



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 2016

**Office of the Chief Actuary**

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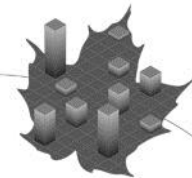
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13 September 2017

The Honourable Scott Brison, P.C., M.P.  
President of the Treasury Board  
Ottawa, Ontario  
K1A 0R5

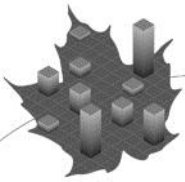
Dear President:

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 2016 of the Pension Plan for the Members of Parliament. This actuarial review is in respect of pension benefits and contributions which are defined by the *Members of Parliament Retiring Allowances Act* and the *Pension Benefits Division Act*.

Yours sincerely,

A handwritten signature in cursive script that reads "Jean-Claude Ménard".

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



# ACTUARIAL REPORT

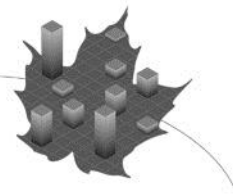
Pension Plan for the MEMBERS OF PARLIAMENT  
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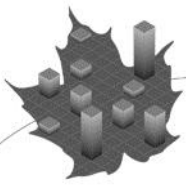
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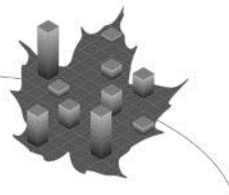


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## I. Executive Summary

This actuarial report on the pension plan for the Members of Parliament (the Plan) was made pursuant to the *Public Pensions Reporting Act*.

This actuarial valuation is as at 31 March 2016 and is in respect of pension benefits and contributions defined by the *Members of Parliament Retiring Allowances Act* (MPRAA) and the *Pension Benefits Division Act*.

The previous statutory actuarial report was prepared as at 31 March 2013. The next periodic review is scheduled for no later than 31 March 2019.

### A. Purpose of the Report

The purpose of this actuarial valuation is to:

- determine the state of the Members of Parliament Retiring Allowances (MPRA) Account and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account;
- set the parliamentarians' contribution rates for calendar years 2018, 2019 and 2020; and
- assist the President of the Treasury Board in making informed decisions regarding the financing of the government's pension benefit obligation.

### B. Valuation Basis

This report is based on pension benefit provisions enacted by legislation, summarized in Appendix 1. Since the previous valuation as at 31 March 2013, amendments were made to the MPRAA as follows:

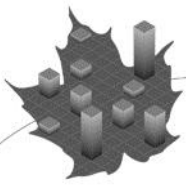
- Provisions were added to exclude periods of suspension from pensionable service;
- Provisions were added to prevent the Chief Actuary from distinguishing between members of the Senate and members of the House of Commons when setting contribution rates;
- Clarification was provided that the 50% cost sharing ratio objective used by the Chief Actuary in setting contribution rates shall be reached as at 1 January 2017.

The financial data on which this valuation is based are composed of accounts (MPRA Account and MPRCA Account) established to record the transactions for the Plan. These pension accounts are summarized in Appendix 3. The membership data is summarized in Appendix 4.

The valuation was prepared using accepted actuarial practices in Canada, methods and assumptions which are summarized in Appendices 5 and 6.

All actuarial assumptions used in this report are best-estimate assumptions. They are, individually and in aggregate, appropriate for the purposes of the valuation at the date of this report.

Actuarial assumptions used in the previous report were revised based on economic trends and demographic experience. In addition, the valuation interest rate for the MPRCA Account was changed from half the interest rate used for the MPRA Account to the full



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interest rate to better reflect the cost of the Plan. A complete description of the assumptions is shown in Appendix 6. A summary of the ultimate economic assumptions used in this report is shown in the following table.

**Table 1 Ultimate Best-Estimate Economic Assumptions**

	<b>31 March 2016 Valuation</b>	31 March 2013 Valuation
Assumed level of inflation	2.0%	2.0%
Real increases in remuneration	0.7%	0.4%
Valuation interest rate for the MPRA Account	4.7%	5.1%
Valuation interest rate for the MPRCA Account	4.7%	2.55%

## C. Main Findings

### 1. Actuarial Excess/(Shortfall)

As at 31 March 2016, the MPRA Account had an actuarial shortfall of \$39.0 million. In accordance with the MPRAA, the actuarial shortfall of \$39.0 million in the MPRA Account **must** be credited to the MPRA Account at the time and in the manner determined by the President of Treasury Board.

As at 31 March 2016, the MPRCA Account had an actuarial excess of \$113.9 million. In accordance with the MPRAA, the actuarial excess of \$113.9 million in the MPRCA Account **may** be debited from the MPRCA Account at the time and in the manner determined by the President of Treasury Board.

### 2. Current Service Costs

The current service costs shown in this section are on a calendar year basis, beginning with calendar year 2018 which is the first calendar year that follows the expected tabling of this report. Current service costs on a plan year<sup>1</sup> basis are shown in Section II.

