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ACTUARIAL REPORT

ON THE

**PENSION PLAN FOR THE
MEMBERS OF PARLIAMENT**

AS AT 31 MARCH 2004



Office of the Superintendent of
Financial Institutions Canada

Office of the Chief Actuary

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13 May 2005

The Honourable Reg Alcock, P.C., M.P.
President of the Treasury Board
Ottawa, Canada
K1A 0R5

Dear Minister:

Pursuant to section 6 of the *Public Pensions Reporting Act*, I am pleased to submit the report on the actuarial review as at 31 March 2004 of the pension plan established under the *Members of Parliament Retiring Allowances 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
Office of the Chief Actuary

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Executive Summary

A. Introduction

The previous actuarial report on the pension plan for the Members of Parliament (the “Plan”) was made as at 31 March 2001 in respect of the Plan defined by the *Members of Parliament Retiring Allowances Act* (MPRAA) and by the *Pension Benefits Division Act*.

This valuation includes the result of the general election held 28 June 2004. The Plan provisions described in Appendix 2 include the amendments arising from Bill C-30 that was introduced in December 2004, after the valuation date. The Bill C-30 received Royal Assent on 21 April 2005.

B. Purpose of Actuarial Report

This actuarial report was prepared as at 31 March 2004 pursuant to the *Public Pensions Reporting Act*. The date of the next periodic review is 31 March 2007.

In accordance with accepted actuarial practice, the main purpose of this actuarial report is to show realistic estimates of:

- the balance sheet of the Plan as at the valuation date, i.e. its assets, its liabilities, and the actuarial surplus or deficit as at that date;
- the annual amount to amortize over a given period of time any going-concern actuarial deficit revealed as at the valuation date; and
- the projected costs of the Plan of the next three Plan years¹ following the valuation date.

C. Main Findings

- As at 31 March 2004 the Members of Parliament Retiring Allowances (MPRA) Account had an actuarial surplus of \$85.8 million and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account had an actuarial deficit of \$28.7 million resulting in an overall actuarial surplus of \$57.1 million. The Plan assets were \$592.6 million and the Plan liabilities were \$535.5 million.
- After the actuarial deficit in the MPRCA Account as at 31 March 2001 was reported, the Government started to amortize the MPRCA Account actuarial deficit as shown in the Plan as at 31 March 2001 with equal annual payments from Plan years 2003 to 2009 inclusively. This period corresponds to the average remaining service lifetime of all parliamentarians as at 31 March 2001. If the \$28.7 million actuarial deficit as at 31 March 2004 were amortized over the same period (assuming the payment in Plan year 2005 unchanged) the remaining payments from Plan years 2006 to 2009 should be reduced to \$5.7 million per year.

¹ 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.

- The Plan provisions do not address the disposition of an actuarial surplus. However, if the \$85.8 million actuarial surplus in the MPRA Account were amortized over eight years, then the total contributions to the Plan would be reduced by \$13.0 million in each of the next eight Plan years. This annual reduction corresponds to 22.7% of pensionable payroll for the 2005 Plan year.
- The Plan total normal cost for the 2005 Plan year is 42.9% of pensionable payroll, that is \$24.7 million, and is projected to increase to 44.7% and 47.0% of pensionable payroll, respectively, for the following two Plan years.

Financial Position of the Plan

A. MPRAA Going-Concern Valuation Results

The following balance sheet for the Plan was prepared using the assets described in Appendix 3, the data described in Appendix 4, the methodology described in Appendix 5, and the assumptions described in Appendix 6.

Table 1 Going-Concern Balance Sheet as at 31 March 2004
(\$ millions)

	Account		Total
	MPRA	MPRCA	
Assets			
Account balances	394.6	106.9	501.5
Actuarial present value of future contributions and Government credits in respect of prior service	1.0	2.2	3.2
Refundable tax in respect of past contributions	-	87.9	87.9
Total assets	395.6	197.0	592.6
Actuarial Liabilities			
House of Commons			
For benefits accrued by or in respect of:			
· Current members	51.1	111.8	162.9
· Pensioners	188.5	88.5	277.0
· Survivors and children	18.1	0.3	18.4
Subtotal	257.7	200.6	458.3
Senate			
For benefits accrued by or in respect of:			
· Current members	28.0	16.3	44.3
· Pensioners	15.0	3.7	18.7
· Survivors and children	9.1	1.2	10.3
Subtotal	52.1	21.2	73.3
Prime Minister			
For benefits accrued by or in respect of:			
· Prime Minister	-	0.1	0.1
· Pensioners	-	3.8	3.8
· Survivors	-	-	-
Subtotal	-	3.9	3.9
Total liabilities	309.8	225.7	535.5
Actuarial surplus / (deficit)	85.8	(28.7)	57.1

B. Reconciliation of Going-Concern Actuarial Surplus

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

**Table 2 Reconciliation of Going-Concern Valuation Results
(\$ millions)**

	Account		
	MPRA	MPRCA	Total
As at 31 March 2001	31.6	(56.0)	(24.4)
Data corrections	0.2	0.7	0.9
Expected interest on actuarial surplus	8.7	(7.4)	1.3
Cost/contributions difference	0.8	(3.2)	(2.4)
Adjustment of Actuarial Liability	-	19.5	19.5
Experience gains and losses	17.5	6.9	24.4
Change in assumptions and methodology	25.4	15.4	40.8
As at 31 March 2004	84.2	(24.1)	60.1
Results of the June 2004 general election	1.6	(4.6)	(3.0)
(Including results of the June 2004 general election)	85.8	(28.7)	57.1

1. Data Corrections

The corrections of the data (such as status and pension amounts) upon which the 2001 report was based, resulted in an increase in the actuarial surplus of \$0.9 million.

2. Expected Interest on Initial Actuarial Surplus

As at 31 March 2004, the expected interest on the 31 March 2001 actuarial surplus of \$31.6 million of the MPRA Account amounted to \$8.7 million. The corresponding amount on the actuarial deficit of \$56.0 million of the MPRCA Account amounted to \$7.4 million. The expected interest rate to be credited on the MPRCA Account is half of the expected interest rate to be credited on the MPRA Account because half of each interest credit is remitted to the Canada Revenue Agency as a refundable tax.

3. Cost/Contributions Difference

As required by the MPRAA, the Government determines its contributions to the Accounts as the amounts which, when combined with the Parliamentarians' contributions in respect of current service, are sufficient to cover the cost, as estimated by the President of the Treasury Board, of all future benefits that will accrue in respect of a specific year. The Government's contribution is estimated every year on the basis of the economic assumptions used to estimate the Government's obligation for accounting purposes, which are normally different from the economic assumptions used in the triennial

actuarial review. The difference between the normal cost estimated in the preceding review and the contributions credited in the Accounts increased the actuarial deficit by \$2.4 million.

4. Adjustment of Actuarial Liability

A reduction of the MPRCA Account actuarial deficit by \$19.5 million resulted from the additional payments made by the Government during the intervaluation period to amortize the actuarial deficit disclosed in the preceding actuarial report.

5. Experience Gains and Losses

Since the previous valuation, experience gains have increased the actuarial surplus of the Accounts by \$24.4 million. The component items are described in the following table.

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

Experience gains and losses	Account		Total
	MPRA	MPRCA	
Demographic assumptions (i)	(0.5)	(0.8)	(1.3)
Pension indexation (ii)	(1.8)	(0.3)	(2.1)
Salary increases	0.8	2.0	2.8
Interest earnings (iii)	21.3	7.0	28.3
Double-dipping provision (iv)	0.7	0.6	1.3
Miscellaneous	(3.0)	(1.6)	(4.6)
Net experience gains	17.5	6.9	24.4

- (i) The net impact of the demographic experience such as mortality, termination in an election year and other elements decreased the actuarial surplus by \$1.3 million.
- (ii) The indexation of pensions exceeded the corresponding projected pension indexation, which decreased the MPRA Account actuarial surplus by \$1.8 million and increased the MPRCA Account actuarial deficit by \$0.3 million.
- (iii) The rate of interest credited to the Accounts is set by regulations. The credited rate was 2.5% by quarter and exceeded the corresponding projected Accounts yields as determined in the previous valuation, which resulted in an experience gain of \$28.3 million.
- (iv) The reduction in pensioners' retirement allowances for those receiving remuneration of at least \$5,000 in any one-year period as a federal Government employee or pursuant to a federal service contract increased the actuarial surplus by \$1.3 million.

6. Change in Assumptions and Methodology

Actuarial assumptions were revised based on economic trends and demographic experience as described in Appendix 6. The effects on the actuarial surplus as at 31 March 2004 are shown in the following table.

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

Assumptions	Account		Total
	MPRA	MPRCA	
Probability of general election	(0.3)	(1.0)	(1.3)
Termination rates	(0.5)	(0.1)	(0.6)
Mortality rates and projection factors	(4.0)	(3.1)	(7.1)
Age of spouse and proportion married	(1.3)	(1.1)	(2.4)
Salary increases	0.8	1.3	2.1
Pension indexation	9.6	10.3	19.9
Interest rate	20.2	6.9	27.1
Valuation method improvement	0.9	2.2	3.1
Net impact of revisions	25.4	15.4	40.8

The net impact of the revision of the assumptions is mainly the result of the change in the pension indexation and in the interest rates. As described in Appendix 6, all economic assumptions were revised, with the most important being as follows:

- the ultimate level of inflation was lowered from 3.0% to 2.7%;
- the ultimate increase in average earnings was lowered from 4.0% to 3.9%; and
- the ultimate yield on the MPRA Account was lowered from 6.0% to 5.7%.

