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# **Report on the Administration of the *Supplementary Retirement Benefits Act***

for the Fiscal Year Ended March 31, 2010



Canada





**Report on the Administration of  
the *Supplementary Retirement  
Benefits Act***

for the Fiscal Year Ended March 31, 2010

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Catalogue No. BT1-12/2010

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His Excellency the Right Honourable David Johnston, C.C., C.M.M., C.O.M., C.D.  
Governor General of Canada

Excellency:

I have the honour to submit to Your Excellency the annual *Report on the Administration of the Supplementary Retirement Benefits Act for the Fiscal Year Ended March 31, 2010*.

Respectfully submitted,

Original signed by

The Honourable Stockwell Day, P.C., M.P.  
President of the Treasury Board

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## Introduction

The *Supplementary Retirement Benefits Act* (the Act) applies primarily to pensions payable to federal judges under the *Judges Act*. The Act does not apply to pensions payable under the *Public Service Superannuation Act* (PSSA), the *Canadian Forces Superannuation Act* (CFSA), the *Royal Canadian Mounted Police Superannuation Act* (RCMPSA) and the *Members of Parliament Retiring Allowances Act* (MPRAA).

## Supplementary Benefits

The Act makes it possible to provide supplementary benefits for recipients of pensions or allowances payable under the acts or regulations listed in Schedule 1 of the Act, as at March 31, 2010.

The original *Supplementary Retirement Benefits Act* of 1970 provided for increases in pensions of a maximum of 2 per cent per year. Indexing benefits were extended to employees who retired since 1952. The increases were payable at the age of 60, or earlier under specific conditions.

Effective January 1, 1974, the 2-per-cent ceiling on increases was removed, and an annual increase in pensions reflecting the full increase in the cost of living was permitted. The annual increase in pensions is payable starting in January of each year. This increase is based on 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.

The Act was amended in 1975 to permit interest to be paid on returns of contributions at a rate of 4 per cent, compounded annually.

Since 1982, the legislation has required that the increase payable in the first year after a person retires be pro-rated according to the number of complete months of retirement in the previous year.

In 1983 and 1984, the increases were limited to 6.5 and 5.5 per cent respectively under amendments to the Act passed in 1983.

In 1992, the Act was amended because changes were being made to the statutes governing four federal public sector pension plans: the PSSA, the CFSA, the RCMPSA and the MPRAA. The amendments meant that the Act did not apply to pensions payable under those statutes. Consequently, each of those statutes now permits increases in their respective pensions, which are determined as if they were under the Act. Amendments to the Act regarding benefits payable under the PSSA, the CFSA, and the RCMPSA were made retroactive to April 1, 1991.

Amendments regarding the MPRAA became effective on January 1, 1992. For more information on these amendments, see the section “Funding.”

## Funding

The Act establishes an account known as the Supplementary Retirement Benefits Account (the Account) in the Public Accounts of Canada. Plan members who have not yet retired, except the Governor General, contribute to the Account. The government matches these contributions.

Between April 1, 1970, and December 31, 1976, members contributed 0.5 per cent of their salary. Effective January 1, 1977, this rate was increased to 1 per cent.

Interest on the Account is payable at the end of each quarter. It is calculated monthly on the minimum balance in the Account at an interest rate that represents the yield on outstanding Government of Canada bonds having a term to maturity of five years, less one eighth of 1 per cent.

Before January 1, 1974, all supplementary benefits were charged to the Account. Since that date, however, the benefits paid to former contributors have been charged to the Account only until they equal the total amount credited to the Account. Supplementary benefits paid in excess of that total are charged to the Consolidated Revenue Fund.

Under the 1992 amendments mentioned in the preceding section, the appropriate portions of the Account were transferred to the superannuation accounts established under the PSSA, the CFSA, the RCMPSPA and the MPRAA. These transfers greatly reduced the size of the Account.

## Account Transactions and Membership Statistics

The pension benefits were increased (i.e., indexed) by 0.5 per cent in January 2010 (2.5 per cent in January 2009).

During fiscal year 2009–10, total receipts from contributors and the government, including interest, amounted to \$9.5 million. The total amount paid under the Act was \$42.5 million, of which \$25,553 (\$20,236 in 2009) was charged to the Account; the remaining \$42.4 million was charged to the Consolidated Revenue Fund in accordance with subsection 8(2) of the Act. The balance in the Account at the end of the year was \$159.3 million.

Details of the transactions in the Account during the fiscal year appear in tables 1 and 2.

On March 31, 2010, there were 1,113 contributors to the Account and 1,739 retired members and survivors.

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## Statistical Tables

**Table 1**

Supplementary Retirement Benefits Account, Year Ended March 31 (\$ thousands)

	2010	2009
<b>Supplementary Retirement Benefits Account,</b>		
<b>Opening Balance</b>	<b>149,858</b>	<b>140,076</b>
<b>Receipts</b>		
Contributions		
– Members	2,926	2,811
– Government	2,926	2,810
Interest	<u>3,603</u>	<u>4,181</u>
<b>Total Receipts</b>	<b>9,455</b>	<b>9,802</b>
<b>Payments</b>		
Annuities	42,452	43,229
Less charges to Consolidated Revenue Fund in accordance with subsection 8(2) of the Act	<u>42,426</u>	<u>43,209</u>
<b>Net Payments</b>	<b>26</b>	<b>20</b>
<b>Increase</b>	<b>9,429</b>	<b>9,782</b>
<b>Supplementary Retirement Benefits Account,</b>		
<b>Closing Balance</b>	<b>159,287</b>	<b>149,858</b>

**Table 2**

Supplementary Retirement Benefits Account: Details of Receipts and Payments for 2009–10, Year Ended March 31 (\$ thousands)

	Judges	Others	Total
<b>Supplementary Retirement Benefits Account,</b>			
<b>Opening Balance</b>	<b>149,338</b>	<b>520</b>	<b>149,858</b>
<b>Receipts</b>			
Contributions			
– Members	2,907	19	2,926
– Government	2,907	19	2,926
Interest	3,590	13	3,603
<b>Total Receipts</b>	<b>9,404</b>	<b>51</b>	<b>9,455</b>
<b>Payments</b>			
Annuities <sup>1</sup>	–	26	26
Return of Contributions	–	–	–
<b>Total Payments</b>	<b>–</b>	<b>26</b>	<b>26</b>
<b>Increase (Decrease)</b>	<b>9,404</b>	<b>25</b>	<b>9,429</b>
<b>Supplementary Retirement Benefits Account,</b>			
<b>Closing Balance</b>	<b>158,742</b>	<b>545</b>	<b>159,287</b>

1. In addition to these charges to the Account, \$42.4 million was charged to the Consolidated Revenue Fund under subsection 8(2) of the Act.