



**Remarks by Jean-Claude Ménard, Chief Actuary
Office of the Chief Actuary,
Office of the Superintendent of Financial
Institutions Canada (OSFI)
to the
House of Commons Standing Committee on
Government Operations and Estimates**

**Ottawa, Ontario
June 18, 2013**

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Introduction

Good morning Mr. Chairperson, Honourable members of the Committee. Thank you for the opportunity to appear before you today.

Mandate and Activities of the Office of the Chief Actuary

The primary role of the Office of the Chief Actuary (OCA) is to provide actuarial services to the federal and provincial governments that are Canada Pension Plan (CPP) stakeholders. While I report to the Superintendent of Financial Institutions, I am solely responsible for the content and actuarial opinions reflected in the reports prepared by my office.

The OCA conducts statutory actuarial valuations on the CPP, the Old Age Security (OAS) Program, and pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police, federally appointed judges, and members of Parliament.

In addition, whenever a bill is introduced before Parliament that significantly impacts the financial status of a public pension plan under the statutory responsibility of the Chief Actuary, the OCA must submit an actuarial report to the appropriate minister.

Recent Amendments to the *Public Service Superannuation Act* (Bill C-45)

The *Public Service Superannuation Act* was amended to increase the pensionable age by five years (from age 60 to 65) for contributors entering the plan after January 1st 2013. Member contribution rates will be increased to bring their share of the plan's current service cost from 35% to 50%, thereby splitting the cost 50/50 between the members and the Government. The President of the Treasury Board, the Honourable Tony Clement, tabled an actuarial report on March 25th, 2013.

Remarkable Gains in Life Expectancy

Back in 1965, average life expectancy at age 65 was another 15 years, with women living slightly longer than men. Today, retirees at 65 can expect to live for another 20 years on average, again with women living slightly longer. If we project into the future, taking into account future assumed mortality improvements (that is, further future gains in life expectancies due to decreasing mortality rates), we could expect an additional three-to-four-year gain in life expectancy at age 65.

Canadians are living longer, healthier lives and are working to a more advanced age. According to the most recent (2012) Labour Force Survey from Statistics Canada, the number of Canadians working between ages 65 and 69 has more than doubled over the past 10 years, increasing from 144,000 in 2002 to 374,000 in 2012. The number of those aged 60 to 64 who are still working also increased significantly to reach one million in 2012. Overall, the number of workers between ages 60 and 69 has more than doubled over the past 10 years, increasing from 637,000 to 1.4 million.

In any case, whether the focus is on pay-as-you-go or fully funded plans, defined benefit or defined contribution plans, or public or private sector plans, increased longevity will continue to put pressure on pension plan financing.

Thank you for the opportunity to appear before the Committee. I am happy to answer any questions that you might have.