C. Cost Certificate

The normal costs were computed using the assets described in Appendix 3, the data described in Appendix 4, the methodology described in Appendix 5, and the assumptions described in Appendix 6. Emerging experience, differing from the corresponding assumptions, will result in gains or losses to be revealed in subsequent reports.

1. Normal Costs

The estimated value of the benefits that will accrue on behalf of the parliamentarians for the Plan year 2005 is 42.94% of pensionable payroll. The pensionable payroll corresponds to the aggregate of:

- the sum of the sessional indemnities for the members of the Senate and the House of Commons who had accrued less than 75% of the average sessional indemnity in pension credits as at 31 March 2004; and
- the sum of the additional allowances (including the salary paid to the Prime Minister) in respect of which members of the Senate and the House of Commons are paying voluntary contributions.

The following table shows the details of the normal cost for the Plan year 2005. This normal cost represents the sum of the normal costs to be paid with respect to the MPRA

and MPRCA Accounts. The normal costs for the Accounts, allocated between the different Plan member groups and the Government are shown in Appendix 7.

**Table 5 Normal Cost for Plan Year 2005
(\$ millions)**

	Account		
	MPRA	MPRCA	Total
Parliamentarians' required contributions	1.4	2.7	4.1
Government normal cost	4.2	16.4	20.6
Total normal cost	5.6	19.1	24.7
Pensionable payroll	57.5	57.5	57.5
Total normal cost as % of pensionable payroll	9.71%	33.23%	42.94%
Ratio of Government to parliamentarians' contributions	3.01	6.15	5.08

The following table reconciles the normal cost of this valuation with the corresponding item in the previous valuation.

**Table 6 Reconciliation of Normal Cost
(% of pensionable payroll)**

	Account		
	MPRA	MPRCA	Total
For Plan year 2002	10.11	35.40	45.51
Expected normal cost change	0.16	3.09	3.25
Data corrections	0.02	(0.07)	(0.05)
Change in demographics	(0.02)	(2.62)	(2.64)
Change in pensionable payroll	(0.17)	(0.61)	(0.78)
Change in actuarial assumptions ¹	(0.39)	(1.96)	(2.35)
For Plan year 2005	9.71	33.23	42.94

¹ The two largest changes in actuarial assumptions were a decrease of 4.08% due to changes in economic assumptions and an increase of 0.62% due to a change in the assumed probabilities of general election.

2. Projection of Normal Costs

The following normal costs are expressed as a dollar amount as well as a percentage of the projected pensionable payroll in each given Plan year.

Table 7 Projection of Normal Costs

Plan Year	MPRA Account		MPRCA Account		Total	
	Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions
2005	9.71	5.6	33.23	19.1	42.94	24.7
2006	10.88	6.4	33.84	20.0	44.72	26.4
2007	11.46	7.0	35.51	21.5	46.97	28.5
2008	11.90	7.3	36.86	22.6	48.76	29.9
2009	12.35	7.7	38.00	23.8	50.35	31.5
2014	13.29	10.0	40.87	30.7	54.16	40.7
2019	13.36	12.2	41.41	37.8	54.77	50.0
2024	13.20	14.8	41.54	46.7	54.74	61.5

3. Allocation of Normal Costs

The foregoing normal costs are borne jointly by the parliamentarians and the Government. Parliamentarians make required contributions in accordance with the applicable required contribution rate (see Tables 39 to 44) with the Government covering the balance of the normal cost.

**Table 8 Allocation of Normal Costs
(As a percentage of pensionable payroll)**

Plan Year	MPRA Account			MPRCA Account			Total		
	Government (%)	Parliamentarians (%)	Ratio	Government (%)	Parliamentarians (%)	Ratio	Government (%)	Parliamentarians (%)	Ratio
2005	7.30	2.41	3.01	28.58	4.65	6.15	35.88	7.06	5.08
2006	8.35	2.53	3.30	29.32	4.52	6.49	37.67	7.05	5.34
2007	8.95	2.51	3.57	30.97	4.54	6.82	39.92	7.05	5.66

4. Contributions for Prior Service Election

Parliamentarians and Government contributions for prior service elections were estimated as follows:

**Table 9 Estimated Contributions for Prior Service
(Dollars)**

Plan Year	MPRA Account		MPRCA Account	
	Government	Parliamentarians	Government	Parliamentarians
2005	339,051	94,181	639,021	91,289
2006	94,685	26,301	276,491	39,499
2007	92,105	25,585	271,716	38,817

5. Special Payments

The *Members of Parliament Retiring Allowances Act* forbids the transfer of funds between the Accounts. Therefore even though the MPRA Account shows an actuarial surplus of \$85.8 million as at 31 March 2004, it is not permitted to use this actuarial surplus to reduce the \$28.7 million actuarial deficit in the MPRCA Account.

Based on the valuation interest rates described in Appendix 5, the \$28.7 million actuarial deficit could be amortized with a payment of \$9.8 million on 31 March 2005 and four equal annual payments of \$5.7 million payable at the end of fiscal years 2006 to 2009 inclusive.

D. Sensitivity to Variation in Key Economic Assumptions

The results below measure the effect on the Plan year 2005 normal cost and actuarial surplus if key economic assumptions are varied by one percentage point per annum from Plan year 2005 onward.

The estimates indicate the degree to which the valuation results depend on some of the key economic assumptions. The differences between the results above 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 indeed linear.

Table 10 Sensitivity to Variations in Key Economic Assumptions

Assumption(s) Varied	Normal Cost (%)		MPRA Account (\$ millions)		MPRCA Account (\$ millions)	
	2005	Effect	Actuarial Surplus	Effect	Actuarial Surplus	Effect
Current basis	42.94	None	85.8	None	(28.7)	None
Interest rates						
- if 1% higher ¹	38.04	(4.90)	113.3	27.5	(11.0)	17.7
- if 1% lower ¹	48.89	5.95	52.2	(33.6)	(48.9)	(20.2)
- as per regulation	26.62	(16.32)	172.9	87.1	33.9	62.6
Inflation						
- if 1% higher	50.46	7.52	50.3	(35.5)	(67.7)	(39.0)
- if 1% lower	37.06	(5.88)	115.4	29.6	1.9	30.6
Remuneration increases						
- if 1% higher	45.35	2.41	83.1	(2.7)	(33.4)	(4.7)
- if 1% lower	40.77	(2.17)	88.3	2.5	(24.4)	4.3
Inflation and salaries						
- if both are 1% higher	53.26	10.32	47.3	(38.5)	(73.1)	(44.4)
- if both are 1% lower	35.17	(7.77)	117.7	31.9	5.7	34.4
Interest rates, inflation and salaries						
- if all are 1% higher	46.72	3.78	81.1	(4.7)	(50.0)	(21.3)
- if all are 1% lower	39.65	(3.29)	90.4	4.6	(9.9)	18.8
Ultimate economic assumptions ²	47.74	4.80	56.4	(29.4)	(47.3)	(18.6)
Judicial Compensation and Benefits Commission ³	46.98	4.04	80.6	(5.2)	(36.7)	(8.0)

¹ Variation in interest rates is considered for Plan year 2008 onward as interest rates for Plan years 2005 to 2007 inclusive are assumed to be the interest rates set by regulations. Variations in all other assumptions are from Plan year 2005 onward.

² Interest rate: 5.7%; Inflation: 2.7%; Remuneration increase: 3.9%.

³ If the parliamentary remuneration increases were still tied with the remuneration reference amount equal to the amount of the annual salary of the Chief Justice of the Supreme Court of Canada.

Actuarial Opinion

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

- the data on which this report is based are sufficient and reliable;
- the assumptions that have been used are, in aggregate, appropriate; and
- the methodology employed is appropriate.

Based on the results of this valuation, we hereby certify that, as at 31 March 2004, the total Government cost for the following three years is as follows:

Table 11 Total Government Cost

Plan Year	Normal Cost (\$ millions)		Other Contributions ¹ (\$ millions)	Total Cost	
	MPRA	MPRCA		(\$ millions)	% of Pensionable Payroll
2005	4.2	16.4	10.8	31.4	54.62%
2006	4.9	17.4	6.1	28.4	47.99%
2007	5.4	18.8	6.1	30.3	49.95%

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice, and particularly with the Canadian Institute of Actuaries' Consolidated Standards of Practice.



Michel Rapin
Senior Actuary
Office of the Chief Actuary
Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries



Jean-Claude Ménard
Chief Actuary
Office of the Chief Actuary
Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries

Ottawa, Canada
13 May 2005

¹ Includes Government contributions for prior service and special payments.

Appendix 1 – Developments Occurring After Valuation Date

A. General Election of 28 June 2004

In this actuarial report we included the results of the 28 June 2004 general election. For the purpose of estimating the normal costs for Plan years 2005 and after, the members of the House of Commons are those who were elected in this general election.

The assumed probabilities of general election for the House of Commons for each Plan year in the future take into consideration that a minority Government was elected.

