



Office of the Superintendent of
Financial Institutions Canada

Bureau du surintendant des
institutions financières Canada

Office of the Chief Actuary

Bureau de l'actuaire en chef



ACTUARIAL REPORT

on the Pension Plan for the

MEMBERS OF PARLIAMENT

as at 31 March 2007

Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada

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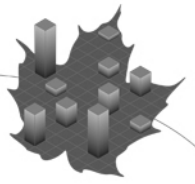
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29 February 2008

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

Dear President:

Pursuant to section 6 of the *Public Pensions Reporting Act*, I am pleased to submit this report on the actuarial review as at 31 March 2007 of the pension plan established under the *Members of Parliament Retiring Allowances Act*.

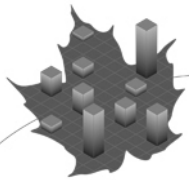
Yours sincerely,

Jean-Claude Ménard, F.S.A., F.C.I.A.
Chief Actuary



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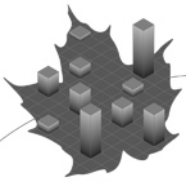
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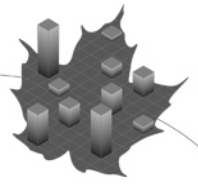
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I. Executive Summary

This actuarial report on the pension plan established under the *Members of Parliament Retiring Allowances Act* (MPRAA) was made as at 31 March 2007 pursuant to the *Public Pensions Reporting Act* (PPRA). The previous review was made as at 31 March 2004. The date of the next periodic review as per the PPRA is 31 March 2010.

A. Purpose of the Report

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 actuarial liabilities, its notional assets, and the excess of notional assets over the actuarial liabilities as at that date;
- the annual amount to amortize over a given period of time any actuarial deficit revealed as at the valuation date; and
- the projected costs for the Plan of the three Plan years¹ following the valuation date.

B. Changes Since the Last Valuation

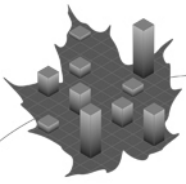
The previous valuation report took into account the results of the general election held 28 June 2004. It also took into account the amendments arising from Bill C-30 that was introduced in December 2004, after the previous valuation date. Bill C-30 received Royal Assent on 21 April 2005.

There have been no other changes to the plan provisions. This valuation report is based on the plan provisions shown in Appendix 2.

C. Main Findings

- As at 31 March 2007 the Members of Parliament Retiring Allowances (MPRA) Account had an excess of assets over the actuarial liabilities of \$132.3 million and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account had an actuarial deficit of \$3.2 million.
- The actuarial deficit in the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account can be amortized over a period of seven years with six payments of \$0.6 million starting in the Plan year 2009 (no payment is being made in the Plan year 2008). This period corresponds to the average remaining service lifetime of all parliamentarians as at 31 March 2007.

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.



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- The Plan provisions do not address the disposition of the excess of assets over the actuarial liabilities. However, if the \$132.3 million excess of assets over the actuarial liabilities in the MPRA Account were amortized over seven years, then the total contributions to the Plan would be reduced by \$22.4 million in each of the next seven Plan years. This annual reduction corresponds to 37.7% of pensionable payroll for the 2008 Plan year.
- The Plan total normal cost for the 2008 Plan year is 44.3% of pensionable payroll, that is \$26.3 million, and is projected to increase to 45.9% and 49.0% of pensionable payroll, respectively, for the following two Plan years.



II. Financial Position of the Plan

A. 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.

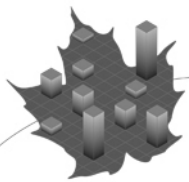
Table 1 Balance Sheet
(\$ millions)

	Account as at 31 March					
	MPRA		MPRCA		Total	
	2007	2004	2007	2004	2007	2004
Assets						
Account balances	486.7	394.6	155.1	106.9	641.8	501.5
Actuarial present value of future contributions and government credits in respect of prior service	0.5	1.0	1.6	2.2	2.1	3.2
Refundable tax in respect of past contributions	-	-	137.7	87.9	137.7	87.9
Total assets	487.2	395.6	294.4	197.0	781.6	592.6
Excess of Assets Over Actuarial Liabilities	132.3	85.8	(3.2)	(28.7)	129.1	57.1
Actuarial Liabilities						
For benefits accrued by or in respect of:						
· Parliamentarians	85.2	79.1	148.8	128.2	234.0	207.3
· Pensioners	236.8	203.5	144.5	96.0	381.3	299.5
· Survivors and children	32.9	27.2	4.3	1.5	37.2	28.7
Total Actuarial Liabilities	354.9	309.8	297.6	225.7	652.5	535.5

Separated balance sheets for the House of Commons and the Senate can be found in Appendix 7 and 8 respectively.

B. Reconciliation of Valuation Results

This section describes the various factors reconciling the excess of assets over actuarial liabilities of this 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.



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Table 2 Reconciliation of Financial Position
(\$ millions)

	Account	
	MPRA	MPRCA
As at 31 March 2004	85.8	(28.7)
Data corrections	(2.6)	3.8
Expected interest on excess of assets over actuarial liabilities	29.6	(3.8)
Cost/contributions difference	1.4	(2.3)
Adjustment of actuarial liability		15.4
Experience gains and losses	(5.4)	(0.2)
Change in actuarial assumptions	23.5	12.6
As at 31 March 2007	132.3	(3.2)

1. Data Corrections

The corrections of the data (such as status and pension amounts) upon which the 2004 report was based, reduced the excess of assets over the actuarial liabilities of \$2.6 million in the MPRA Account and reduced the actuarial deficit by \$3.8 million in the MPRCA Account.

2. Expected Interest on Initial Financial Position

As at 31 March 2007, the expected interest on the 31 March 2004 MPRA Account assets excess over actuarial liabilities of \$85.8 million amounted to \$29.6 million. The corresponding amount on the actuarial deficit of \$28.7 million of the MPRCA Account amounted to \$3.8 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 difference between the actual government contributions during the intervaluation period and the government portion of the normal cost shown in the cost certificate of the previous report increased the actuarial deficit by \$2.3 million in the MPRCA Account and increase the assets over the actuarial liabilities by \$1.4 million in the MPRA Account.



4. Adjustment to Actuarial Liability

Special payments made by the Government to the MPRCA Account have decreased the actuarial deficit by \$15.4 million.

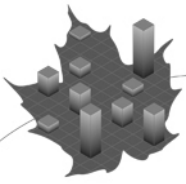
5. Experience Gains and Losses

Since the previous valuation, experience gains and losses have reduced the excess of assets over the actuarial liabilities of the MPRA Account by \$5.4 million and increased the actuarial deficit of the MPRCA Account by \$0.2 million. The main component items are described in the following table.

Table 3 Experience Gains and Losses
(\$ millions)

Experience gains and losses	Account	
	MPRA	MPRCA
Demographic assumptions (i)	(4.9)	(4.9)
Interest earnings (ii)	0.4	3.6
Double-dipping provision (iii)	1.4	1.0
Pension indexation (iv)	(1.4)	(0.6)
Salary increases	(0.3)	(0.5)
MPE increase (v)	(0.3)	0.9
Miscellaneous	(0.3)	0.3
Net experience losses	(5.4)	(0.2)

- (i) The net impact of the demographic experience such as mortality, termination in an election year and other elements losses have reduced the excess of assets over the actuarial liabilities of the MPRA Account by \$4.9 million and increased the actuarial deficit of the MPRCA Account by \$4.9 million.
- (ii) The rate of interest credited to the Accounts is set by regulations. The credited rate was 2.5% by quarter which was the assumption used in the previous valuation. A reduction of the actuarial deficit of \$3.6 million in the MPRCA Account was estimated during the intervaluation period due to the timing of the money to be transferred to the Canada Revenue Agency.
- (iii) 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 excess of the assets over the actuarial liabilities by \$1.4 million in the MPRA Account and reduced the actuarial deficit by \$1.0 million in the MPRCA Account.
- (iv) The indexation of pensions exceeded the corresponding projected pension indexation, which decreased the assets over the actuarial liabilities in the MPRA Account by \$1.4 million and increased the actuarial deficit in the MPRCA Account by \$0.6 million.