The current service costs are borne jointly by the parliamentarians and the Government. In accordance with the MPRAA, starting on 1 January 2016, the parliamentarians' contribution rates are set by the Chief Actuary. In fixing contribution rates, the Chief Actuary's objective is to ensure that, as of 1 January 2017, the members' contributions account for 50% of the current service costs.

<sup>1</sup> Any reference to a given plan year should be taken herein to mean as the 12-month period ending 31 March of the given year.





The following tables show the projected current service costs expressed as a percentage of the expected pensionable payroll and in dollar amounts for the three calendar years following the expected laying date of this report, as well as the allocation of the current service costs between the parliamentarians and the government. The 2017 parliamentarians' contribution rate<sup>1</sup> as a percentage of total pensionable payroll, as well as the contribution rates that will apply for calendar years after 2017 are also shown. Detailed contribution rates are presented in Appendix 2.

**Table 2 Current Service Costs and Allocation on a Calendar Year Basis (as a % of pensionable payroll)**

Calendar Year	Current Service Cost (as a % of pensionable payroll)									Ratio of Government to Parliamentarians' Current Service Costs		
	MPRA			MPRCA			Total			MPRA	MPRCA	Total
	Gov.	Parl.	Total	Gov.	Parl.	Total	Gov.	Parl.	Total			
2018	10.69	10.69	21.38	8.72	8.72	17.44	19.41	19.41	38.82	1.00	1.00	1.00
2019	10.81	10.81	21.62	8.71	8.71	17.42	19.52	19.52	39.04	1.00	1.00	1.00
2020	10.94	10.94	21.88	8.76	8.76	17.52	19.70	19.70	39.40	1.00	1.00	1.00

**Table 3 Current Service Costs and Allocation on a Calendar Year Basis (\$ millions)**

Calendar Year	Current Service Cost (\$ millions)									Ratio of Government to Parliamentarians' Current Service Costs		
	MPRA			MPRCA			Total			MPRA	MPRCA	Total
	Gov.	Parl.	Total	Gov.	Parl.	Total	Gov.	Parl.	Total			
2018	8.2	8.2	16.4	6.7	6.7	13.4	14.9	14.9	29.8	1.00	1.00	1.00
2019	8.6	8.6	17.2	6.9	6.9	13.8	15.5	15.5	31.0	1.00	1.00	1.00
2020	9.0	9.0	18.0	7.2	7.2	14.4	16.2	16.2	32.4	1.00	1.00	1.00

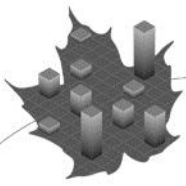
**Table 4 Parliamentarians' Contribution Rates (as a % of pensionable payroll)**

Calendar Year	2017 <sup>1</sup>	2018	2019	2020
Parliamentarians' Contribution Rates <sup>2,3</sup>	19.48	19.41	19.52	19.70

<sup>1</sup> The contribution rate for the calendar year 2017 was fixed by the Chief Actuary based on best-estimate economic assumptions at the time they were set as well as demographic assumptions and projected membership data from the Actuarial Report on the Plan as at 31 March 2013.

<sup>2</sup> For members not having reached the maximum pension accrual defined under the MPRAA.

<sup>3</sup> The contribution rates presented are combined contribution rates. In effect, parliamentarians will pay a lower contribution rate for the portion of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) and a higher contribution rate for pensionable earnings over the YMPE. More details on contribution rates may be found in Appendix 2.



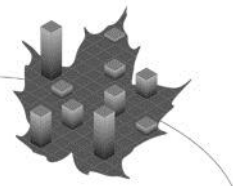
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### 3. Valuation Interest Rates

The legislation requires that the interest rates credited to the Accounts be the same as the interest rates used in the most recent tabled valuation report. The valuation interest rates used in this report and the effective quarterly rates are as follows:

Plan Year	Valuation Rate	Effective Quarterly Rate
2017	1.9%	0.47%
2018	2.4%	0.59%
2019	2.9%	0.72%
2020	3.3%	0.81%



## II. Valuation Results

This report is based on pension benefit provisions enacted by legislation, summarized in Appendix 1, and the financial and membership data, summarized in Appendices 3 and 4. The valuation was prepared using accepted actuarial practices in Canada, methods and assumptions summarized in Appendices 5 and 6. Emerging experience, differing from the corresponding assumptions, will result in gains or losses to be revealed in subsequent reports.