B. Bill C-30

Bill C-30 was introduced in December 2004. This Bill amends the *Parliament of Canada Act* and the *Salaries Act* to establish a new method of indexation of salaries and allowances for parliamentarians and ministers, effective 1 April 2004. Salaries and allowances will no longer be adjusted by reference to the increase in the annual salary of the Chief Justice of the Supreme Court of Canada. Instead, salaries and allowances will be indexed to the average percentage increase in base-rate wages for each calendar year resulting from major settlements negotiated with bargaining units of 500 or more employees in the private sector of Canada, as published by the Department of Human Resources and Skills Development. Bill C-30 received Royal Assent on 21 April 2005.

Appendix 2 – Summary of Plan Provisions

The *Members of Parliament Retiring Allowances Act* (MPRAA) governs pension arrangements for parliamentarians - members of the Senate and the House of Commons. Under the MPRAA, the Plan also provides a survivor allowance for eligible spouses and children. Benefits are modified if the *Pension Benefits Division Act* is applicable. The current provisions take into account the amendments arising from Bill C-28 which came into force on 14 June 2001 and Bill C-30 which received Royal Assent on 21 April 2005.

The current 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 are in accord with income tax rules for registered pension plans. The MPRCA Account records the transactions related to the benefits payable under the Plan when the benefits exceed the limits imposed by those tax rules.

A. Membership

Membership in the Plan is compulsory for all parliamentarians.

B. Contributions

1. Parliamentarians' contributions

The contribution rate for members of the Senate and the House of Commons is 7% until they reach 75% of accrued benefits. After that they contribute 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 must contribute 7% to the Plan, based on these additional allowances and salaries, unless they elect not to make such contributions or to contribute at a lower rate.

The Prime Minister must contribute 7% of the salary paid to him or her as Prime Minister in addition to the contributions required from that individual for his or her role as a member of the House of Commons.

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

2. Government contributions

On a monthly basis, the Government is required to contribute an amount to each account that, after taking into account parliamentarians' contributions, will fund 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.

3. Interest

Every quarter, the Government credits interest on the balance of each account at a rate set by the regulations. For Plan year 2004, the interest rate was 2.5% per quarter.

4. Future unfunded liabilities

If an unfunded actuarial liability is identified through a statutory triennial actuarial report, the MPRA and MPRCA Accounts are to be credited with such annual amounts that in the opinion of the President of the Treasury Board will fully amortize these actuarial deficits over a period not exceeding 15 years.

C. Summary Description of Benefits

1. Retirement allowance

- **Parliamentarians**

Upon ceasing to be a Member of Parliament, parliamentarians are entitled to a retirement allowance after they have contributed to the Plan for at least six years. For service up to and including 12 July 1995, the pensioners are entitled to an immediate retirement allowance. For service after that date, they are not entitled to a retirement allowance until they are 55.

The benefit accrual rate for members of the House of Commons is 5% per year of service up to and including 12 July 1995; 4% per year of service after that date until 31 December 2000; and 3% per year of service effective 1 January 2001, to a maximum of 75% of the average sessional indemnity. For senators, the accrual rate 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. Prior to that date, the retirement allowance was based on the average pay for the best six years of pay.

The benefit accrual for parliamentarians on additional allowances and salaries is 5% per year of service up to and including 12 July 1995; 4% per year of service after that date until 31 December 2000; and 3% per year of service effective 1 January 2001 of the average sessional indemnity. A pro rata is applied on these rates if the additional allowances and salaries are different of the sessional indemnity received in that year. There is no limit on benefit accrual on additional allowances and salaries.

The retirement allowance of a retired parliamentarian is suspended if that person becomes a member of the House of Commons or a senator again. The retirement allowance of a retired member of the House of Commons or a Senator is also suspended if that person starts working for the federal Government and remuneration exceeds \$5,000.

- **Prime Minister**

During an individual's tenure as Prime Minister, the incumbent must contribute for at least four years if this service is to be eligible for a retirement allowance. The allowance will be paid once the Prime Minister is no longer a parliamentarian 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.

2. Withdrawal allowance

Some parliamentarians may get a withdrawal allowance. This is a return of contributions along with interest on those contributions at a rate set by the regulations.

Parliamentarians get a withdrawal allowance if they do not complete six years of contributory service, if they leave the Senate by reason of disqualification, or if they are expelled from the House of Commons.

3. Survivor allowance

• Parliamentarians

Surviving spouses and children may be eligible to receive an allowance.

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

If a child is under the age of 18 or is a full-time student between 18 and 25 years of age, that child is entitled to a survivor allowance. This allowance is equal to one tenth of the parliamentarian's basic retirement 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.

4. Indexing

Allowances to retired parliamentarians and their 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.

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

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

5. Minimum benefit

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

D. Definitions and Explanatory Notes

1. Sessional indemnity

- **Member of the House of Commons**

This is the remuneration of a member provided pursuant to sections 55 to 58, inclusive, of the *Parliament of Canada Act*. Bill C-30 establishes the annual sessional indemnity for members of the House of Commons at \$141,200 commencing 1 April 2004. 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 sections 55 to 58, inclusive, of the *Parliament of Canada Act*. Bill C-30 establishes the annual sessional indemnity for Senators at \$116,200 commencing 1 April 2004. Thereafter their sessional indemnity will be the sessional indemnity received by the members of the House of Commons minus \$25,000.

2. 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.

3. Additional Allowance

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

- **Salary**

This is the remuneration of a parliamentarian provided pursuant to section 4 of the *Salaries Act* and sections 60 and 61 of the *Parliament of Canada Act* and modified by Bill C-30 commencing 1 April 2004.

- **Annual Allowance**

This is the remuneration of a parliamentarian provided pursuant to section 62 of the *Parliament of Canada Act* and modified by Bill C-30 commencing 1 April 2004.

4. Retirement Compensation Arrangement

This is a vehicle for providing the portion of the retirement allowances that cannot be provided in accordance with the income tax rules governing registered pension plans. Nonetheless, a parliamentarian's contributions to the MPRCA Account are tax deductible. However, the Plan sponsor (the Government) pays a refundable tax on all credits to the Account. Accordingly, half of all amounts credited to the MPRCA Account each year (contributions and interest) are transferred to the Canada Revenue Agency (CRA) as a refundable tax under the *Income Tax Act* (ITA), and half of all benefits paid out of the MPRCA Account to or on behalf of parliamentarians is refunded to the Account by the CRA.

5. 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 (sessional indemnity and additional allowances) in respect of which benefits may be accrued during that calendar year for the purposes of a registered pension plan within the meaning of the ITA. That amount was \$91,667 in 2004 and will be fixed at \$100,000 in 2005. Thereafter the earnings limit will be indexed in accordance with the industrial aggregate of average weekly earnings.

6. Pensionable Earnings

Pensionable earnings are equal to the average sessional indemnity, which excludes any additional allowances in respect of which contributions have been made to the Plan. Such contributions raise the retirement allowance by increasing the years of pensionable service.

7. 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 paid from the MPRA Account is called the basic retirement allowance while the portion of the retirement allowance paid from the MPRCA Account is called the retirement compensation allowance. 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 45, depending on when the pensionable service was accrued or when 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 46, depending on when the pensionable service was accrued or when 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 from Table 47, depending on when the pensionable service was accrued or when the election was made.

(b) Prime Minister

Former Prime Ministers are eligible to receive a retirement compensation allowance if they contributed for at least four years to the MPRCA Account an amount equal to 7% of the salary received as Prime Minister. These contributions are different from regular contributions made as a parliamentarian receiving additional allowances. 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 the 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.

8. 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**

To the surviving spouse, an allowance is payable 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. This 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**

To the surviving spouse, 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. 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 was cohabiting with the Prime Minister in a relationship of a conjugal nature. This amount is equal to one-half of the retirement allowance multiplied by the following ratio: the number of years 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.

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

9. Disability Benefit

(a) Where the person 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 person has reached 65 years of age when that person 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 to the MPRA and to the MPRCA Accounts. Those 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 did not elect to receive the disability allowance mentioned above is entitled to receive the retirement allowance that is immediately payable to that parliamentarian¹.

¹ 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.

10. Years of Pensionable Service

As described in the pensionable earnings section of explanatory notes, 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. Since a parliamentarian's total salary can vary from year to year depending on the amount of additional allowances received, such mechanism eliminates the disadvantage of receiving additional allowances long before the retirement date. Each dollar of contribution is converted to a period of pensionable service and ultimately applied to the most recent sessional indemnities to calculate the amount of the pension. The following paragraphs describe the calculation of pensionable service.

(a) Years of Pensionable Service from Contributions on Sessional indemnity

For the MPRA Account, a person is deemed to have one year of pensionable service for each contribution amount equal to 4% of the sessional indemnity payable when contributions were paid, that the person has contributed or elected to contribute to the MPRA Account on the amount received by way of sessional indemnity. This method of calculating years of pensionable service is applicable for service on or after 1 January 1992 or for any period of pensionable service in respect of which an election has been made after that date.

Members cannot contribute to the MPRA Account on the portion of the sessional indemnity that exceeds the earnings limit. The benefit accrual is 2% per year of pensionable service, and the benefit begins to be paid at the age of 60 or at the retirement date, whichever is later.

The MPRCA Account provides accrued benefits in two ways:

- i) It first matches the years of pensionable service credited from contributions to the MPRA Account on sessional indemnity as described in the above section. Accrual percentages of 3% for pensioners aged between 55 and 60 and 1% for pensioners who have reached 60 years of age are applied to those years of service.
- ii) Secondly, the MPRCA Account provides¹ one year of service for each amount, determined by the formula shown below, that the person has on or after 1 January 2001 contributed or elected to contribute to the MPRCA Account on the amount received by way of sessional indemnity².

$$\frac{A - B}{1 - C}$$

where

¹ This second component of years of service from the MPRCA Account in respect of sessional allowance is consistent with the administration of the Plan and with the intention of the MPRAA. The MPRAA should be clarified in terms of how the MPRCA Account provides years of service in respect of contributions made by way of sessional allowance.