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- (v) The maximum pensionable earnings (MPE) in respect of which benefits may be accrued during a year for the purposes of a registered pension plan were increased in the 2005 Federal budget which decreased the assets over the actuarial liabilities in the MPRA Account by \$0.3 million in the MPRA Account and decreased the actuarial deficit in the MPRCA Account by \$0.9 million.

6. Revision of Actuarial Assumptions

Actuarial assumptions were revised based on economic trends and demographic experience as described in Appendix 6. The impact (in \$ millions) of these revisions as at 31 March 2007 are shown in the following table.

Table 4 Revision of Actuarial Assumptions
(\$ millions)

Assumption	Account	
	MPRA	MPRCA
Interest rate	16.0	3.9
Pension indexation	8.6	10.0
Mortality rates and projection factors	(3.1)	(4.2)
Economic salary increases	0.8	1.5
Termination rates	1.3	1.0
Probability of general election	(0.1)	0.4
Net impact of revisions	23.5	12.6

The net impact of these revisions is mainly the result of the change in the pension indexation and in the interest rates assumptions. 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 2.7% to 2.5%;
- the ultimate increase in average earnings was lowered from 3.9% to 3.8%; and
- for Plan years 2008 to 2010 inclusive, the statutory interest rate was used and the ultimate yield on the MPRA Account was lowered from 5.7% to 5.35%.

C. Cost Certificate

The normal costs, assets and actuarial liabilities 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 2008 is 44.32% 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 2007; 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 Plan year 2008 normal cost for the MPRA and MPRCA Accounts. The applicable normal cost is the sum of the normal costs for the MPRA and MPRCA Accounts. Separated normal costs results for the House of Commons and the Senate which are shown in Table 5 can be found in Appendix 7 and 8 respectively.

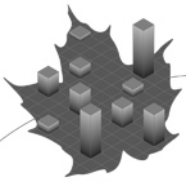
Table 5 Normal Cost for Plan Year 2008
(\$ millions)

	Account		
	MPRA	MPRCA	Total
Parliamentarians required contributions	1.6	2.6	4.2
Government normal cost	5.7	16.4	22.1
Total normal cost	7.3	19.0	26.3
Pensionable payroll	59.4	59.4	59.4
Total normal cost as % of pensionable payroll	12.28%	32.04%	44.32%
Ratio of government to parliamentarians' contributions	3.53	6.35	5.27

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

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

	Account		
	MPRA	MPRCA	Total
For Plan year 2005	9.71	33.23	42.94
Expected normal cost change	2.20	3.61	5.81
Change in demographics	0.29	(5.18)	(4.89)
Change in pensionable payroll	0.40	1.04	1.44
Changes in actuarial assumptions	(0.32)	(0.68)	(1.00)
Data corrections	0.00	0.02	0.02
For Plan year 2008	12.28	32.04	44.32



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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		Total	
	Percentage	\$ Millions	Percentage	\$ Millions	Percentage	\$ Millions
	2008	12.28	7.3	32.04	19.0	44.32
2009	13.26	8.1	32.62	19.9	45.88	28.0
2010	14.35	9.0	34.62	21.8	48.97	30.8
2011	15.10	9.8	36.33	23.7	51.43	33.5
2012	15.29	10.3	37.06	24.9	52.35	35.2
2017	15.90	12.7	39.12	31.2	55.02	43.9
2022	15.91	15.7	39.17	38.6	55.08	54.3
2027	15.80	19.0	39.10	47.1	54.90	66.1

The annual increase in the projected normal costs primarily reflects the progression of all economic assumptions from their current to their ultimate levels.

From plan year 2008 to 2011, the transition from current high interest rates (10.38%) to lower assumed interest rates (6.58% for plan year 2011) has the greatest impact on the sharp increase in normal costs.

By plan year 2017, the projected normal costs are expected to be more stable as the ultimate salary and inflation assumptions have been attained and the interest rate does not vary significantly.

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 46 to 51) 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			Total		
	Gov.	Parl.	Ratio	Gov.	Parl.	Ratio	Gov.	Parl.	Ratio
	2008	9.57	2.71	3.53	27.68	4.36	6.35	37.25	7.07
2009	10.47	2.79	3.75	28.33	4.29	6.60	38.80	7.08	5.48
2010	11.52	2.83	4.07	30.38	4.24	7.17	41.90	7.07	5.93



4. Contributions for Prior Service Elections

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

Table 9 Estimated Contributions for Prior Service
(Dollars)

Plan Year	Account			
	MPRA		MPRCA	
	Government	Parliamentarians	Government	Parliamentarians
2008	71,621	19,895	252,691	36,099
2009	69,727	19,369	224,794	32,113
2010	63,527	17,646	217,181	31,026

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 excess of assets over the actuarial liabilities of \$132.3 million as at 31 March 2007, it is not permitted to use this excess to reduce the \$3.2 million actuarial deficit in the MPRCA Account.

Based on the valuation interest rates described in Appendix 5, the \$3.2 million actuarial deficit could be amortized with six equal annual payments of \$0.6 million payable at the end of fiscal years 2009 to 2014 inclusive.

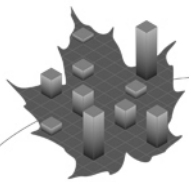
6. Administrative Expenses

No administrative expenses are charged to the Accounts as they are assumed by the Government.

D. Sensitivity to Variation in Key Economic Assumptions

The results below measure the effect on the Plan year 2008 normal costs and the actuarial excess of the assets of the MPRA and MPRCA Accounts over the actuarial liabilities as at 31 March 2007 if key economic assumptions are varied by one percentage point per annum from Plan year 2008 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.



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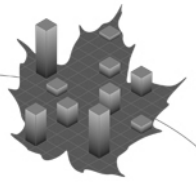
Table 10 Sensitivity to Variations in Key Economic Assumptions

Assumption(s) Varied	Normal Cost (%)		MPRA Account (\$ millions)		MPRCA Account (\$ millions)	
	2008 Plan Year	Effect	Excess of Assets Over the Actuarial Liabilities	Effect	Excess of Assets Over the Actuarial Liabilities	Effect
Current basis	44.32	None	132.2	None	(3.2)	None
Interest rates						
- if 1% higher ¹	39.16	(5.16)	164.2	32.0	19.5	22.7
- if 1% lower ¹	50.62	6.30	93.2	(39.0)	(29.1)	(25.9)
- if new money rate is 1% higher	40.49	(3.83)	152.4	20.2	12.9	16.1
- if new money rate is 1% lower	48.81	4.49	108.8	(23.4)	(20.9)	(17.7)
- as per regulation ²	25.71	(18.61)	245.2	113.0	86.3	89.5
Inflation						
- if 1% higher	52.01	7.69	88.4	(43.8)	(55.3)	(52.1)
- if 1% lower	38.30	(6.02)	168.7	36.5	37.8	41.0
Salary increases						
- if 1% higher	46.77	2.45	129.1	(3.1)	(9.1)	(5.9)
- if 1% lower	42.12	(2.20)	135.1	2.9	2.2	5.4
Ultimate economic assumptions ³	50.03	5.71	66.6	(65.6)	(37.0)	(33.8)

¹ Variations in interest rates are considered for Plan year 2011 onward as interest rates for Plan years 2008 to 2010 inclusive are assumed to be the interest rates set by regulations. Variations in all other assumptions are from Plan year 2008 onward.