### A. Financial Position

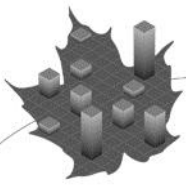
**Table 5 State of the Accounts**  
(\$ millions)

	Account as at 31 March			
	MPRA 2016	MPRCA 2016	MPRA 2013	MPRCA 2013
<b>Recorded Account Balances</b>				
Account balances	502.3	248.6	475.8	214.0
Present value of prior service contributions	1.0	0.1	0.3	0.7
Canada Revenue Agency refundable tax account	-	252.7	-	238.1
<b>Total Recorded Account Balances</b>	<b>503.3</b>	<b>501.4</b>	476.1	452.8
<b>Actuarial Liabilities</b>				
For benefits accrued by or in respect of:				
· Parliamentarians	91.0	90.6	89.9	150.8
· Deferred pensioners	25.0	35.9	n/a <sup>1</sup>	n/a <sup>1</sup>
· Pensioners	377.0	249.6	326.4	269.6
· Surviving dependants	49.3	11.4	46.6	9.0
<b>Total Actuarial Liabilities</b>	<b>542.3</b>	<b>387.5</b>	462.9	429.4
<b>Actuarial Excess (Shortfall)</b>	<b>(39.0)</b>	<b>113.9</b>	13.2	23.4

In accordance with the MPRAA, the actuarial shortfall of \$39.0 million in the MPRA Account **must** be credited to the MPRA Account at the time and in the manner determined by the President of Treasury Board.

In prior actuarial valuations, the valuation interest rate used for the MPRCA Account was half of the interest rate used for the MPRA Account. This allowed the liability progression to match the progression in the MPRCA total recorded balance since the MPRCA Account does not recognize interest credits to the Canada Revenue Agency (CRA) Refundable Tax Account. However, the use of this lower interest rate does not accurately reflect the cost of the Plan, which should not be impacted by an accounting mechanism embedded in the Plan and the notional Accounts. Benefits paid from the MPRA Account and the MPRCA Account are paid with borrowed money (i.e. there are no invested assets) and should both be valued using the government's long term cost of borrowing for purposes of determining the cost of the Plan. For this valuation, the valuation interest rate assumption for the MPRCA account is therefore the same as the one used for the MPRA Account.

<sup>1</sup> The actuarial liabilities for deferred pensioners were included in the actuarial liabilities for pensioners.



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The use of a higher interest rate decreased the liabilities by \$134.8 million, resulting in a net actuarial excess of \$113.9 million as at 31 March 2016 in the MPRCA Account. In accordance with the MPRAA, the actuarial excess of \$113.9 million in the MPRCA Account **may** be debited from the MPRCA Account at the time and in the manner determined by the President of Treasury Board.

### B. Reconciliation of Actuarial Liabilities

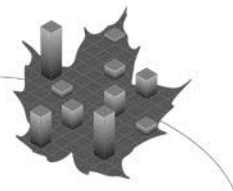
This section describes the various factors reconciling the actuarial liabilities of this valuation with the corresponding items of the previous valuation. Figures in parentheses indicate negative amounts. Details on the experience gains and losses and on the revision of actuarial assumptions are provided in the next subsections. Furthermore, there were changes to the allocation of total service accruals and pension amounts between the MPRA Account and the MPRCA Account as a result of data validation and additional data sources available for this valuation. The impact of this reallocation on the liabilities is included in the data changes.

**Table 6 Reconciliation of Actuarial Liabilities**  
(\$ millions)

	MPRA	MPRCA
<b>As at 31 March 2013</b>	<b>462.9</b>	<b>429.4</b>
Program changes due to new valuation system	0.8	0.4
Expected current service costs	29.7	56.2
Expected benefit payments	(87.8)	(44.6)
Expected interest	46.0	22.6
<b>Expected Liabilities as at 31 March 2016</b>	<b>451.6</b>	<b>464.0</b>
Experience (gains) and losses	2.5	(0.1)
Revision of actuarial assumptions	86.6	(74.8)
Data changes	1.6	(1.6)
<b>As at 31 March 2016</b>	<b>542.3</b>	<b>387.5</b>

#### 1. Experience Gains and Losses

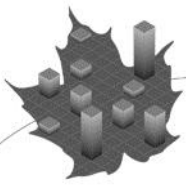
Since the previous valuation, experience gains and losses have increased the liabilities for the MPRA Account by \$2.5 million and decreased the liabilities for the MPRCA Account by \$0.1 million. The main items are described in the following table, followed by explanatory notes.



**Table 7 Experience (Gains) and Losses**  
(\$ millions)

	Account	
	MPRA	MPRCA
Demographic experience (i)		
Terminations	(4.7)	(8.4)
Mortality	4.9	3.3
New parliamentarians	2.6	4.3
<i>Total</i>	2.8	(0.8)
Pension indexation (ii)	(1.4)	(1.3)
Remuneration and MPE (iii)	0.1	2.7
Miscellaneous (iv)	1.0	(0.7)
<b>Net experience (gains) losses</b>	<b>2.5</b>	<b>(0.1)</b>