² Before 1 January 2001, it was not necessary to use contributions made to the MPRCA Account on the sessional indemnity to calculate years of pensionable service because the sessional indemnity was lower than the maximum pensionable earnings. A full year of service was credited for MPRCA Account purposes for one year of contribution to the MPRA Account on sessional indemnity.

- A is 7% of the sessional indemnity payable to the person as a member of the Senate or the House of Commons, as the case may be, during any calendar year.
- B is 4% of the earnings limit of the parliamentarian during any calendar year.
- C is the same number of years of pensionable service credited in respect of the MPRA Account for one year of contribution on the sessional indemnity.

The contribution to the MPRCA Account on the sessional indemnity (as described in Tables 39 and 42) is 3% up to the earnings limit plus 7% of the sessional indemnity over the earnings limit.

The benefit accrual is 3% per year of pensionable service, and the benefit begins to be paid at the age of 55 or at the retirement date, whichever is later.

Summing the benefit accruals from the MPRA Account and the MPRCA Account gives a total benefit accrual of 3% per year of contribution, which can be paid from the age of 55 to pensioners.

(b) Years of Pensionable Service from Contributions on Additional Allowance

Parliamentarians are allowed to contribute to the MPRA Account on additional allowances if the total accrued benefit from contributions made on the sessional indemnity reaches 75% of the sessional indemnity. The formula to calculate service is the same as the one used for contributions to the MPRA Account based on sessional indemnity.

On ceasing to be a parliamentarian, a person is deemed to have one year of pensionable service for each amount, equal to 4% of the sessional indemnity payable when contributions were made, that the person has contributed or elected to contribute to the MPRA Account on the amount received by way of additional allowances. This definition of year of pensionable service is applicable in respect of time spent as a parliamentarian on or after 1 January 1992 or of any period of pensionable service in respect of which an election has been made after that date. The benefit accrual is 2% per year of pensionable service and the benefit begins to be paid at the age of 60 or at the retirement date, whichever is later.

The MPRCA Account provides accrued benefits in three ways:

- i) It first matches the years of pensionable service credited from contributions made to the MPRA Account on additional allowance as described above. Accrual percentages of 3% for pensioners aged between 55 and 60 and 1% for pensioners who have reached 60 years of age are applied to those years of service.
- ii) Secondly, the MPRCA Account provides¹ one year of service for each amount, determined by the formula shown below, that the person has on or after

¹ This second component of years of service for MPRCA Account purposes for contributions made in respect of additional allowances is consistent with the administration of the Plan and with the intention of the MPRAA. The MPRAA should be clarified in terms of how the MPRCA Account provides years of service in respect of contributions made by way of additional allowances.

1 January 2001 contributed or elected to contribute to the MPRCA Account on the amount received by way of additional allowance and when part of the contribution on additional allowance is also made to the MPRA Account.

$$\frac{A \times [(0.07 \times B) - (0.04 \times C)]}{B - C}$$

where

A is the sessional indemnity payable to the person as a member of the Senate or the House of Commons, as the case may be, during any calendar year.

B is the amount payable to the parliamentarian by way of additional allowance during any calendar year.

C is the earnings limit during any calendar year.

Contributions to the MPRCA Account on additional allowances (as described in Tables 40 and 43) are 3% of the earnings limit plus 7% of additional allowances over the earnings limit.

In accordance with the formula described above, one year of pensionable service is credited for each amount determined by the formula that the person has contributed or elected to contribute to the MPRCA Account on additional allowances.

- iii) For parliamentarians who do not contribute to the MPRA Account on additional allowances, the formula described above is not appropriate. The MPRCA Account in that case provides one year of service for each amount, equal to 7% of the sessional indemnity payable when contributions were made, that the person has contributed or elected to contribute to the MPRCA Account on the amount received by way of additional allowances when no contributions are made on such allowances to the MPRA Account¹. This definition of year of pensionable service is applicable in respect of time spent as a parliamentarian on or after 1 January 2001 or of any period of pensionable service in respect of which an election has been made after that date.

If the parliamentarian has not reached an accrued benefit of 75% of the sessional indemnity from contributions made on the sessional indemnity, all contributions on additional allowances are paid to the MPRCA Account as described in Tables 40 and 43.

11. 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.

¹ Contributions made to the MPRCA Account on additional allowances when contributions on additional allowances are also made to the MPRA Account should not be considered here. The MPRAA should be clarified in terms of how the MPRCA Account provides years of service in respect of contributions made by way of additional allowances.

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 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.

12. 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.

13. 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.

14. 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.

15. Retirement Allowance Indexation

Benefit adjustments corresponding to increases in the Consumer Price Index (CPI) are provided in respect of the allowances payable from 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.

16. Immediate Annuity

An *immediate annuity* is a pension that becomes payable immediately upon retirement. The annual amount is equal to the appropriate accrual rate times the average sessional indemnity of the parliamentarian, multiplied by the number of years of pensionable service when the accrual rates were in force. A parliamentarian with pensionable service accrued before 13 July 1995 is entitled to an immediate annuity from the MPRCA Account.

17. Deferred Annuity

A *deferred annuity* is an annuity that becomes payable to a pensioner when he or she reaches age 55 if the annuity is payable from the MPRCA Account and when he or she reaches age 60 if the annuity is payable from the MPRA Account for pensionable service accrued after 13 July 1995. The annual payment is determined as if it were an immediate annuity (see note 16 above) but is adjusted to reflect the indexation (see note 15 above) from date of termination to the commencement of annuity payments.

18. Compulsory Retirement Because of Misconduct

In the case of compulsory retirement because of misconduct, the contributor is entitled to a return of contributions¹ plus interest.

19. 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.

20. 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 from the Plan assets 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

¹ 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.

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. When an allowance or other benefit that has accrued to a parliamentarian or a pensioner during any period of pensionable service is divided under the *Pension Benefits Division Act*, the spouse or former spouse in whose favour the division is effected ceases to be entitled to any survivor benefits or joint and survivor benefit in respect of that service.

21. 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.

22. 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.

23. 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 3 – Plan Assets

A. Members of Parliament Retiring Allowances Account

The MPRA Account is 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, as well as income tax payments or refunds) to the MPRA Account is set by regulation and is currently 2.5% per quarter. Interest is credited at the end of the quarter on the balance at the beginning of the quarter. All benefit payments pursuant to the Plan are charged to the MPRA Account when they are applicable.

The following table shows the reconciliation of the assets in the MPRA Account between the last valuation date and the current valuation date. Since the last valuation, the Account balance has increased by \$72 million to reach \$394.6 million as at 31 March 2004.

Table 12 Reconciliation of Balances in MPRA Account
(\$ millions)

	MPRA Account			
	2002	2003	2004	2002-2004
Public Accounts opening balance	322.7	345.0	368.5	322.7
INCOME				
Parliamentarian Contributions	1.4	1.3	1.1	3.8
Government Contributions	3.8	4.4	4.6	12.8
Interest	33.4	35.2	37.8	106.4
Subtotal	38.6	40.9	43.5	123.0
EXPENDITURES				
Retirement Allowances	16.0	16.6	16.5	49.1
Return of Contributions	0.0	0.0	0.0	0.0
Pension Division Payments	0.3	0.8	0.9	2.0
Subtotal	16.3	17.4	17.4	51.1
Public Accounts closing balance	345.0	368.5	394.6	394.6

B. Members of Parliament Retiring Compensation Arrangements Account

The MPRCA Account is 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, as well as income tax payments or refunds) to the MPRCA Account is set by regulation and is currently 2.5% per quarter. Interest is credited at the end of the quarter on the balance at the beginning of the quarter. The Account is charged 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 charged to the MPRCA Account when they are applicable.

The following table shows the reconciliation of the assets in the MPRCA Account between the last valuation date and the current valuation date. Since the last valuation, the Account balance has increased by \$54.5 million to reach \$106.9 million as at 31 March 2004.

Table 13 Reconciliation of Balances in MPRCA Account
(\$ millions)

	MPRCA Account			
	2002	2003	2004	2002-2004
Public Accounts opening balance	52.4	64.6	87.3	52.4
INCOME				
Parliamentarian Contributions	2.4	2.6	2.9	7.9
Government Contributions	15.3	25.7	26.6	67.6
Interest	6.6	7.2	10.0	23.8
Subtotal	24.3	35.5	39.5	99.3
EXPENDITURES				
Retirement Allowances	1.4	1.4	1.5	4.3
Return of Contributions	0.1	0.0	0.0	0.1
Refundable Tax Remitted to CRA	10.0	11.0	17.9	38.9
Pension Division Payments	0.6	0.4	0.5	1.5
Subtotal	12.1	12.8	19.9	44.8
Public Accounts closing balance	64.6	87.3	106.9	106.9

C. Refundable Tax Account

During the intervaluation period, the MPRCA Account had paid to CRA an amount of \$38.9 million that represents a refundable tax of 50% on the net cash flows in the Account. No tax credit was refunded to the MPRCA Account. The account balance of the refundable Tax Account as at 31 March 2004 was estimated at \$87.9 million.