² The interest rate as per regulation of 2.5% per quarter was used for all future years. See Appendix 5-D.

³ Interest rate: 5.35%; inflation: 2.5%; remuneration increase: 3.8%.



III. 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 2007, 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)	(Percentage ²)
2008	5.7	16.4	0.3	22.4	37.71%
2009	6.4	17.3	0.9	24.6	40.26%
2010	7.2	19.1	0.9	27.2	43.17%

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.

To the best of our knowledge, there were no subsequent events between the valuation date and the date of this report other than the introduction of Bill C-19 to change the tenure of members of the Senate as described in Appendix 1.

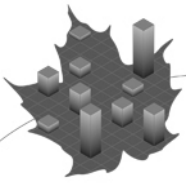
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Senior Actuary

Jean-Claude Ménard, F.S.A., F.C.I.A.
Chief Actuary

Ottawa, Canada
29 February 2008

¹ Include Government contributions for prior service and special payments.

² As a percentage of pensionable payroll.



Appendix 1 – Developments Occurring After Valuation Date

Bill C-19

Bill C-19 was introduced in October 2007 to amend the Constitution Act, 1867 to change the tenure of members of the Senate.

This Bill, if passed, will limit the tenure of new senators in Canada to 8 years. Under the present system, senators hold their appointed office until the age of 75 years. Under section 23 of the Constitution Act, 1867, senators "shall be of the full age of Thirty Years" and under section 29(2) of the Constitution Act, 1867 shall "hold his place in the Senate until he attains the age of seventy-five years." Consequently, a Canadian senator can serve, in theory, for up to 45 years.

This Bill will affect only Senators nominated after the Bill is passed.

The impact of Bill C-19 was not considered in this actuarial report because the Bill was not yet passed.



Appendix 2 – Summary of Plan Provisions

The *Members of Parliament Retiring Allowances Act* (MPRAA) governs pension arrangements for parliamentarians - members of the Senate, House of Commons and the Prime Minister. 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 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 fall within limits permitted by income tax rules for registered pension plans. The MPRCA Account records transactions related to benefits payable under the Plan for benefits that exceed these limits.

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.

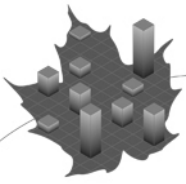
Some parliamentarians receive additional allowances and salaries as speakers, ministers, leaders of the opposition, parliamentary secretaries, and so forth. They contribute 7% to the Plan, based on these additional allowances and salaries, unless they elect not to make such contributions or to contribute 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 be sufficient to cover 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.



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3. Interest

Every quarter, the Government credits interest on the balance of each account at a rate set by the regulations. For Plan year 2007, the interest rate was 2.5% per quarter.

4. Future Unfunded Actuarial Liabilities

As required by the *Public Pensions Reporting Act*, 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.

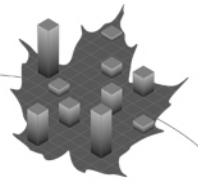
The benefit accrual rate for members of the House of Commons is 5% per year of service up to and including 12 July 1995; 4% per year of service after that date until 31 December 2000; and 3% per year of service effective 1 January 2001, to a maximum of 75% of the average sessional indemnity. For senators,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

The benefit accrual rate 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 from 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. This retirement allowance 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

A return of contributions along with interest on those contributions at a rate set by the regulations is payable to parliamentarians who terminate with less than 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 Allowances

• 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 an 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. The eligible children of a former Prime Minister are only entitled to the benefits available to parliamentarians.

4. Indexing

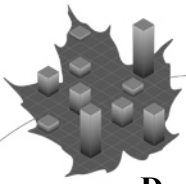
Allowances to retired parliamentarians and their survivors are adjusted at the beginning of each calendar year. This adjustment corresponds to the percentage increase in the average of the Consumer Price Index (CPI) for the 12 months ended on the preceding September 30, over the CPI average for the 12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



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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*. The annual sessional indemnity for members of the House of Commons is \$150,800 commencing 1 April 2007. 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*. The annual sessional indemnity for Senators is \$125,800 commencing 1 April 2007. 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 income tax rules governing registered pension plans. Though a parliamentarian's contributions to the MPRCA Account are tax deductible, 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 are 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 plus additional allowances (if applicable)) in respect of which benefits may be accrued under a registered pension plan during that calendar year within the meaning of the ITA. The earnings limit was \$111,100 in calendar year 2007 and will be increasing to \$122,200 in calendar year 2009. Thereafter, the earnings limit will be indexed in accordance with the industrial aggregate of average weekly earnings.

6. Pensionable Earnings

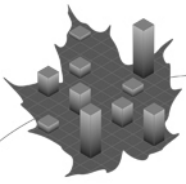
Pensionable earnings are equal to the average sessional indemnity, which excludes any additional allowances in respect of which contributions have been made to the Plan. Such contributions raise the retirement allowance by increasing the years of pensionable service.

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 52, depending when the pensionable service was accrued or 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 53, depending when the pensionable service was accrued or 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 54, depending when the pensionable service was accrued or 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 in addition to regular contributions made as a parliamentarian receiving additional allowances (salary or/and annual allowance) as defined in section D-3. 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

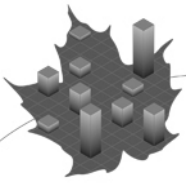
A parliamentarian who has reached 65 years of age and who resigns by reason of disability can choose between the following two benefits:

- 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 does 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.



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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.

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.

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 who 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 an unreduced pension payable 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.

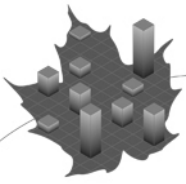
17. Deferred Annuity

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.

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.



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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 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 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 Account consists of notional assets. No formal debt instrument has been issued to the Account by the government in recognition of the amounts therein.

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) 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 paid.

The following table shows the reconciliation of the notional 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 \$92.1 million to reach \$486.7 million as at 31 March 2007.

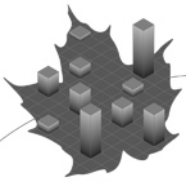
Table 12 Reconciliation of Balances in MPRA Account
(\$ millions)

	MPRA Account			
	2005	2006	2007	2005-2007
Public Accounts - Opening Balance	394.6	422.5	453.3	394.6
INCOME				
Member Contributions	1.4	1.6	1.6	4.6
Government Contributions	4.7	5.2	5.4	15.3
Interest	40.5	43.4	46.6	130.5
Subtotal	46.6	50.2	53.6	150.4
EXPENDITURES				
Annual Allowances	18.1	18.9	20.1	57.1
Return of Contributions	0.2	0.2	0.0	0.4
Pension Division Payments	0.4	0.1	0.1	0.6
Transfers	0.0	0.2	0.0	0.2
Subtotal	18.7	19.4	20.2	58.3
Public Accounts - Closing Balance	422.5	453.3	486.7	486.7

B. Members of Parliament Retiring Compensation Arrangements Account

The Account consists of notional assets. No formal debt instrument has been issued to the Account by the government in recognition of the amounts therein.