- (i) The net impact of the demographic experience increased the MPRA Account actuarial liabilities by \$2.8 million and decreased the MPRCA Account actuarial liabilities by \$0.8 million.
- Mostly due to the general election of 19 October 2015, the number of members of the House of Commons who terminated was higher than anticipated especially for Members not yet eligible to receive a retirement allowance upon termination, resulting in experience gains. However, the number of Senators who terminated before age 75 while eligible to receive a retirement allowance upon termination was also higher than anticipated resulting in experience losses. The net result is a decrease in liabilities of \$4.7 million for the MPRA Account and \$8.4 million for the MPRCA Account.
  - The number of deaths among pensioners was less than anticipated. Consequently, there was a loss of \$4.9 million for the MPRA Account and a loss of \$3.3 million for the MPRCA Account.
  - The new parliamentarians increased the liabilities by \$2.6 million and \$4.3 million for the MPRA Account and the MPRCA Account respectively.
- (ii) In the previous report, pension indexation was projected to be 1.3% as at 1 January 2015 and 1.9% as at 1 January 2016. The actual indexation of pension was 1.7% as at 1 January 2015 and 1.3% as at 1 January 2016, which resulted in a gain of \$1.4 million for the MPRA Account and \$1.3 million for the MPRCA Account.



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- (iii) The increase in the sessional indemnity during the intervaluation period was slightly lower than expected, which resulted in a small gain in both Accounts. However, the additional salaries received by members who did not terminate during the intervaluation period were higher than expected, which resulted in a loss to both Accounts. The net result is an increase in liabilities of \$0.1 million for the MPRA Account and \$2.7 million for the MPRCA Account. The experience related to additional salaries that are different from expected for members who terminated during the intervaluation period is included in the termination and mortality experience.
- (iv) Includes the impact on the liabilities of pension divisions, service suspensions and service elections that occurred during the intervaluation period.

## 2. Revision of Actuarial Assumptions

Actuarial assumptions were revised based on economic trends and demographic experience as described in Appendix 6. In addition, the valuation interest rate for the MPRCA Account was changed from half the interest rate used for the MPRA Account to the full interest rate to better reflect the cost of the Plan. The impact of the revised actuarial assumptions as at 31 March 2016 is shown in the following table.

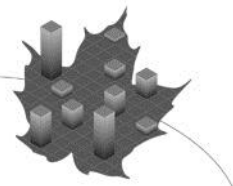
**Table 8 Revision of Actuarial Assumptions**  
(\$ millions)

Assumption	Account	
	MPRA	MPRCA
Change in valuation interest rate	73.1	44.4
Use of full rate for MPRCA Account	-	(134.8)
Pension indexation	(3.3)	(2.8)
Salary, YMPE and MPE	0.1	0.5
Termination rates	(2.7)	(1.8)
Mortality	19.4	19.7
<b>Net impact of revisions</b>	<b>86.6</b>	<b>(74.8)</b>

## C. Cost Certificate

### 1. Current Service Costs

The details of the current service costs for plan year 2017 as well as a reconciliation with the plan year 2014 current service costs are shown below.



**Table 9 Current Service Costs for Plan Year 2017**  
**For each Account**  
(\$ millions)

	MPRA	MPRCA	Total
Parliamentarians required contributions	5.4	6.8	12.2
Government current service cost	9.4	6.3	15.7
<b>Total current service cost</b>	<b>14.8</b>	<b>13.1</b>	<b>27.9</b>
Expected pensionable payroll <sup>1</sup>	73.0	73.0	73.0
<b>Total current service cost as % of pensionable payroll</b>	<b>20.23</b>	<b>17.99</b>	<b>38.22</b>

**Table 10 Reconciliation of Current Service Costs**  
**For each Account**  
(% of pensionable payroll)

	MPRA	MPRCA	Total
<b>For Plan Year 2014</b>	<b>15.74</b>	<b>31.76</b>	<b>47.50</b>
Expected current service cost change	1.61	(6.44)	(4.83)
Experience (gains) losses	(0.59)	(1.16)	(1.75)
Change in valuation interest rate	4.03	2.87	6.90
Use of full rate for MPRCA Account	-	(10.20)	(10.20)
Change in pension indexation	(0.08)	0.00	(0.08)
Change in salary, YMPE and MPE	(0.23)	0.96	0.73
Change in termination rates	(0.83)	(0.67)	(1.50)
Change in mortality rates	0.58	0.87	1.45
<b>For Plan Year 2017</b>	<b>20.23</b>	<b>17.99</b>	<b>38.22</b>

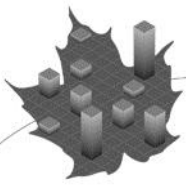
## 2. Projection of Current Service Costs

The current service costs shown in this section are on a plan year basis. Current service costs on a calendar year basis are shown in the Executive Summary.

The current service costs are borne jointly by the parliamentarians and the Government. In accordance with the MPRAA, starting on 1 January 2016, the parliamentarians' contribution rates are set by the Chief Actuary. In fixing contribution rates, the Chief Actuary's objective is to ensure that, as of 1 January 2017, the members' contributions account for 50% of the current service costs.