D. Sources of Asset Data

The Account entries shown in sections A and B above were taken from the Public Accounts of Canada. In accordance with section 8 of the *Public Pension Reporting Act*, the Office of the Comptroller General of Canada provided a certification of the assets of the Plan as at 31 March 2004.

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

The principal tests applied to the basic data can be separated into two categories:

1. Status-Related Tests

The valuation data supplied by the Accounting Division of the Administration and Personnel Branch of the Senate and by the House of Commons Division of the Public Works and Government Services Canada Department contain status information for each parliamentarian during the period from 31 March 2001 to 31 March 2004. We received additional information related to the federal general election held 28 June 2004. The following status tests were performed:

- (a) A reconciliation between the status of parliamentarians and pensioners as at 1 April 2004 per the current valuation data and the status of parliamentarians as at 31 March 2001 per the previous valuation data;
- (b) A reconciliation between the status of parliamentarians and pensioners as at 31 March 2004 per the current valuation data and the status of parliamentarians as shown on the Parliament of Canada Web Site;
- (c) For parliamentarians, a verification that the age and pensionable service of parliamentarians are reasonable in comparison with the information included in the historical actuarial valuation data and on the Parliament of Canada Web Site; and
- (d) For all pensioners, a comparison was made of member valuation data as at 31 March 2004 with the membership data in the historical database maintained by the Chief Actuary for valuation purposes.

2. Benefits-Related Tests

Consistency tests were performed as follows to ensure that all proper information required to value the parliamentarian benefits based on their status as at 31 March 2004 was included:

(a) For Parliamentarians

A verification that the parliamentarians' additional allowances were reasonable.

(b) For Pensioners and Survivors in Receipt of a Retirement Allowance

For pensioners and survivors emerging between 31 March 2001 and 31 March 2004, a verification that the amount of the retirement allowance, including indexation up to 1 January 2004, is consistent with the expected retirement allowance estimated using the information included in the historical actuarial valuation data.

3. Adjustments to Status and Benefit Data

Based on the omissions and discrepancies identified by the tests mentioned above and several additional tests, appropriate adjustments were made to the basic data after consulting with the data providers.

C. Membership Data

The following tables, derived from the basic data, show pertinent information regarding parliamentarians, pensioners and survivors during the period from April 2001 to March 2004. These tables include also, for members of the House of Commons, reconciliation between the membership as at 31 March 2004 and 29 June 2004 (day after the general election).

Table 14 Reconciliation of Parliamentarians

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
Parliamentarians as at 31 March 2001	239	62	301	61	32	93
New entrants	11	1	12	14	7	21
Terminations						
Retirement allowances						
Resigned	-9	0	-9	-3	-4	-7
Deaths	0	0	0	-2	0	-2
Lump sum benefits						
Resigned	-1	0	-1	-4	-1	-5
Appointment to Senate	-4	0	-4			
Parliamentarians as at 31 March 2004						
Number	236	63	299	66	34	100
Average age	53.9	55.2	54.2	65.5	65.1	65.3
Average service (in years)	8.7	8.3	8.6	15.2	8.9	13.0
Vacant seats			2			5
General Election held 28 June 2004						
New entrants	87	20	107			
Terminations						
Retirement allowances	-64	-17	-81			
Lump sum benefits	-15	-2	-17			
House of Commons after the general election						
Number	244	64	308			
Average age	50.3	52.3	50.8			
Average service (in years)	5.5	5.6	5.5			

Table 15 Members of House of Commons for Valuation Purposes¹

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											2
25-29	6											6
30-34	10	4				2	1					17
35-39	9	4	1			2						16
40-44	19	3	6			3		2				33
45-49	21	9	6	1		3	2	1				43
50-54	21	12	12	4	1	9	7	4	2			72
55-59	17	9	19	5		6	4	6				66
60-64	14	1	14	3	1	2	1	3	1			40
65-69	2		4	1	1			1	2			11
70-74			1	1								2
All ages	121	42	63	15	3	27	15	17	5	0		308

Table 16 Senators as at 31 March 2004

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+		
45-49	1					1						2
50-54	1		1	1		2						5
55-59	4		3	2	1		2	1				13
60-64	1	2	2	3	2	3	2	3	1	1		20
65-69	2	3	7	2	9		4	1	2	1		31
70-74	4	2	2	3	8	5	2		3			29
All ages	13	7	15	11	20	11	10	5	6	2		100

¹ Includes new members of the House of Commons who were elected in the June 2004 general election.

**Table 17 Parliamentarians Receiving Additional Allowances for Valuation Purposes¹
Number and Average Annual Additional Allowances**

Age Last Birthday	Completed Years of Service								All Years of Service	
	House of Commons				Senate					
	0-4	5-9	10-14	15 +	0-4	5-9	10-14	15 +		
< 35	2								2	\$5,300
35-39	1	3							4	\$24,400 \$43,167
40-44	2	3	3						8	\$14,300 \$67,600 \$14,300
45-49	2	7	7	1					17	\$9,800 \$27,043 \$42,186 \$14,300
50-54	6	11	11	7					35	\$20,183 \$33,509 \$23,436 \$48,400
55-59	8	9	11	4	2	1	3	1	39	\$53,150 \$30,067 \$18,673 \$53,225 \$7,600 \$10,000 \$5,200 \$10,000
60-64	4	1	11	3	1		2	4	26	\$43,825 \$5,300 \$18,909 \$32,067 \$10,000 \$7,600 \$18,525
>64			4	3	1	5	6	10	29	\$54,275 \$71,300 \$10,000 \$9,040 \$12,983 \$15,482
All ages	25	34	47	18	4	6	11	15	160	\$32,192 \$34,297 \$26,096 \$48,672 \$8,800 \$9,200 \$9,882 \$15,928 \$28,197

Table 18 Parliamentarians Receiving Additional Allowances as at 31 March 2004

	Male	Female	Combined
House of Commons			
Number	97	27	124
Average Age	53.1	54.9	53.5
Average Completed Years of Service	8.5	8.4	8.5
Average Additional Allowance	\$32,725	\$33,304	\$32,851
Senate			
Number	22	14	36
Average Age	65.2	65.8	65.4
Average Completed Years of Service	16.5	11.0	14.3
Average Additional Allowance	\$14,387	\$8,679	\$12,167

¹ Includes new members of the House of Commons who were elected in the June 2004 general election.

Table 19 Reconciliation of Pensioners

	Former Members of the House of Commons			Former Senators		
	Male	Female	Total	Male	Female	Total
Pensioners as at 31 March 2001	355	27	382	43	7	50
Data corrections	-2		-2			
New entitlements	9	0	9	3	4	7
Deaths	-34	0	-34	-9	-1	-10
Pensioners as at 31 March 2004	328	27	355	37	10	47
Retirement allowances suspended due to double-dipping provision	-21	0	-21	-1	0	-1
Pensioners receiving retirement allowances as at 31 March 2004						
Number	307	27	334	36	10	46
Average age	68.7	67.4	68.6	77.9	78.6	78.0
Average retirement allowance	\$40,125	\$41,494	\$40,236	\$45,788	\$34,549	\$43,345
General Election held 28 June 2004						
New entitlements	64	17	81			
Return to Parliament	-3	0	-3			
Pensioners after the general election	389	44	433			
Retirement allowances suspended due to double-dipping provision	-21	0	-21			
Pensioners receiving retirement allowances after the general election						
Number	368	44	412			
Average age	67.0	63.5	66.6			
Average retirement allowance	\$40,608	\$36,084	\$40,125			

Table 20 Retirement Allowances in Pay from the MPRA Account

Age	Pensioners		Survivors		Combined	
	Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
<50	31	294,754	5	14,416	36	309,170
50 - 54	29	470,087	3	73,247	32	543,334
55 - 59	44	858,728	2	30,275	46	889,003
60 - 64	74	2,822,757	9	222,968	83	3,045,725
65 - 69	77	3,065,964	9	252,098	86	3,318,062
70 - 74	56	2,290,521	21	429,244	77	2,719,765
75 - 79	77	2,651,760	30	695,597	107	3,347,357
80 - 84	44	1,616,862	25	565,371	69	2,182,233
85 - 89	12	387,638	33	578,942	45	966,580
>89	14	446,514	14	247,912	28	694,426
All ages	458	14,905,585	151	3,110,070	609	18,015,655

Table 21 Retirement Allowances in Pay from the MPRCA Account

Age	Pensioners		Survivors		Combined	
	Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
<50	31	198,250	5	7,426	36	205,676
50 - 54	29	305,274	3	11,923	32	317,197
55 - 59	44	750,054	2	0	46	750,054
60 - 64	74	732,098	9	9,298	83	741,396
65 - 69	77	658,408	9	13,092	86	671,500
70 - 74	56	495,601	21	17,828	77	513,429
75 - 79	77	411,954	30	12,951	107	424,905
80 - 84	44	66,927	25	3,098	69	70,025
85 - 89	12	1,032	33	0	45	1,032
>89	14	0	14	0	28	0
All ages	458	3,619,598	151	75,616	609	3,695,214

Table 22 Allowances in Pay from the MPRA and MPRCA Accounts

Pensioners ¹		Survivors		Total	
Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
458	18,525,183	151	3,185,686	609	21,710,869

¹ Includes former parliamentarians who were not re-elected in the June 2004 general election.