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



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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 paid.

The following table shows the reconciliation of the notional 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 \$48.2 million to reach \$155.1 million as at 31 March 2007.

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

	MPRCA Account			
	2005	2006	2007	2005-2007
Public Accounts opening balance	106.9	125.5	140.8	106.9
INCOME				
Member Contributions	2.6	2.7	2.6	7.9
Government Contributions	25.9	22.4	16.2	64.5
Interest	11.7	13.6	15.1	40.4
Subtotal	40.2	38.7	33.9	112.8
EXPENDITURES				
Annual Allowances	3.3	4.1	5.9	13.3
Return of Contributions	0.3	0.4	0.0	0.7
Refundable Tax Remitted to CRA	17.9	18.3	13.5	49.7
Pension Division Payments	0.1	0.6	0.2	0.9
Subtotal	21.6	23.4	19.6	64.6
Public Accounts closing balance	125.5	140.8	155.1	155.1

C. Refundable Tax Account

During the intervaluation period, the MPRCA Account had paid to CRA an amount of \$49.7 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 2007 was estimated at \$137.6 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 Pensions Reporting Act*, 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 2007.



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

We performed certain tests of internal consistency, as well as tests of consistency with the data used in the previous valuation, with respect to membership reconciliation, basic information (date of birth, date of hire, date of termination, sex, etc.), salary levels, and pensions to survivors and pensioners.

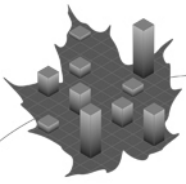
Based on the omissions and discrepancies identified by these and other tests, appropriate adjustments were made to the basic data after consulting with the data provider.

C. Membership Data

The following tables, derived from the basic data, show pertinent information regarding parliamentarians, pensioners and survivors during the period from April 2004 to March 2007.

Table 14 Reconciliation of Parliamentarians

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
Parliamentarians as at 31 March 2004	236	63	299	66	34	100
New entrants	141	37	178	12	6	18
Terminations						
Annual allowances						
Resigned	(100)	(31)	(131)	(12)	(5)	(17)
Deaths	(3)	-	(3)	(2)	(1)	(3)
Lump sum benefits						
Resigned	(32)	(5)	(37)	(2)	(3)	(5)
Deaths	-	-	-	-	-	-
Appointment to Senate	-	-	-	-	-	-
Parliamentarians as at 31 March 2007	242	64	306	62	31	93
Vacant seats			2			12
Average age as at 31 March 2007	51.4	54.0	52.0	65.3	64.7	65.1
Average service as at 31 March 2007	6.1	5.7	6.0	14.1	10.3	12.8



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Table 15 Members of House of Commons as at 31 March 2007

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+	
25-29	7					2					9
30-34	9	2				2	1				14
35-39	12	6				4					22
40-44	23	3	3			6	2	1			38
45-49	18	8	2	1		7	3	2	1		42
50-54	16	12	8	1		7	4	4			52
55-59	22	18	10	5	1	6	4	2	1		69
60-64	13	6	14	3	1	1	1	3			42
65-69	6	2	5	1	1						15
70-74	1		1	1							3
All Ages	127	57	43	12	3	35	15	12	2	0	306

Table 16 Senators as at 31 March 2007

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
50-54	1			1			1				3
55-59	5	2	1			2	2				12
60-64	3	2	5	1	4	4	2	2	1	1	25
65-69	2	2	5	6	3	1	1	4	1	2	27
70-74	1	6		2	9	1	1	3		2	25
All Ages	13	12	11	10	16	8	7	9	2	5	93

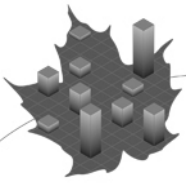


**Table 17 Parliamentarians Receiving Additional Allowances as at 31 March 2007¹
Number and Average Annual Additional Allowances**

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	8	2							10
	\$17,637	\$12,950							\$16,700
35-39	5	4							9
	\$32,842	\$20,250							\$27,246
40-44	11	2	2						15
	\$22,100	\$43,700	\$5,500						\$22,767
45-49	7	7	2						16
	\$43,930	\$37,914	\$38,850						\$40,663
50-54	9	11	7						27
	\$15,178	\$17,692	\$26,543						\$19,149
55-59	13	12	10	5	1	1	1		43
	\$23,076	\$21,938	\$13,986	\$28,520	\$21,900	\$2,512	\$1,292		\$20,266
60-64	8	6	9	3		1	1	1	29
	\$27,240	\$30,386	\$9,388	\$29,466		\$5,120	\$6,400	\$34,500	\$21,350
65 +	3		4		1	1	3	3	15
	\$27,733		\$9,728		\$6,400	\$1,292	\$34,933	\$31,842	\$22,009
All Ages	64	44	34	8	2	3	5	4	164
	\$24,901	\$24,998	\$15,817	\$28,875	\$14,150	\$2,975	\$22,498	\$32,507	\$22,818

	Male	Female	Combined
House of Commons			
Number	120	30	150
Average age	52.0	53.0	52.2
Average completed years of service	7.1	6.1	6.9
Average additional allowances	\$23,511	\$21,366	\$23,082
Senate			
Number	8	6	14
Average age	63.1	65.5	64.1
Average completed years of service	13.4	10.2	12.0
Average additional allowances	\$15,354	\$26,152	\$19,982

¹ Additional allowances include the increase granted as at 1 April 2007.



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Table 18 Reconciliation of Pensioners

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
Pensioners as at 31 March 2004	328	27	355	37	10	47
Data corrections	(2)	-	(2)	-	-	-
New entitlements	100	31	131	12	5	17
Deaths	(27)	(2)	(29)	(6)	(1)	(7)
Return to Parliament	(8)	(1)	(9)	-	-	-
Pensioners as at 31 March 2007	391	55	446	43	14	57
Annual allowances suspended due to double-dipping provision	(14)	(1)	(15)	-	(1)	(1)
Pensioners receiving an annual allowance as at 31 March 2007						
Number	377	54	431	43	13	56
Average age	67.6	64.0	67.1	78.5	79.8	78.8
Average annual allowances	\$45,821	\$45,417	\$45,770	\$56,037	\$38,181	\$51,892



Table 19 Retirement Allowances in Pay from the MPRA Account

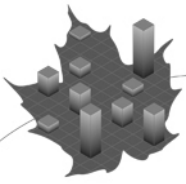
Age Last Birthday	Pensioners		Survivors		Combined	
	Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
<50	21	57,715	10	44,771	31	102,486
50 - 54	33	470,880	3	30,420	36	501,300
55 - 59	49	707,924	4	100,039	53	807,963
60 - 64	61	2,080,339	10	313,424	71	2,393,763
65 - 69	91	3,891,398	12	302,463	103	4,193,861
70 - 74	76	3,358,671	15	402,337	91	3,761,008
75 - 79	73	3,051,287	32	793,800	105	3,845,087
80 - 84	55	2,197,131	31	758,659	86	2,955,790
85 - 89	23	863,356	27	537,831	50	1,401,187
>89	5	138,310	13	279,907	18	418,217
All Ages	487	16,817,011	157	3,563,651	644	20,380,662