The following tables show the projected current service costs expressed as a percentage of the expected pensionable payroll and in dollar amounts on a plan year basis, as well as the allocation of the current service costs between the parliamentarians and the government.

<sup>1</sup> The projected pensionable payroll includes the salaries of members aged 71 and over who do not make contributions under the MPRA Account but do contribute under the MPRCA Account. Therefore, the current service costs for the MPRA Account would be higher if expressed as a percentage of the payroll of only the members contributing (ages below 71) under the MPRA Account.



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**Table 11 Current Service Costs on a Plan Year Basis (as a % of pensionable payroll)**

Plan Year	Current Service Cost as a % of pensionable payroll									Ratio of Government to Parliamentarians' Current Service Costs		
	MPRA			MPRCA			Total			MPRA	MPRCA	Total
	Gov.	Parl.	Total	Gov.	Parl.	Total	Gov.	Parl.	Total			
2017	12.88	7.35	20.23	8.63	9.36	17.99	21.51	16.71	38.22	1.75	0.92	1.29
2018	10.58	10.58	21.16	8.83	8.83	17.66	19.41	19.41	38.82	1.00	1.00	1.00
2019	10.73	10.73	21.46	8.68	8.68	17.36	19.41	19.41	38.82	1.00	1.00	1.00
2020	10.84	10.84	21.68	8.72	8.72	17.44	19.56	19.56	39.12	1.00	1.00	1.00
2021	10.97	10.97	21.94	8.78	8.78	17.56	19.75	19.75	39.50	1.00	1.00	1.00

**Table 12 Current Service Costs on a Plan Year Basis (\$ millions)**

Plan Year	Current Service Cost (\$ millions)									Ratio of Government to Parliamentarians' Current Service Costs		
	MPRA			MPRCA			Total			MPRA	MPRCA	Total
	Gov.	Parl.	Total	Gov.	Parl.	Total	Gov.	Parl.	Total			
2017	9.4	5.4	14.8	6.3	6.8	13.1	15.7	12.2	27.9	1.75	0.92	1.29
2018	8.0	8.0	16.0	6.7	6.7	13.4	14.7	14.7	29.4	1.00	1.00	1.00
2019	8.3	8.3	16.6	6.7	6.7	13.4	15.0	15.0	30.0	1.00	1.00	1.00
2020	8.7	8.7	17.4	7.0	7.0	14.0	15.7	15.7	31.4	1.00	1.00	1.00
2021	9.1	9.1	18.2	7.2	7.2	14.4	16.3	16.3	32.6	1.00	1.00	1.00

### 3. Contributions for Prior Service Elections

Parliamentarians and Government contributions for prior service elections were estimated as follows. It is assumed that there would be no new prior service elections in the next three years.

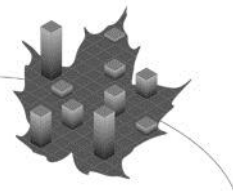
**Table 13 Estimated Contributions for Prior Service  
For each Account  
(Dollars)**

Plan Year	MPRA		MPRCA	
	Government	Parliamentarians	Government	Parliamentarians
2017	90,500	51,700	18,500	20,100
2018	53,400	53,400	15,600	15,600
2019	49,400	49,400	10,600	10,600
2020	49,100	49,100	9,800	9,800
2021	43,700	43,700	5,600	5,600

### 4. Debits and Credits

It is expected that the government will amortize the MPRA Account shortfall of \$39.0 million through a one-time special credit to the MPRA Account of \$40.7 million as at 31 March 2018.





## 5. Administrative Expenses

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

## D. Summary of Estimated Government Cost

The following table summarizes the estimated total government cost on a plan year basis.

**Table 14 Estimated Total Government Cost**  
(\$ millions)

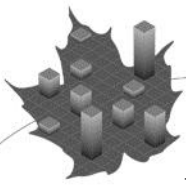
Plan Year	Current Service Cost		Special Credits/(Debits)		Prior Service Contributions		Total Government Cost	
	MPRA	MPRCA	MPRA	MPRCA	MPRA	MPRCA	MPRA	MPRCA
2017	9.4	6.3	0.0	0.0	0.1	0.0	9.5	6.3
2018	8.0	6.7	40.7	0.0	0.1	0.0	48.8	6.7
2019	8.3	6.7	0.0	0.0	0.0	0.0	8.3	6.7
2020	8.7	7.0	0.0	0.0	0.0	0.0	8.7	7.0
2021	9.1	7.2	0.0	0.0	0.0	0.0	9.1	7.2

## E. Sensitivity to Variation in Longevity Improvement Factors

This valuation assumes that the current mortality rates applicable to members of the Plan will improve over time based on the mortality improvement scale CPM-B that was developed by the Canadian Institute of Actuaries. The following table measures the effect of varying the longevity improvement assumptions on the plan year 2017 current service cost and the liabilities as at 31 March 2016.