Table 23 Average Retirement Allowances for Former Members of House of Commons

Age Last Birthday	Former Members	MPRA Account		MPRCA Account			Combined Accounts in Pay (\$)
		Before Age 60 (\$)	From Age 60 (\$)	Before Age 55 (\$)	From Ages 55 to 60 (\$)	From Age 60 (\$)	
<45	12	1,894	16,296	3,308	30,694	17,156	5,202
45 - 49	19	14,317	28,741	8,345	24,472	15,690	22,662
50 - 54	29	16,210	33,127	10,527	33,114	18,749	26,737
55 - 59	44	19,517	31,395		17,047	10,446	36,563
60 - 64	71		39,114			10,123	49,237
65 - 69	74		40,573			8,735	49,308
70 - 74	55		40,718			8,945	49,662
75 - 79	57		34,217			3,840	38,057
80 - 84	30		31,583			147	31,730
85 - 89	9		32,645			0	32,645
>89	12		30,270			0	30,270
All ages	412						40,125

Table 24 Average Retirement Allowances for Former Senators

Age Last Birthday	Former Senators	MPRA Account		MPRCA Account			Combined Accounts in Pay (\$)
		Before Age 60 (\$)	From Age 60 (\$)	Before Age 55 (\$)	From Ages 55 to 60 (\$)	From Age 60 (\$)	
<75	7		22,896			4,153	27,049
75 - 79	20		35,070			9,655	44,725
80 - 84	14		47,813			4,465	52,278
85 - 89	3		31,277			344	31,621
>89	2		41,637			0	41,637
All ages	46						43,345

Table 25 Average Retirement Allowances Suspended

Age Last Birthday	Former Members	MPRA Account		MPRCA Account			Combined Accounts Suspended (\$)
		Before Age 60 (\$)	From Age 60 (\$)	Before Age 55 (\$)	From Ages 55 to 60 (\$)	From Age 60 (\$)	
<55	4	21,126	33,720	13,563	21,654	10,537	34,689
55 - 59	5	19,466	34,265	0	20,521	13,839	39,987
60 - 64	5	0	51,660	0	0	10,952	62,612
65 - 69	4	0	36,069	0	0	8,394	44,464
>69	4	0	83,644	0	0	3,523	87,166
All ages	22						53,558

Table 26 Reconciliation of Surviving Spouses

	Former Members of House of Commons			Former Senators		
	Male	Female	Total	Male	Female	Total
Surviving Spouses as at 31 March 2001	84	1	85	34	1	35
Data corrections	0	0	0	1	0	1
New entitlements	21	0	21	10	0	10
Deaths	-4	0	-4	-1	0	-1
Surviving Spouses as at 31 March 2004						
Number	101	1	102	44	1	45
Average Age	78.7	71.0	78.6	78.7	79.0	78.7
Average Retirement Allowance	\$19,989	\$22,844	\$20,017	\$25,279	\$27,031	\$25,318

Table 27 Average Survivor Allowances of Surviving Spouses Entitled to an Immediate Allowance

Age Last Birthday	Number	House of Commons			Number	Senate		
		MPRA Account (\$)	MPRCA Account (\$)	Combined Accounts (\$)		MPRA Account (\$)	MPRCA Account (\$)	Combined Accounts (\$)
<60	2	15,138	0	15,138	4	21,062	4,515	25,577
60 - 64	8	24,773	716	25,489	1	24,781	3,572	28,353
65 - 69	6	30,530	344	30,874	3	22,972	3,677	26,649
70 - 74	18	19,487	313	19,800	3	26,157	4,065	30,222
75 - 79	21	20,149	154	20,303	9	30,274	1,079	31,353
80 - 84	17	22,722	35	22,756	8	22,388	313	22,701
85 - 89	18	14,162	0	14,162	12	22,111	0	22,111
>89	12	16,476	0	16,476	5	21,779	0	21,779
All ages	102			20,017	45			25,318

Table 28 Average Survivor Allowances of Surviving Children Entitled to an Immediate Allowance

Age Last Birthday	Number	Senate		
		MPRA Account (\$)	MPRCA Account (\$)	Total Accounts (\$)
0 - 17	2	854	322	1,176
18 - 24	2	854	322	1,176
All ages	4			1,176

Appendix 5 – MPRAA Going-Concern Methodology

A. Assets

The assets of the Plan consist essentially of the recorded balance in the MPRA and the MPRCA Accounts and of the Refundable Tax Account held by the Canada Revenue Agency. The assets in the MPRA and MPRCA Accounts are shown at book value and are recognized as part of the public debt.

The only other Plan asset consists of the present value, discounted in accordance with the projected yields on the combined Superannuation Accounts (see section D below) of all future parliamentary contributions and Government credits in respect of prior service elections.

B. Normal Costs

The projected accrued benefit actuarial cost method (also known as the projected unit credit method) was used to compute normal costs. Under this method, the normal cost computed in respect of a given year corresponds to the value, discounted in accordance with the statutory interest rate for Plan years 2005 to 2007 inclusively and by the projected yields thereafter (described in section D below and shown in Appendix 7) of all future benefits considered to accrue in respect of that year's service. Consistent with this cost method, sessional indemnity and additional allowances are projected to retirement in accordance with the assumed annual increases in average remuneration.

C. Liabilities

1. Parliamentarians

Consistent with the projected accrued benefit actuarial cost method employed to estimate normal costs, the Plan's liabilities in respect of parliamentarians as at the valuation date correspond to the value, discounted in accordance with the statutory interest rate for Plan years 2005 to 2007 inclusively and by the projected yields thereafter, of all future benefits having accrued as at that date in respect of all previous years' service.

2. Pensioners and Survivors

Consistent with accepted actuarial practice and standards, the Plan's liabilities as at the valuation date in respect of pensioners (including deferred annuitants) and survivors correspond to the value, discounted in accordance with the statutory interest rate for Plan years 2005 to 2007 inclusively and by the projected yields thereafter, of all outstanding future benefits.

D. Assumed Interest Rates

The current *Members of Parliament Retiring Allowances Regulations* 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 2.5% of the balance to the credit of the Accounts on the last day of the preceding quarter.

For the purpose of projecting costs and liabilities it was decided to use the interest rate stipulated in the regulations up to the next actuarial valuation. Thereafter it appears more appropriate to assume that should the general level of interest rates change, the regulations

that stipulate the interest to be credited to the Accounts may be amended. Therefore, the projected yields assumed in computing the present value of benefits involved in estimating the normal costs and liabilities mentioned in sections B and C above are the projected annual yields on the combined book value of the Superannuation Accounts of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. These three Plans were deemed the most appropriate model to estimate the future interest rates.

The projected Account yields were determined by an iterative process involving the following:

- the combined notional bond portfolio of the three Accounts as at the valuation date;
- the assumed future new money interest rates (described in Appendix 6);
- the future expected benefits payable in respect of all pension entitlements accrued up to 31 March 2004;
- the expected future contributions for prior service elections;
- the expected future administrative expenses; and
- always taking into account that each quarterly interest credit to an Account is calculated as if the principal at the beginning of a quarter remains unchanged during the quarter.

E. Special Payments

The special payments for Plan years 2006 to 2009 assume that the interest rate to be credited to the MPRA and the MPRCA Accounts as stipulated in the *Members of Parliament Retiring Allowances Regulations* will not change for that period.

If the Government decides to review the interest credited to the MPRA and MPRCA Accounts before the next triennial valuation, a new special payment would have to be recalculated.

F. Membership Data

For valuation purposes, data for senators and members of the House of Commons were grouped by individual age and by number of years of service.

For parliamentarians who were receiving or are receiving additional allowances, data were grouped according to their total remuneration.

Appendix 6 – MPRAA Going-Concern Actuarial Assumptions

The likelihood of the Plan being wound-up with insufficient assets is practically nonexistent because the Government sponsors the Plan. Consequently all the assumptions used in this report are best-estimate assumptions, i.e. they reflect our best judgement of the future long-term experience of the Plan.

A. Economic Assumptions

1. Key Economic Assumptions

The following basic assumptions in respect of each future year are not used directly in the valuation. However, the valuation is based on the economic assumptions derived therefrom.

(a) Interest Rate on New Money

The ultimate real rate of return¹ on the investment of future net cash flows in long-term (at least 20 years to maturity) Government of Canada bonds is projected to be 3.0% per annum. This real rate is unchanged from the previous valuation.

(b) Level of Inflation

Price increases, as measured by changes in the Consumer Price Index, tend to fluctuate from year to year. Based on historical trends, the renewed commitment of the Bank of Canada and the Government to keep inflation between 1% and 3% until the end of 2006 and judgement about the long-term outlook for inflation, an ultimate rate of price increase of 2.7% was assumed for Plan years 2016 and thereafter. Recognizing recent experience, the rate of price increase is assumed at 2.0% for Plan years 2005 to 2009. From 2010 the rate is then uniformly increased to its ultimate level of 2.7% in Plan year 2016. In the previous valuation the ultimate rate of price increase was assumed to be 3.0%.

(c) Real Wage Increase

The assumed ultimate real wage increase (i.e. real increase in average employment earnings in excess of inflation) was assumed at 1.2% per annum. This is close to the average Canadian experience of the past 50 years (1.15% per annum). Low current real increases in average earnings were assumed to rise gradually over a 12-year select period to reach the ultimate level of 1.2% per annum in Plan year 2017. In the previous valuation, the ultimate real wage increase was assumed to be 1.0%.