Table 20 Retirement Allowances in Pay from the MPRCA Account

Age Last Birthday	Pensioners		Survivors		Combined	
	Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
<50	21	102,747	10	40,724	31	143,471
50 - 54	33	266,652	3	22,168	36	288,820
55 - 59	49	1,854,074	4	22,162	53	1,876,236
60 - 64	61	887,493	10	20,235	71	907,728
65 - 69	91	1,244,630	12	11,412	103	1,256,042
70 - 74	76	689,357	15	33,188	91	722,545
75 - 79	73	556,430	32	23,633	105	580,063
80 - 84	55	194,951	31	31,723	86	226,674
85 - 89	23	19,670	27	663	50	20,333
>89	5	0	13	0	18	0
All Ages	487	5,816,004	157	205,908	644	6,021,912

Table 21 Allowances in Pay from the MPRA and MPRCA Accounts

Number	Pensioners		Survivors		Combined	
	Number	Allowances (\$)	Number	Allowances (\$)	Number	Allowances (\$)
487	22,633,015	157	3,769,559	644	26,402,574	



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Table 22 Average Retirement Allowances for Former Members of House of Commons

Age Last Birthday	Former Members	MPRAA Account Allowances Payable		MPRCA Account Allowances Payable			Combined Accounts in Pay (\$)
		up to Age 60	From Age 60	Up to Age 55	From Ages 55 + up to 60	From Age 60	
		(\$)	(\$)	(\$)	(\$)	(\$)	
<45	11	0	19,659	4,713	41,439	23,973	4,713
45 - 49	10	5,772	23,458	5,090	34,408	19,918	10,862
50 - 54	33	14,269	32,956	8,080	33,172	20,609	22,349
55 - 59	49	14,447	34,756		37,838	23,050	52,285
60 - 64	61		34,104			14,549	48,653
65 - 69	85		44,110			14,084	58,194
70 - 74	72		45,228			9,169	54,397
75 - 79	53		40,323			4,865	45,188
80 - 84	37		37,691			1,472	39,163
85 - 89	18		31,610			0	31,610
>90	2		11,622			0	11,622
All Ages	431						45,770

Table 23 Average Retirement Allowances for Former Senators

Age Last Birthday	Former Senators	MPRAA Account Allowances Payable		MPRCA Account Allowances Payable			Combined Accounts in Pay (\$)
		up to Age 60	From Age 60	Up to Age 55	From Ages 55 + up to 60	From Age 60	
		(\$)	(\$)	(\$)	(\$)	(\$)	
<75	10		24,431			7,672	32,103
75 - 79	20		45,709			14,929	60,638
80 - 84	18		44,588			7,804	52,392
85 - 89	5		58,874			3,934	62,808
>90	3		38,355			0	38,355
All Ages	56						51,892

Table 24 Average Retirement Allowances Suspended

Age Last Birthday	Former Members	MPRAA Account Allowances Payable		MPRCA Account Allowances Payable			Combined Accounts Suspended (\$)
		up to Age 60	From Age 60	Up to Age 55	From Ages 55 + up to 60	From Age 60	
		(\$)	(\$)	(\$)	(\$)	(\$)	
<55	2	8,924	38,762	16,036	63,175	36,417	24,960
55 - 59	4	11,127	25,718		23,554	15,004	34,681
60 - 64	2		26,631			8,186	34,817
65 - 69	3		55,168			17,548	72,716
>69	5		70,002			3,797	73,799
All Ages	16						52,839



Table 25 Reconciliation of Surviving Spouses

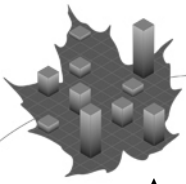
	Former Members of House of Commons			Former Senators		
	Male	Female	Total	Male	Female	Total
Surviving Spouses as at 31 March 2004	101	1	102	44	1	45
Data corrections	(5)	-	(5)	-	-	0
New entitlements	17	1	18	5	1	6
Deaths	(11)	0	(11)	(6)	0	(6)
Surviving Spouses as at 31 March 2007						
Number	102	2	104	43	2	45
Average age	77.8	67.5	77.6	78.2	81.0	78.3
Average annual allowances	\$23,441	\$21,410	\$23,402	\$28,768	\$36,896	\$29,129

Table 26 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	4	14,834	11,713	26,547	5	20,623	5,199	25,822
60 - 64	7	26,116	2,308	28,424	3	43,538	1,360	44,898
65 - 69	11	25,097	799	25,896	1	26,393	2,623	29,016
70 - 74	9	27,012	666	27,678	6	26,538	4,533	31,071
75 - 79	28	23,413	137	23,550	4	34,560	4,949	39,509
80 - 84	20	23,693	161	23,854	11	25,891	2,590	28,481
85 - 89	14	17,459	0	17,459	7	22,311	95	22,406
>89	11	19,431	0	19,431	8	25,425	0	25,425
All Ages	104			23,402	45			29,129

Table 27 Average Survivor Allowances of Surviving Children 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 (\$)
0 - 17	4	2,307	2,717	5,024	1	888	335	1,223
18 - 24	0	0	0	0	3	888	335	1,223
All Ages	4			5,024	4			1,223



Appendix 5 – Methodology

A. Assets

The assets of the Plan consist essentially of the recorded balance in the MPRA and MPRCA Accounts and of the Refundable Tax Account held by the Canada Revenue Agency. The assets are notional assets, meaning that no debt instrument has been issued to the Accounts by the government in recognition of the amounts therein.

The only other Plan asset consists of the present value, discounted in accordance with the actuarial assumptions of all future parliamentarians' 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 actuarial assumptions, 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. Actuarial Liabilities

1. Parliamentarians

Consistent with the projected accrued benefit actuarial cost method employed to estimate normal costs, the Plan's actuarial liabilities in respect of parliamentarians as at the valuation date correspond to the value, discounted in accordance with the actuarial assumptions, 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 actuarial liabilities as at the valuation date in respect of pensioners (including deferred annuitants) and survivors correspond to the value, discounted in accordance with the actuarial assumptions, 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 actuarial 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 valuation interest rates used after plan year 2010 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 pension 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:

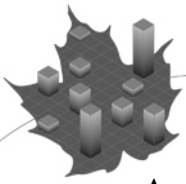
- the combined notional bond portfolio of the three Accounts as at the valuation date;
- the assumed future new money interest rates (described in Appendix 6);
- the future expected benefits payable in respect of all pension entitlements accrued up to 31 March 2000;
- the expected future contributions for prior service elections;
- the expected future administrative expenses; and
- taking into account that each quarterly interest credit to the Accounts is calculated as if the principal at the beginning of a quarter remains unchanged during the quarter.

E. Special Payments

Special payments were calculated using the valuation interest rates shown in Table 29. If the Government should decide to amend the interest rate stipulated in the Regulations, the special payments should be recalculated.

F. Membership Data

For valuation purposes, individual data on each parliamentarian were used.



Appendix 6 – 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 interest¹ 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 2.85% per annum. In the previous valuation the ultimate real rate of interest was assumed to be 3.0%.

(b) Level of Inflation

Price increases, as measured by changes in the Consumer Price Index (CPI), tend to fluctuate from year to year. Based on the renewed commitment of the Bank of Canada and the Government to keep inflation between 1% and 3% until 2011, a rate of price increase at the mid-point of 2.0% has been assumed for Plan years 2008 to 2012. Beginning in 2013, the rate is uniformly increased until it reaches an ultimate rate of 2.5% in 2017. In the previous valuation, the ultimate rate of price increase was assumed to be 2.7%.

(c) Average Canadian Wage Increase

The ultimate productivity rate (i.e. increase in average employment earnings in excess of inflation) was assumed to be 1.3% per annum. Low current real increases in average earnings were assumed to rise gradually over a 7-year select period to reach the ultimate level of 1.3% per annum in Plan year 2015. In the previous valuation, the ultimate productivity rate was assumed to be 1.2%.