**Table 15 Sensitivity to Variation in Longevity Improvement Factors**

Longevity improvement	Total Current Service Cost (as a % of pensionable payroll)		Actuarial Liability (\$ millions)				Life Expectancy of a Plan Member aged 65 as at 31 March 2016	
	2017	Effect	MPRA Account	MPRCA Account	MPRA Account	MPRCA Account	Male	Female
Current basis	38.22	-	542.3	-	387.5	-	23.5	25.0
- if 0%	36.60	(1.62)	523.2	(19.1)	374.1	(13.4)	22.2	23.9
- if ultimate 50% higher	38.61	0.39	545.6	3.3	390.2	2.7	23.8	25.3
- if ultimate 50% lower	37.82	(0.40)	539.0	(3.3)	385.1	(2.4)	23.3	24.9
- if kept at 2016 level	38.88	0.66	547.0	4.7	391.7	4.2	24.0	25.3



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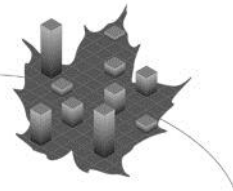
### F. Sensitivity to Variation in Key Economic Assumptions

The results below measure the effect on the plan year 2017 current service cost and the actuarial liabilities as at 31 March 2016 if key economic assumptions are varied by one percentage point per annum from plan year 2017 onward.

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

**Table 16 Sensitivity to Variations in Key Economic Assumptions**

Assumption(s) Varied	Current Service Cost (as a % of pensionable payroll)		MPRA Account (\$ millions)		MPRCA Account (\$ millions)	
	2017	Effect	Actuarial Liabilities	Effect	Actuarial Liabilities	Effect
<b>Current basis</b>	<b>38.22</b>	-	<b>542.3</b>	-	<b>387.5</b>	-
Interest rates						
- if 1% higher	31.15	(7.07)	482.8	(59.5)	340.1	(47.4)
- if 1% lower	47.76	9.54	615.4	73.1	447.1	59.6
Pension Indexing						
- if 1% higher	43.48	5.26	608.4	66.1	439.1	51.6
- if 1% lower	33.97	(4.25)	486.9	(55.4)	345.3	(42.2)
Salary, YMPE and MPE						
- if 1% higher	40.74	2.52	545.9	3.6	391.0	3.5
- if 1% lower	35.99	(2.23)	539.0	(3.3)	384.6	(2.9)
All economic assumptions						
- if 1% higher	37.18	(1.04)	540.4	(1.9)	384.6	(2.9)
- if 1% lower	39.33	1.11	544.3	2.0	391.0	3.5



### **III. Actuarial Opinion**

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

- the valuation input data on which the valuation is based are sufficient and reliable for the purposes of the valuation;
- the assumptions that have been used are, individually and in aggregate, appropriate for the purposes of the valuation;
- the methodology employed is appropriate for the purposes of the valuation; and
- this report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

In particular, this report was prepared in accordance with the Standards of Practice (General Standards and Practice – Specific Standards for Pension Plans) published by the Canadian Institute of Actuaries.

To the best of our knowledge, after discussions with the Treasury Board of Canada Secretariat, there were no subsequent events between the valuation date and the date of this report that would materially impact the results of the actuarial valuation report.

The payment of accrued pension benefits being the responsibility of the government, the likelihood of the plan being wound-up and its obligation not being fulfilled is practically nonexistent; also the Act does not define the benefits payable upon wind-up. Therefore, a hypothetical wind-up valuation has not been performed.

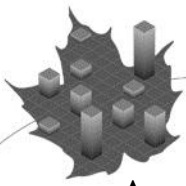
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Jean-Claude Ménard, F.S.A., F.C.I.A.  
Chief Actuary  
Office of the Chief Actuary

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Laurence Frappier, F.S.A., F.C.I.A.  
Senior Actuary  
Office of the Chief Actuary

Ottawa, Canada  
13 September 2017



## Appendix 1 – Summary of Plan Provisions

The *Members of Parliament Retiring Allowances Act* (MPRAA) governs pension arrangements for parliamentarians, that is, members of the Senate, members of the House of Commons and the Prime Minister. Under the MPRAA, the pension plan for the Members of Parliament (the Plan) also provides a survivor allowance for eligible spouses and children. Benefits may be modified by the *Pension Benefits Division Act* if there is a breakdown in spousal union.

The plan provisions as they stand as at 31 March 2016 are summarized in this Appendix. Since the previous valuation as at 31 March 2013, amendments were made to the MPRAA as follows:

- Provisions were added to exclude periods of suspension from pensionable service;
- Provisions were added to prevent the Chief Actuary from distinguishing between members of the Senate and members of the House of Commons when setting contribution rates;
- Clarification was provided that the 50% cost sharing ratio objective used by the Chief Actuary in setting contribution rates shall be reached as at 1 January 2017.