¹ Note that all of the real rates of return referred to in this report are actually real-return differentials, i.e. the difference between the effective annual coupon yield on long Government of Canada bonds and the rate of increase in prices. This differs from the technical definition of the real rate of return, which, in the case of the ultimate new money rate assumption, would be 2.92% (derived from 1.057/1.027) rather than 3.0%.

2. Derived Economic Assumptions

The following assumptions were derived from the key economic assumptions:

(a) Valuation Interest Rates

The valuation interest rates after Plan year 2007 for the MPRA Account are the projected yields while those for the MPRCA Account are half of the projected yields because half of each interest credit is remitted to the CRA as a refundable tax. For Plan years 2005 to 2007 inclusively the statutory interest rate is used. These rates are required for the computation of present values of benefits involved to determine the liabilities and normal costs for the MPRA and MPRCA Accounts, respectively. The methodology used to determine the projected yields is described in Appendix 5.

(b) 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 2, which relates to the assumed CPI increases over successive 12-month periods ending on 30 September.

(c) Parliamentarians Remuneration Increase

Bill C-30 modifies the *Parliament of Canada Act* in defining the annual sessional indemnity that shall be paid for each Plan year subsequent to the 2004 Plan year. 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 valuation it was assumed that the parliamentarians' salaries would follow much the same pattern of increase as for the Industrial Aggregate (see foregoing discussion of average real wage increase assumption) to which they are indexed with a lag of a few months.

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

(d) 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 must be funded through a Retirement Compensation Arrangement (RCA). The MPE was \$91,667 in 2004 and will increase to \$100,000 in 2005. Thereafter it will be indexed in accordance with the increase in the Industrial Aggregate.

3. Summary of Key Economic Assumptions

**Table 29 Economic Assumptions
(Percentage)¹**

Plan Year	Interest		Inflation		Employment Earnings Increase		
	New Money Rate	Valuation Rate	Price Increase	Pension Indexing	Industrial Aggregate	MPE	Remuneration
2005	5.0	10.38	2.0	1.7	1.8	9.1	1.3
2006	5.0	10.38	2.0	2.0	2.3	2.0	1.7
2007	5.0	10.38	2.0	2.0	2.5	2.3	2.2
2008	5.1	7.39	2.0	2.0	2.7	2.5	2.4
2009	5.2	7.18	2.0	2.0	2.9	2.7	2.6
2010	5.3	6.98	2.1	2.1	3.1	2.9	2.8
2011	5.4	6.78	2.2	2.2	3.3	3.1	3.0
2012	5.5	6.39	2.3	2.3	3.5	3.3	3.2
2013	5.6	6.21	2.4	2.4	3.6	3.5	3.4
2014	5.7	6.08	2.5	2.5	3.7	3.7	3.6
2019	5.7	5.51	2.7	2.7	3.9	3.9	3.9
2024	5.7	5.47	2.7	2.7	3.9	3.9	3.9
2029	5.7	5.61	2.7	2.7	3.9	3.9	3.9
2034+	5.7	5.70	2.7	2.7	3.9	3.9	3.9

B. Parliamentarians Receiving Additional Allowances

Some parliamentarians, in addition to their sessional indemnity, receive an additional allowance in their capacity as Minister, Speaker, Leader of Opposition, etc. To determine the normal costs in future Plan years, assumptions regarding who will receive these additional allowances in the future are required.

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 Member of Parliament. This assumption was retained from the preceding actuarial review.

C. Demographic Assumptions

Except where otherwise noted, all demographic assumptions were determined from the Plan's own experience as was done in the past. Assumptions of the previous valuation were updated to reflect the experience from 31 March 2001 to 31 March 2004 and the general

¹ Bold denotes actual figures.

election held in June 2004. As in the previous valuation, demographic assumptions were grouped on a *last anniversary* basis, i.e. age and years of service were rounded to the next lower integer.

1. New Parliamentarians

To estimate the normal costs shown in the cost certificate, assumptions are required regarding the number, age, and sex of future new parliamentarians. Similar assumptions were made for members who start receiving additional allowances. 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. Furthermore, for the Senate, it was assumed that the vacant seats would be filled in the Plan year 2005.

The assumed age distribution of the new members of the House of Commons is based on the Plan's 1982-2004 experience, whereas the assumed age distribution of new senators is based on the Plan's 1965-2004 experience for this group, given its smaller size. Greater actuarial credibility was imputed to recent years. For parliamentarians starting to receive additional allowances, the previous valuation assumptions were retained. The distributions of these groups by age are shown in Table 30.

Table 30 Assumed New Entrants Distribution

Age Last Birthday	House of Commons	Senate	Receiving Additional Allowances
20 - 24	0.011	-	-
25 - 29	0.038	-	0.011
30 - 34	0.074	-	0.054
35 - 39	0.123	0.019	0.137
40 - 44	0.185	0.071	0.204
45 - 49	0.216	0.117	0.209
50 - 54	0.179	0.171	0.180
55 - 59	0.113	0.202	0.127
60 - 64	0.050	0.169	0.062
65 - 69	0.011	0.135	0.016
70 - 74	-	0.116	-

2. Rates of Termination

- **Members of the House of Commons**

The probability of ceasing to be a member of the House of Commons was determined for any given year in relation to the probability of a general election being held in that year. 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.

i) Rates of Termination During an Election Year

Termination during an election year is defined as any termination other than by death. Graduated actual rates were used based on the experience over the period 1984–2004 including the results of the year 2004 general election. The resulting probabilities are shown in Table 31.

ii) Rates of Termination During a Non-Election Year

Termination during a non-election year is defined as any termination other than by death. Rates used were those in the 2001 valuation adjusted by a factor of 1.4, which is equal to the ratio of the actual number of terminations in the period 1984-2004 to the expected number of terminations in the same period based on the 2001 assumptions. The assumed probabilities are shown in Table 31.

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

• **Senators**

The probability of termination is still assumed to be zero for service less than six years. For longer service, rates used were those in the 2001 valuation adjusted by a factor of 1.73, which is equal to the ratio of the actual number of terminations in the period 1984-2004 to the expected number of terminations in the same period based on the 2001 assumptions. As senators must leave the Senate by age 75, the termination rate for this age was set at unity.

Table 31 Sample of Assumed Rates of Termination for Members of Parliament

Completed Years of Service	Members of the House of Commons During a Non-Election Year		Age Last Birthday	Members of the House of Commons During an Election Year	
		Senators			
0	0.0010	0.0000	25	0.097	
1	0.0028	0.0000	30	0.097	
2	0.0046	0.0000	35	0.310	
3	0.0056	0.0000	40	0.390	
4	0.0064	0.0000	45	0.370	
5	0.0064	0.0017	50	0.340	
6	0.0064	0.0035	55	0.360	
7	0.0083	0.0069	60	0.432	
8	0.0102	0.0104	65	0.521	
9	0.0120	0.0138	70	0.610	
10	0.0139	0.0173	74	0.610	
11	0.0167	0.0208			
12	0.0185	0.0242			
13	0.0213	0.0260			
14 +	0.0221	0.0260			

3. Probability of General Election

The most recent general election took place on 28 June 2004. Experience data since Confederation are shown in Table 32. Prior to 1917, all general elections gave rise to majority Governments. The characteristics of the 1917 and subsequent Parliaments are shown in Table 33.

Table 32 Frequency of General Elections 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	-	1
3	2	2
4	16	1
5	10	-
Total	29	8

Table 33 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	5/9	4/9

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 minority Government elected at the last election (28 June 2004). The probabilities shown in Table 34 tend toward a value of 0.3 in the long term, implying that general elections are called every 3.3 years on average.

Table 34 Assumed Rates of General Election for House of Commons

Plan Year	Rate
2005	0.500
2006	0.246
2007	0.337
2008	0.294
2009	0.306
2010	0.318
2011	0.297
2012	0.295
2013	0.297
2014	0.307

4. Mortality Rates and Longevity Improvement Factors

Mortality rates for the Plan year 2005 were developed based on the rates assumed in the 2001 valuation for the Plan year 2001. Those rates were projected to the Plan year 2005 using the mortality improvement factors assumed in that valuation and then adjusted by a constant factor that differed for males and females.

Mortality rates after the 2005 Plan year were adjusted by annual percentage decreases varying by age and decreasing in future years. These longevity improvement factors were developed in 2002 and they differ slightly from the last report.

Sample mortality rates for the 2005 Plan year and sample longevity improvement factors are shown in Table 35.

Table 35 Sample Rates of Mortality for Parliamentarians, Pensioners and Survivors

Age Last Birthday	Assumed Mortality Rates for the 2005 Plan Year (per 1,000 people)		Annual Reduction in Assumed Mortality Rates in the 2005 Plan Year		Annual Reduction in Assumed Mortality Rates after the 2025 Plan Year
	Male	Female	Male	Female	
25	0.6	0.2	2.10%	1.50%	0.50%
30	0.8	0.3	1.30%	1.10%	0.50%
35	0.8	0.4	0.70%	1.10%	0.50%
40	1.0	0.5	0.90%	1.10%	0.50%
45	1.4	0.7	1.50%	1.50%	0.50%
50	2.2	1.1	2.10%	1.70%	0.50%
55	3.7	1.8	2.30%	1.50%	0.50%
60	6.8	3.6	2.30%	1.30%	0.50%
65	12.6	7.1	2.10%	1.30%	0.50%
70	20.7	11.2	1.70%	1.30%	0.50%
75	33.2	18.3	1.30%	1.10%	0.50%
80	57.4	32.2	1.10%	0.90%	0.50%
85	93.2	56.1	0.70%	0.70%	0.50%
90	150.8	99.1	0.50%	0.50%	0.50%
95	236.3	161.7	0.25%	0.25%	0.25%
100	323.3	241.7	0.25%	0.25%	0.25%
105	422.9	341.8	-	-	-
110	505.5	429.8	-	-	-
115	1,000.0	1,000.0	-	-	-

5. Assumptions in Respect of Married Parliamentarians

(a) Proportions Married at Death

Separate rates were assumed for males and females and were determined by developing a survival model from the 1980-2004 experience.