For the period ending December 2006, the following table was prepared based on the Canadian Institute of Actuaries Report on Canadian Economic Statistics 1924-2006.

¹ Note that all of the real rates of interest referred to in this report are actually real-interest differentials. This differs from the technical definition of the real rate of interest, which, in the case of the ultimate real rate of interest assumption, would be 2.78% (derived from 1.0535/1.025) instead of 2.85%.



Table 28 Economic Statistics

Period of Years Ending December 2006	15	25	50
Level of Inflation	1.9%	3.0%	4.1%
Real ¹ Increases in Average Earnings	0.1%	0.1%	1.0%
Real ¹ Return on Long-Term Canada Bonds	7.8%	8.9%	3.4%

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 2010 for the MPRA Account are the projected yields. For Plan years 2008 to 2010 inclusively, the statutory interest rate is used. For the MPRCA Account, the valuation interest rates are half of valuation interest rates used for the MPRA Account because half of each interest credit is remitted to the CRA as a refundable tax.

These rates are required for the computation of present values of benefits involved to determine the actuarial liabilities and normal costs for the MPRA and MPRCA Accounts. The methodology used to determine the projected yields is described in Appendix 5. The resulting ultimate projected yield is 5.35%; it was 5.70% in the previous valuation.

(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.

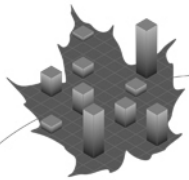
(c) Parliamentarians Remuneration Increase

The annual sessional indemnity that shall be paid for each Plan year subsequent to the 2004 Plan year is defined by legislation. 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 average Canadian wage increase to which they are indexed with a lag of a few months.

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

¹ These real rates are calculated after the level of inflation is removed geometrically.



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(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 provided through a Retirement Compensation Arrangement. The MPE was \$111,100 in calendar year 2007 and will increase to \$122,200 in calendar year 2009. Thereafter it will be indexed in accordance with the increase in the average Canadian wage increase.

3. Summary of 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
2008	4.47	10.38	2.0	1.8	2.3	5.0	2.1
2009	4.50	10.38	2.0	2.0	2.5	4.8	2.4
2010	4.52	10.38	2.0	2.0	2.7	2.6	2.5
2011	4.66	6.58	2.0	2.0	2.8	2.7	2.7
2012	4.70	6.14	2.0	2.0	3.0	2.9	2.8
2013	4.84	5.92	2.1	2.1	3.2	3.1	3.0
2014	4.98	5.75	2.2	2.2	3.4	3.3	3.2
2015	5.12	5.59	2.3	2.3	3.6	3.5	3.4
2016	5.25	5.39	2.4	2.4	3.7	3.6	3.6
2017	5.35	5.24	2.5	2.5	3.8	3.7	3.7
2022	5.35	5.00	2.5	2.5	3.8	3.8	3.8
2027	5.35	5.02	2.5	2.5	3.8	3.8	3.8
2032	5.35	5.30	2.5	2.5	3.8	3.8	3.8
2037+	5.35	5.35	2.5	2.5	3.8	3.8	3.8

B. Parliamentarians Receiving Additional Allowance

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 those who will receive this additional allowance 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 parliamentarian. This assumption was retained from the preceding actuarial review.

¹ Bold denotes actual figures.



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 April 2004 to March 2007 to the extent that it was deemed credible.

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 2008.

The assumed age distribution of the new parliamentarians was changed for this valuation. The assumed age distribution of the new members of the House of Commons is based on the Plan's 1982-2007 experience, whereas the assumed age distribution of new senators is based on the Plan's 1965-2007 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.

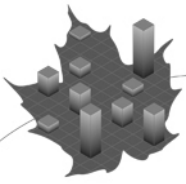
Table 30 Assumed New Entrants Distribution

Age Last Birthday	House of Commons	Senate	Receiving Additional Allowances
20 - 24	0.011	-	-
25 - 29	0.042	-	0.011
30 - 34	0.075	-	0.054
35 - 39	0.122	0.013	0.137
40 - 44	0.178	0.066	0.204
45 - 49	0.201	0.121	0.209
50 - 54	0.175	0.176	0.180
55 - 59	0.124	0.208	0.127
60 - 64	0.061	0.175	0.062
65 - 69	0.011	0.133	0.016
70 - 74	-	0.108	-

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. The termination rates were changed for this valuation.



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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 1984–2007. 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 from the 2004 valuation. The assumed probabilities are shown in Table 31.

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

• Senators

As in the previous valuation the probability of termination is assumed to be zero for service less than six years. For longer service, the termination rates were changed for this valuation. The rates used were those from the 2001 valuation adjusted by a factor of 0.39, which is equal to the ratio of the actual number of terminations in the period 1984-2007 to the expected number of terminations in the same period based on the 2004 assumptions. As senators must leave the Senate by age 75, the termination rate for this age was set at one.

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

Completed Years of Service	Members of the House of Commons During a		Age Last Birthday	Members of the House of Commons During an
	Non-Election Year	Senators		Election Year
0	0.0010	0.0000	25	0.100
1	0.0028	0.0000	30	0.100
2	0.0046	0.0000	35	0.287
3	0.0056	0.0000	40	0.361
4	0.0064	0.0000	45	0.345
5	0.0064	0.0007	50	0.319
6	0.0064	0.0013	55	0.335
7	0.0083	0.0027	60	0.399
8	0.0102	0.0040	65	0.504
9	0.0120	0.0053	70	0.600
10	0.0139	0.0067	74	0.600
11	0.0167	0.0080		
12	0.0185	0.0093		
13	0.0213	0.0100		
14+	0.0221	0.0100		



3. Probability of General Election

This assumption was changed for this valuation by taking into account the most recent general election that occurred on 18 January 2006. 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	-	2
3	2	2
4	16	1
5	10	-
Total	29	9

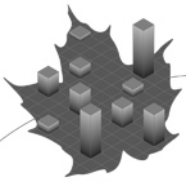
Table 33 Characteristics of Past Parliaments since 1917

Status preceding general election	Probability of given status following general election	
	Majority	Minority
Majority	11/17	6/17
Minority	5/10	5/10

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 (18 January 2006). The probabilities shown in Table 34 tend toward a value of 0.31 in the long term, implying that general elections are called every 3.2 years on average.

Table 34 Assumed Rates of General Election for House of Commons

Plan Year	Rate
2008	0.000
2009	0.667
2010	0.493
2011	0.191
2012	0.197
2013	0.359
2014	0.401
2015	0.291
2016	0.244
2017	0.299
2022	0.318
Ultimate	0.306



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4. Mortality Rates and Longevity Improvement Factors

For the first time in this report, the survivor mortality basis is assumed to be different than the parliamentary mortality basis. As in the previous valuation, the mortality assumptions take into account the expected continued future reductions in the rates of mortality at the various ages.

Base mortality rates for male and female parliamentarians are unchanged from the previous valuation; they are as projected in the previous valuation for Plan year 2008.

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

Assumed base rates of mortality for surviving spouses were changed for this valuation. The rates applicable to males and females in the 2008 Plan year are the corresponding rates, from the actuarial report as at 31 March 2005 on the pension plan for the Public Service of Canada, applicable to surviving spouses.

Sample mortality rates for the 2008 Plan year are shown in Table 35.

