



Future contributions should be taken into account when assessing the financial sustainability of the Canada Pension Plan

OTTAWA – January 27, 2012 – The Office of the Chief Actuary released today Actuarial Study #10, entitled “Measuring the Financial Sustainability of the Canada Pension Plan”. The study concludes that the actuarial obligations of the Canada Pension Plan (CPP) should be measured by using an approach that reflects the partially funded nature of the Plan.

This study was undertaken on the recommendation of the CPP independent peer review panel. Independent peer reviews of actuarial reports on the CPP are conducted to ensure the credibility of the information presented in the reports. The review panel, selected by Government Actuary’s Department (GAD) of the United Kingdom, recommended in May 2011 that only an actuarial balance sheet on an open group basis appear in the actuarial report, rather than the results of both the open and closed methods.

The partially funded Canada Pension Plan represents a social contract where every year current contributors allow the use of their contributions to pay current beneficiaries’ benefits. In recognition of this, the open group approach to the CPP balance sheet was introduced for the first time in the most recent actuarial report on the CPP. This approach takes into consideration all current and future participants of the Plan by including their contributions and associated benefits in determining whether current assets and future contributions will be sufficient to pay future expenditures.

“The actuarial balance sheet, based on future contributions and associated benefits, confirms that the Plan will continue to meet its financial obligations and is sustainable over the long-term,” says Jean-Claude Menard, Chief Actuary. “The independent peer review is an essential part of ensuring the high standard of actuarial accountability that Canadians have come to expect and I would like to thank the panel for its work and recommendations.”

The Office of the Chief Actuary operates independently within the Office of the Superintendent of Financial Institutions (OSFI) and provides actuarial services for key pension plans such as the CPP and the Old Age Security, and pension and benefit plans that cover public servants, the Canadian Forces and members of Parliament among other groups.

Media Contact:

Bryan Parker
Communications and Public Affairs
Office of the Superintendent of Financial Institutions
(613) 949-8401
Bryan.Parker@osfi-bsif.gc.ca

