,149,382
Totals	41,038,707	48,236,399	229,870,888	487,087,782	173,921,592	9,722,523	294,216	183,936,331	

¹ Includes contributions for current and prior service and interest paid by members.

² Includes a transfer of \$9,941,788 from the Supplementary Retirement Benefits Account and an actuarial adjustment credit of \$158,000,000.

³ Includes pension division payments of \$65,372.

⁴ Includes pension division payments of \$406,128.

⁵ Includes pension division payments of \$656,901.

⁶ Includes pension division payments of \$530,339. From inception, pension division payments total \$2,249,838.



TABLE 4

**Retirement Compensation Arrangements Account
Comparative Data — January 1, 1992, to March 31, 2000 (in dollars)**

Period/ Fiscal Year	Members' Contributions	Government Contributions	Interest	Total Receipts	Annual Allowances	Withdrawal Allowances	Refundable Tax	Total Disbursements	Account Balance
Jan.-Mar. 1992	396,201	2,798,902	—	3,195,103	10,050	—	—	10,050	3,185,053
1992-93	1,548,519	11,038,414	806,119	13,393,052	61,148	3,901	6,516,391	6,581,440	9,996,665
1993-94	1,553,821	10,394,866	1,487,793	13,436,480	391,546	571,762	6,637,345	7,600,653	15,832,492
1994-95	1,610,329	9,058,349	2,025,049	12,693,727	727,802	27,775	5,807,226	6,562,783	21,963,436
1995-96	1,246,927	5,971,846	2,563,705	9,782,478	762,478	574,632 ¹	4,808,645	6,145,755	25,600,159
1996-97	1,074,385	4,944,660	2,853,534	8,872,579	772,012	57,167 ²	3,884,619	4,713,798	29,758,940
1997-98	1,147,880	5,410,244	3,257,976	9,816,100	954,739	718,385 ³	3,982,375	5,655,499	33,919,541
1998-99	1,353,367	6,816,386	3,769,294	11,939,047	976,109	113,933 ⁴	5,101,490	6,191,532	39,667,056
1999-2000	1,248,721	7,397,670	4,458,146	13,104,537	1,017,774	464,361 ⁵	5,790,772	7,272,907	45,498,686
Totals	11,180,150	63,831,337	21,221,616	96,233,103	5,673,658	2,531,916	42,528,863	50,734,417	

¹ Includes pension division payments of \$47,416 in 1995-96.

² Includes pension division payments of \$9,056 in 1996-97.

³ Includes pension division payments of \$39,055 in 1997-98.

⁴ Includes pension division payments of \$37,680 in 1998-99.

⁵ Includes pension division payments of \$382,398 in 1999-2000. From inception, pension division payments total \$515,605.





TABLE 5

New and Past Allowances

During the fiscal year 1999–2000,

1. The following 18 new allowances became payable:
 - 4 to former senators
 - 2 to the surviving spouses of former senators
 - 2 to former members of the House of Commons who were re-instated
 - 2 to former members of the House of Commons retired to pension
 - 8 to surviving spouses of former members of the House of Commons
2. The following 26 allowances ceased to be payable:
 - (a) to persons who died
 - 12 former members of the House of Commons
 - 2 senators
 - 3 former senators
 - 6 spouses of former members of the House of Commons
 - 1 spouse of a former senator
 - 1 child's allowance of a former member of the House of Commons terminated due to age
 - (b) to one former member of the House of Commons whose eligibility was suspended on becoming employed by the federal government
3. Withdrawal allowances (i.e. return of members' contributions with interest) were paid in respect of three senators who retired.

Since the Act came into force on November 20, 1952, a total of 1,034 annual allowances and 854 withdrawal allowances have been authorized.



**TABLE 6****Distribution of Annual Allowances in Pay**

The distribution of annual allowances in pay (including applicable indexation) at March 31, 2000, was as follows:

Amount of Allowance	Former Members	Surviving Spouses	Dependant Children	Total
Over \$70,000	16	–	–	16
65,000 – 69,999	10	–	–	10
60,000 – 64,999	9	–	–	9
55,000 – 59,999	11	–	–	11
50,000 – 54,999	43	–	–	43
45,000 – 49,999	34	1	–	35
40,000 – 44,999	22	–	–	22
35,000 – 39,999	36	6	–	42
30,000 – 34,999	62	18	–	80
25,000 – 29,999	55	9	–	64
20,000 – 24,999	26	26	–	52
15,000 – 19,999	19	13	–	32
10,000 – 14,999	24	17	–	41
5,000 – 9,999	23	27	–	50
Up to 4,999	–	5	3	8
Totals	390	122	3	515

Notes

1. *In addition to the above allowances, a former member was in receipt of an indexed annual allowance for service as prime minister.*
2. *The average annual allowance, including indexation, was \$35,604 for former members of the House of Commons and \$43,789 for former senators.*