Table 35 Sample Rates of Mortality for 2008 Plan Year
(per 10,000 individuals)

Age Last Birthday	<u>Parliamentarians and Pensioners</u>		<u>Surviving Spouses</u>	
	Male	Female	Male	Female
25	6	2	9	3
30	7	3	10	5
35	8	4	13	7
40	10	5	16	9
45	13	7	23	13
50	20	10	35	20
55	34	17	59	30
60	63	35	103	54
65	119	68	167	94
70	197	108	263	145
75	320	177	426	243
80	556	313	709	417
85	913	550	1,143	742
90	1,486	976	1,759	1,256
95	2,346	1,604	2,551	2,084
100	3,209	2,399	3,536	3,171
105	4,229	3,418	4,998	4,999
110	5,055	4,298	5,000	5,000
115	10,000	10,000	10,000	10,000



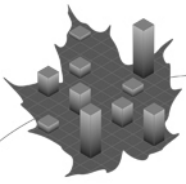
Mortality rates are reduced in the future in accordance with the same mortality improvement assumption as that made for the actuarial report on the Canada Pension Plan as at 31 December 2006. For both males and females, the improvement factors are higher than those used in the previous valuation except at advanced ages.

The ultimate rates of improvement for years 2029 and thereafter were established by looking at trends in Canadian experience over the last 30 years by age and sex. Rates of improvement for Plan years 2008 and 2009 are assumed to be those experienced over the last 15 years (1989 to 2004). After 2009, the rates are assumed to reduce gradually to their ultimate levels by year 2029.

A sample of assumed mortality improvement factors is shown in Table 36.

Table 36 Assumed Mortality Improvement Factors

Age Last Birthday	Annual % Mortality Rate Reductions			
	Male		Female	
	2008	2029+	2008	2029+
25	2.95	0.70	1.80	0.70
30	3.25	0.70	1.85	0.70
35	2.80	0.70	1.45	0.70
40	2.05	0.70	1.25	0.70
45	1.75	0.70	1.40	0.70
50	1.86	0.70	1.46	0.70
55	2.05	0.70	1.40	0.70
60	2.24	0.70	1.34	0.70
65	2.43	0.70	1.28	0.70
70	2.35	0.70	1.25	0.70
75	2.10	0.70	1.25	0.70
80	1.70	0.70	1.10	0.70
85	1.05	0.64	0.70	0.64
90	0.60	0.40	0.35	0.40
95	0.20	0.40	0.10	0.40
100	0.00	0.40	0.00	0.40
105	0.00	0.40	0.00	0.40
110+	0.00	0.00	0.00	0.00



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5. Family Composition

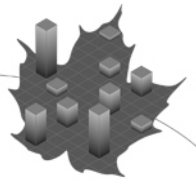
Assumptions for the proportion of members leaving, upon death, a spouse eligible for a survivor pension and the age of the survivor spouse are unchanged from the previous valuation. A sample of these assumptions is shown in Table 37.

Assumptions with respect to the number of eligible children and their age are unchanged from the previous valuation. It was assumed that each member who had an eligible spouse at time of death had three children being 28, 30 and 32 years younger than the member, respectively. 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 child 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.

These assumptions are deemed to apply to both parliamentarians and pensioners.

Table 37 Assumptions for Survivor Allowance to Spouse
Probability a member will have an eligible spouse at death
(per 1,000 member deaths)

Age Last Birthday	Number		Average Age of Survivor	
	Males	Females	Males	Females
25	409	622	24	26
30	498	622	29	31
35	552	622	34	37
40	638	622	39	43
45	734	622	43	47
50	811	622	47	53
55	846	622	52	58
60	850	610	57	62
65	835	581	62	67
70	802	538	67	71
75	750	478	71	75
80	674	401	75	79
85	571	312	79	82
90	446	221	83	86
95	312	139	86	88
100	192	77	89	91
105	101	37	92	93
110	45	15	94	95
115	16	5	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 actuarial 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 actuarial liabilities. However, past pension benefits divisions were fully reflected in the actuarial liabilities.

The optional survivor benefit gives a member who has an eligible spouse 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 union survive. The optional survivor benefit was treated in the same manner as pension benefits division for the same reason.

2. Double-Dipping Provision

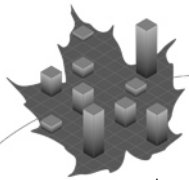
A pensioner receiving remuneration of at least \$5,000 in the valuation year as a federal Government employee or pursuant to a federal service contract is assumed to continue receiving this remuneration up to age 62. Retirement allowances of those aged 62 or over at the valuation date are assumed to 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 actuarial liabilities.

These assumptions are the same used in the last report.

3. Administrative Expenses

To compute the actuarial 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.



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Appendix 7 – Members of the House of Commons Allocation of Normal Costs and Actuarial Liabilities

A. Valuation Results for the Members of the House of Commons

The balance sheet as at 31 March 2007 for the members of the House of Commons is shown in the following table.

Table 38 Balance Sheet as at 31 March 2007 - Members of the House of Commons

	Account		Total
	MPRA	MPRCA	
Assets			
Account balances	419.4	136.1	555.5
Actuarial present value of future contributions and government credits in respect of prior service	0.5	1.5	2.0
Refundable tax in respect of past contributions	-	124.2	124.2
Total Assets	419.9	261.8	681.7
Excess of Assets Over Actuarial Liabilities	124.9	(5.2)	119.7
Actuarial Liabilities			
House of Commons			
For benefits accrued by or in respect of:			
· Current members	56.7	126.7	183.4
· Pensioners	216.3	133.7	350.0
· Survivors and children	22.0	2.4	24.4
Subtotal	295.0	262.8	557.8
Prime Minister			
For benefits accrued by or in respect of:			
· Current members	0.0	0.5	0.5
· Pensioners	0.0	3.7	3.7
· Survivors and children	0.0	0.0	0.0
Subtotal	0.0	4.2	4.2
Total Actuarial Liabilities	295.0	267.0	562.0



B. Projection of Normal Costs

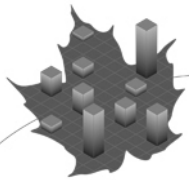
The following normal costs associated to Members of the House of Commons are expressed as a dollar amount as well as a percentage of the projected pensionable payroll in each given Plan year.

Table 39 Normal Costs - Members of the House of Commons

Plan Year	Participants	MPRA Account		MPRCA Account		Total	
		Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions
2008	House of Commons	12.84	6.2	32.87	15.9	45.71	22.1
	Prime Minister			213.20	0.3	213.20	0.3
	Total	12.84	6.2	33.57	16.2	46.41	22.4
2009	House of Commons	13.87	6.8	33.51	16.5	47.38	23.3
	Prime Minister			239.28	0.4	239.28	0.4
	Total	13.87	6.8	34.39	16.9	48.26	23.7
2010	House of Commons	14.90	7.6	35.90	18.3	50.80	25.9
	Prime Minister			242.15	0.4	242.15	0.4
	Total	14.90	7.6	36.72	18.7	51.62	26.3
2011	Total	15.65	8.2	38.85	20.4	54.50	28.6
2012	Total	15.90	8.6	39.55	21.4	55.45	30.0
2017	Total	16.67	10.6	41.55	26.3	58.22	36.9
2022	Total	16.72	12.9	41.74	32.2	58.46	45.1
2027	Total	16.61	15.6	41.70	39.2	58.31	54.8

C. Allocations of Normal Cost

The foregoing normal costs are borne jointly by the members of the House of Commons and the Government. Members of the House of Commons make required contributions in accordance with a contribution rate (see Tables 46 to 51), with the Government covering the balance of the normal cost. Table 40 presents the allocation of normal cost to be paid with respect to the MPRA and the MPRCA Accounts in the next three Plan years.