The summary of plan provisions presented in this Appendix does not distinguish 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.

The legislation shall prevail if there is a discrepancy between it and this summary.

### A. Membership

Membership in the Plan is compulsory for all parliamentarians.

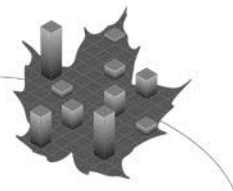
### B. Contributions

#### 1. Parliamentarians' Contributions

Starting in January 2013, parliamentarians' contribution rates for those who had not reached the maximum pension accrual defined under the MPRAA began increasing in order to move toward an employer-member cost-sharing ratio of 50:50 by 2017. The increase was phased in over three years, with contribution rates rising by 1% of salary in January 2013 to 8%; by 1% in January 2014 to 9%; and by 1% in January 2015 to 10%.

Starting on 1 January 2016, the contribution rates for parliamentarians who have not reached the maximum pension accrual are set by the Chief Actuary. In fixing contribution rates, the Chief Actuary's objective is to ensure that, as of 1 January 2017, the members' contributions account for 50% of the current service costs.

The following table shows the parliamentarians' contribution rates for those who have not reached the maximum pension accrual for calendar years 2012 to 2020. The contribution rates presented below are combined contribution rates. In effect, starting on 1 January 2016, parliamentarians pay a lower contribution rate for the portion of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) and a higher contribution rate for



pensionable earnings over the YMPE. Furthermore, contributions are split between the MPRA Account and the MPRCA Account based on the maximum pensionable earnings applicable in each calendar year as well as the parliamentarian’s age. Detailed information on the contribution rates applicable for calendar years after 2016 are presented in Appendix 2.

**Table 17 Parliamentarians’ Contribution Rates (before reaching maximum pension accrual)**  
(as a % of total pensionable payroll)

Calendar Year	
2012	7.00
2013	8.00
2014	9.00
2015	10.00
2016	15.79
2017	19.48
2018	19.41
2019	19.52
2020	19.70

Plan members make contributions on their sessional indemnities based on the rates shown above, until they reach the maximum benefit accrual rate of defined under the MPRAA. Once they have reached that maximum, the contribution rate drops to 1% of salary for the remainder of their service.

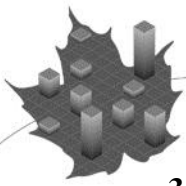
Some plan members, such as the speakers, Cabinet ministers, leaders of the opposition and parliamentary secretaries, receive additional allowances and salaries. They make contributions on these additional amounts based on the rates indicated above.

Any parliamentarian can decide to contribute for prior service in Parliament based on the contribution rates applicable at the time of the election and applicable interest.

In addition to the contributions made as a parliamentarian described above, the member who holds the office of Prime Minister must contribute on his salary received as Prime Minister based on the rates shown in Table 17.

**2. Government Contributions**

On a monthly basis, the Government is required to credit 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. Starting on 1 January 2017, the members and the Government will share the current service costs of the Plan equally.



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### 3. Interest

Every quarter, the Government credits interest on the balance of each account at the rate prescribed in the MPRAA. Starting 1 January 2013, the interest rate to be credited to the MPRA Account and the MPRCA Account is the effective quarterly rate derived from the valuation interest rate used in the most recently tabled valuation report.

### 4. Actuarial Excess (Shortfall)

The President of the Treasury Board has the authority to, on the basis of actuarial advice, debit amounts from the MPRA and/or the MPRCA Accounts if there is an excess of the balance of the account over the actuarial liability. Conversely, if an actuarial shortfall is identified, the MPRA and MPRCA Accounts must be credited with such amounts which, in the opinion of the President of the Treasury Board on the basis of actuarial advice, will be necessary to meet the total costs of all allowances and other benefits payable under the Plan.

## C. Summary Description of Benefits

The objective of the Plan is to provide an employment earnings-related lifetime retirement pension to eligible members. Benefits to members in case of disability and to the spouse and children in case of death are also provided. Once in pay, the pension is indexed annually with the Consumer Price Index; however, indexation payments are deferred until age 60. Indexation also applies to deferred pensions during the deferral period.

### 1. Service prior to 1 January 2016

For service prior to 1 January 2016, the benefit accrual rate on the sessional indemnity for Senators is 3% per year of service, to a maximum of 75% of the average sessional indemnity; and the benefit accrual rate on the sessional indemnity for members of the House of Commons, to a maximum of 75% of the average sessional indemnity, is as follows:

- 3% per year of service effective January 1, 2001;
- 4% per year of service from 13 July 1995, to 31 December 2000;
- 5% per year of service up to and including July 12, 1995.