(b) Average Age of Survivor at Death of Member

This average age is assumed to vary by sex in accordance with the Plan's experience.

(c) Number and Average Age of Children at Death of Member

These assumptions remain unchanged from the last report.

6. Assumptions in Respect of Pensioners

(a) Mortality Rates

The mortality basis deemed to apply to parliamentarians is also assumed to apply to pensioners.

(b) Other Assumptions

In respect of pensioners, the following assumptions used for parliamentarians also apply:

- longevity improvement factors;
- proportions married at death;
- average age of survivor at death of member; and
- number and average age of children at death of member.

The assumed proportions of both parliamentarians and pensioners married at death and the average age of the survivor are provided in Table 36.

7. Assumptions for Survivors

(a) Mortality Rates

The mortality basis deemed to apply to parliamentarians is also assumed to apply to survivors.

Mortality rates after the Plan year 2004 were adjusted by the longevity improvement factors used for parliamentarians.

(b) Proportions of Students Still Eligible for Allowances

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 children 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.

Table 36 Proportions of Parliamentarians and Pensioners Married at Death and Average Age of Survivor

Age Last Birthday	Proportion Married at Death		Average Age of Survivor	
	Male	Female	Male	Female
25	0.41	0.62	24	26
30	0.50	0.62	29	31
35	0.55	0.62	34	37
40	0.64	0.62	39	43
45	0.73	0.62	43	47
50	0.81	0.62	47	53
55	0.85	0.62	52	58
60	0.85	0.61	57	62
65	0.83	0.58	62	67
70	0.80	0.54	67	71
75	0.75	0.48	71	75
80	0.67	0.40	75	79
85	0.57	0.31	79	82
90	0.45	0.22	83	86
95	0.31	0.14	86	88
100	0.19	0.08	89	91
105	0.10	0.04	92	93
110	0.04	0.01	94	95
115	0.02	0.01	96	97

D. Other Assumptions

1. Pension Benefits Division / Optional Survivor Benefit

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

The optional survivor benefit gives a member who has married 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 marriage 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 are 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 normal costs and liabilities.

3. Administrative Expenses

To compute the liabilities and normal 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 and are commingled with other Government expenses.

Appendix 7 – Allocation of Normal Costs of MPRA and MPRCA Accounts

A. Projections of Normal Cost

Table 37 Normal Costs by Account

Plan Year	Participants	MPRA Account		MPRCA Account	
		% of Pensionable Payroll	\$ Millions	% of Pensionable Payroll	\$ Millions
2005	House of Commons	10.02	4.7	34.79	16.3
	Senate	8.35	0.9	25.05	2.7
	Prime Minister	-	-	103.66	0.1
	All	9.71	5.6	33.23	19.1
2006	House of Commons	11.15	5.3	35.54	17.0
	Senate	9.73	1.1	25.02	2.8
	Prime Minister	-	-	139.22	0.2
	All	10.88	6.4	33.84	20.0
2007	House of Commons	11.80	5.8	37.13	18.2
	Senate	10.06	1.2	26.68	3.1
	Prime Minister	-	-	168.18	0.2
	All	11.46	7.0	35.51	21.5
2008	All	11.90	7.3	36.86	22.6
2009	All	12.35	7.7	38.00	23.8
2014	All	13.29	10.0	40.87	30.7
2019	All	13.36	12.2	41.41	37.8
2024	All	13.20	14.8	41.54	46.7

B. Allocation of Normal Costs

The foregoing normal costs are borne jointly by the parliamentarians and the Government. Parliamentarians make required contributions in accordance with a contribution rate (see Tables 39 to 44), with the Government covering the balance of the normal cost. Table 38 presents the allocation of normal cost to be paid with respect to the MPRA and the MPRCA Accounts.

Table 38 Allocation of Normal Cost as Percentage of Pensionable Payroll

Plan Year	Participants	MPRA Account			MPRCA Account		
		Government (G) (%)	Members (M) (%)	Ratio (G/M)	Government (G) (%)	Members (M) (%)	Ratio (G/M)
2005	House of Commons	7.56	2.46	3.08	30.23	4.56	6.63
	Senate	6.13	2.23	2.75	20.13	4.93	4.08
	Prime Minister	-	-	-	96.66	7.00	13.81
	All	7.29	2.41	3.00	28.59	4.65	6.15
2006	House of Commons	8.60	2.56	3.36	31.08	4.46	6.97
	Senate	7.30	2.43	3.01	20.33	4.70	4.33
	Prime Minister	-	-	-	132.22	7.00	18.89
	All	8.35	2.53	3.30	29.32	4.52	6.49
2007	House of Commons	9.25	2.55	3.64	32.66	4.47	7.31
	Senate	7.69	2.37	3.25	21.93	4.75	4.62
	Prime Minister	-	-	-	161.18	7.00	23.03
	All	8.95	2.51	3.57	30.97	4.54	6.82
2008	All	9.40	2.51	3.75	32.31	4.55	7.10
2009	All	9.84	2.51	3.92	33.45	4.55	7.35
2014	All	10.80	2.48	4.35	36.31	4.55	7.98
2019	All	10.88	2.48	4.40	36.85	4.55	8.09
2024	All	10.76	2.45	4.39	36.96	4.55	8.12

Appendix 8 – Historical Contributions and Accrued Benefit Rates

Table 39 Contributions of Members of the House of Commons in Respect of Sessional Indemnity

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
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
On or after 13 July 1995 but before 1 January 2001		
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
Before 13 July 1995		
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

Table 40 Contributions of Members of the House of Commons in Respect of Additional Allowance

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
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
On or after 13 July 1995 but before 1 January 2001		
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
Before 13 July 1995		
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

Table 41 Contributions of Members of the House of Commons in Respect of Prior Service

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
On or after 13 July 1995 but before 1 January 2001		
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
On or after 1 January 1992 but before 13 July 1995		
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
Before 1 January 1992		
MPRA Account	10% per year	10% per year
MPRCA Account	0%	0%

Table 42 Contributions of Senators in Respect of Sessional Indemnity

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
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
Before 1 January 2001		
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

Table 43 Contributions of Senators in Respect of Additional Allowance

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
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
On or after 13 July 1995 but before 1 January 2001		
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
Before 13 July 1995		
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

Table 44 Contributions of Senators in Respect of Prior Service

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
On or after 1 January 2001		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
On or after 1 January 1992 but before 1 January 2001		
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
Before 1 January 1992		
MPRA Account	6% per year	6% per year
MPRCA Account	0%	0%

Table 45 Annual Accrual Rate and Type of Retirement Allowance in Respect of Sessional Indemnity for Members of the House of Commons

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
Accruing from 1 January 2001		
Service accrued when member is less than 69 years of age		
In respect of contribution made to the MPRA Account on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 up to age 60
MPRCA Account	1%	Deferred allowance to age 60
In respect of contribution made to the MPRCA Account 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
Accruing from 13 July 1995 to 1 January 2001		
Service accrued when member is less than 71 years of age		
In respect of contribution made to the MPRA Account on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	2%	Deferred allowance to age 60
MPRCA Account	4%	Temporary allowance from age 55 up to age 60
In respect of contribution made to the MPRCA Account 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

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
Accruing from 1 January 1992 to 13 July 1995		
Service accrued when member is less than 71 years of age		
In respect of contribution made to the MPRA Account on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Deferred allowance to age 60
	5%	Temporary allowance up to age 60
In respect of contribution made to the MPRCA Account 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
Accruing before 1 January 1992		
MPRA Account	5%	Immediate Allowance

Table 46 Annual Accrual Rate and Type of Retirement Allowance in Respect of Sessional Indemnity for Senators

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

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
Accruing from 1 January 1992 to 13 July 1995		
Service accrued when member is less than 71 years of age		
In respect of contribution made to the MPRA Account 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
In respect of contribution made to the MPRCA Account 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
Accruing before 1 January 1992		
MPRA Account	3%	Immediate Allowance

Table 47 Annual Accrual Rate and Type of Retirement Allowance in Respect of Additional Allowances for Parliamentarians

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
Accruing from 1 January 2001		
Service accrued when member is less than 69 years of age		
In respect of contribution made to the MPRA Account 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
Accruing from 13 July 1995 to 1 January 2001		
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
	2%	Deferred allowance to age 60
MPRCA Account	4%	Temporary allowance from age 55 up to age 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

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
Accruing from 1 January 1992 to 13 July 1995		
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
MPRCA Account	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
Accruing before 1 January 1992		
MPRA Account	5%	Immediate Allowance

Appendix 9 – Acknowledgements

The Office of the Comptroller General of the Treasury Board of Canada Secretariat provided a certification of the assets of the Plan as at 31 March 2004.

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