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Table 40 Allocation of Normal Cost for the Members of the House of Commons

Plan Year	Participants	MPRA Account			MPRCA Account		
		Government (G) (%)	Members (M) (%)	Ratio (G/M)	Government (G) (%)	Members (M) (%)	Ratio (G/M)
2008	House of Commons	10.06	2.78	3.62	28.62	4.25	6.73
	Prime Minister				206.20	7.00	29.46
	Total	10.06	2.78	3.62	29.26	4.28	6.84
2009	House of Commons	11.01	2.86	3.85	29.34	4.17	7.04
	Prime Minister				232.28	7.00	33.18
	Total	11.01	2.86	3.85	30.07	4.20	7.16
2010	House of Commons	12.01	2.89	4.16	31.75	4.15	7.65
	Prime Minister				235.15	7.00	33.59
	Total	12.01	2.89	4.16	32.48	4.17	7.79

On a calendar basis, the normal cost starting with calendar year 2009 would be as follows:

Table 41 Allocation of Normal Cost for the Members of the House of Commons on a Calendar Basis

Calendar Year	Participants	MPRA Account			MPRCA Account		
		Government (G) (%)	Members (M) (%)	Ratio (G/M)	Government (G) (%)	Members (M) (%)	Ratio (G/M)
2009	House of Commons	11.77	2.88	4.09	31.16	4.16	7.50
	Prime Minister				234.44	7.00	33.49
	Total	11.77	2.88	4.09	31.89	4.18	7.63
2010	House of Commons	12.01	2.88	4.17	31.75	4.15	7.65
	Prime Minister				215.79	7.00	30.83
	Total	12.60	2.86	4.40	34.03	4.18	8.13
2011	House of Commons	12.79	2.86	4.48	33.88	4.17	8.13
	Prime Minister				204.38	7.00	29.20
	Total	13.00	2.84	4.58	35.01	4.20	8.33



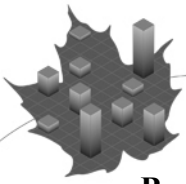
Appendix 8 – Senators’ Allocation of Normal Costs and Actuarial Liabilities

A. Valuation Results for the Senators

The balance sheet as at 31 March 2007 for the Senators is shown in the following table.

Table 42 Balance Sheet as at 31 March 2007 - Senators

	Account		
	MPRAA	MPRCA	Total
Assets			
Account balances	67.3	19.0	86.3
Actuarial present value of future contributions and government credits in respect of prior service	0.0	0.1	0.1
Refundable tax in respect of past contributions	-	13.5	13.5
Total assets	67.3	32.6	99.9
Excess of Assets Over Actuarial Liabilities	7.4	2.0	9.4
Actuarial Liabilities			
For benefits accrued by or in respect of:			
· Current members	28.5	21.6	50.1
· Pensioners	20.5	7.1	27.6
· Survivors and children	10.9	1.9	12.8
Total Actuarial Liabilities	59.9	30.6	90.5



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B. Projection of Normal Costs

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

Table 43 Normal Costs - Senators

Plan Year	MPRA Account		MPRCA Account		Total	
	Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions	Percentage of Pensionable Payroll	\$ Millions
2008	9.87	1.1	25.55	2.8	35.42	3.9
2009	10.74	1.3	25.90	3.0	36.64	4.3
2010	12.04	1.4	26.01	3.1	38.05	4.5
2011	12.81	1.6	26.44	3.3	39.25	4.9
2012	12.76	1.7	27.42	3.5	40.18	5.2
2017	12.92	2.1	29.83	4.9	42.75	7.0
2022	13.00	2.8	29.82	6.4	42.82	9.2
2027	12.92	3.4	29.89	7.9	42.81	11.3

C. Allocation of Normal Costs

The foregoing normal costs are borne jointly by the Senators and the Government. Senators make required contributions in accordance with a contribution rate (see Tables 46 to 51), with the Government covering the balance of the normal cost. Table 44 presents the allocation of normal cost to be paid with respect to the MPRA and the MPRCA Accounts in the next three Plan years.

Table 44 Allocation of Normal Cost for Senators

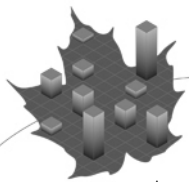
Plan Year	MPRA Account			MPRCA Account		
	Government (G) (%)	Members (M) (%)	Ratio (G/M)	Government (G) (%)	Members (M) (%)	Ratio (G/M)
2008	7.46	2.41	3.10	20.82	4.73	4.40
2009	8.27	2.47	3.35	21.22	4.68	4.53
2010	9.40	2.64	3.56	21.47	4.54	4.73



On a calendar basis, the normal cost starting with calendar year 2009 would be as follows:

Table 45 Allocation of Normal Cost for Senators on a Calendar Basis

Calendar Year	MPRA Account			MPRCA Account		
	Government	Members	Ratio	Government	Members	Ratio
	(G) (%)	(M) (%)	(G/M)	(G) (%)	(M) (%)	(G/M)
2009	9.12	2.60	3.51	21.41	4.57	4.68
2010	9.95	2.68	3.71	21.86	4.48	4.88
2011	10.13	2.64	3.84	22.67	4.51	5.02



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Appendix 9 – Historical Contributions and Accrued Benefit Rates

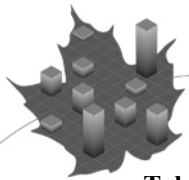
Table 46 Contributions of Members of the House of Commons in Respect of the Sessional Indemnity

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 47 Contributions of Members of the House of Commons in Respect of Additional Allowances

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



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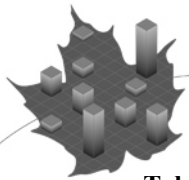
Table 48 Contributions of Members of the House of Commons in Respect of Prior Service

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 49 Contributions of Senators in Respect of the 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



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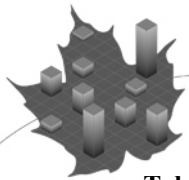
Table 50 Contributions of Senators in Respect of Additional Allowances

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 51 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%



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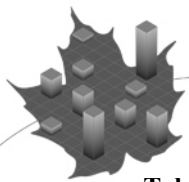
Pension Plan for the MEMBERS OF PARLIAMENT
as at 31 March 2007

Table 52 Annual Accrual Rate and Type of Retirement Allowance in Respect of the 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% 5%	Deferred allowance to age 60 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



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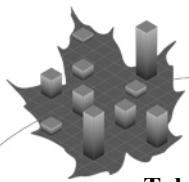
Pension Plan for the MEMBERS OF PARLIAMENT
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Table 53 Annual Accrual Rate and Type of Retirement Allowance in Respect of the Sessional Indemnity for Senators

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



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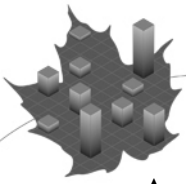
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Table 54 Annual Accrual Rate and Type of Retirement Allowance in Respect of Additional Allowances for Parliamentarians

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



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Pension Plan for the MEMBERS OF PARLIAMENT
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Appendix 10 – 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 2007.

The Accounting Division of the Administration and Personnel Branch of the Senate and the House of Commons Division of Public Works and Government Services Canada provided relevant valuation input data on parliamentarians, senators, pensioners and survivors.

The co-operation and able assistance received from the above-mentioned data providers deserve to be acknowledged.

The following individuals assisted in the preparation of this report:

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