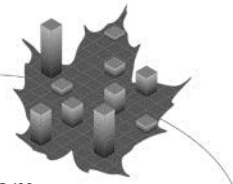
Benefit accrual rates on additional allowances and salaries for both the members of the House of Commons and the Senate are based on the following accrual rates, with a pro-rata applied on these rates if the additional allowances and salaries are different from the sessional indemnity received in that year:

- 3% per year of service effective January 1, 2001;
- 4% per year of service from 13 July 1995, to 31 December 2000;
- 5% per year of service up to and including July 12, 1995.

There is no limit on benefit accruals on additional allowances and salaries.

The retirement allowance payable to eligible members is based on the parliamentarian's average sessional indemnity for the best five years<sup>1</sup> of pay and the combined accrual rates

<sup>1</sup> Was based on best six consecutive years of pay prior to 1 January 2001,



on sessional indemnity and additional allowances and salaries. It is payable starting from age 55 with no applicable early retirement reduction.

Historical accrual rates and how they are split between the MPRA Account and the MPRCA Account are presented in Appendix 9.

## **2. Service on or after 1 January 2016**

For service on or after 1 January 2016 and subject to coordination with the pensions paid by the Canada Pension Plan (CPP) or the Québec Pension Plan (QPP), the retirement allowance is 3% of the highest average of annual pensionable earnings over any period of five consecutive years, multiplied by the number of years of pensionable service, to a maximum of 75% of the average annual pensionable earnings.

The retirement allowance for service after 1 January 2016 is payable from age 65. However, a parliamentarian may elect to receive a reduced retirement allowance from age 55.

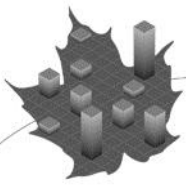
## **3. Prime Minister's Allowance**

Prime Ministers are also entitled to a retirement allowance based on salary and service as Prime Minister.

For a member who has held the office of Prime Minister for four years before 6 February 2006, the annual amount of retirement allowance, payable from the day on which a Prime Minister ceases to be a parliamentarian or reaches 65 years of age, whichever is later, is equal to two-thirds of the annual salary payable to the Prime Minister on the day on which the retirement allowance is payable.

For a member who has held the office of Prime Minister for four years after 6 February 2006, the annual amount of retirement allowance, payable from the day on which a Prime Minister ceases to be a parliamentarian or reaches 67 years of age, whichever is later, is equal to 3% of the salary payable under the *Salaries Act* to the Prime Minister as Prime Minister on day where the retirement allowance becomes payable multiplied by the number of years and portions of years that the member held the office of Prime Minister.

More detailed information on benefits payable in case of termination, disability or death is provided below. Detailed notes on the following overview are provided in the following section.



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Type of Termination	Benefit
<b>Parliamentarians</b>	
<b>Retirement with less than six years of service</b>	Return of contributions (Note 17)
<b>Retirement with six or more years of service</b>	
• Service up to and including 12 July 1995	Immediate allowance (Note 9)
• Service from 12 July 1995 to 31 December 2015	Deferred allowance to age 55 (Note 10)
• Service after 1 January 2016	Deferred allowance to age 65 (Note 10)
<b>Compulsory retirement because of misconduct</b>	Return of contributions (Note 19)
<b>Disability</b>	Immediate allowance (Note 14)
<b>Death leaving no eligible survivor</b>	Minimum benefit (Note 18)
<b>Death leaving eligible survivors (Notes 15 and 16)</b>	Survivor allowance(s) (Note 13)
<b>Prime Minister<sup>1</sup></b>	
<b>Retirement with less than four years as Prime Minister</b>	Return of contributions (Note 17)
<b>Retirement with four or more years as Prime Minister</b>	
• Four years of service prior to 6 February 2006	Deferred allowance to age 65 (Note 10)
• Four years of service after 6 February 2006	Deferred allowance to age 67 (Note 10)
<b>Death leaving no eligible survivor</b>	Minimum benefit (Note 18)
<b>Death leaving eligible survivors (Notes 15 and 16)</b>	Survivor allowance(s) (Note 13)

## Explanatory Notes

### 1. Sessional Indemnity

#### • Member of the House of Commons

This is the remuneration of a Member provided pursuant to section 55 or 55.1 of the *Parliament of Canada Act*. The annual sessional indemnity at 1 April 2016 for Members of the House of Commons is \$170,400. Thereafter the sessional indemnity will be increased annually in accordance with an index as described in Appendix 6.

#### • Senator

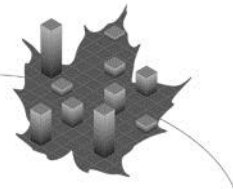
This is the remuneration of a Senator provided pursuant to section 55 or 55.1 of the *Parliament of Canada Act*. The annual sessional indemnity at 1 April 2016 for Senators is \$145,400. Thereafter their sessional indemnity will be the sessional indemnity received by the Members of the House of Commons less \$25,000.

### 2. Pensionable Earnings

With respect to any calendar year, pensionable earnings are equal to the aggregate of the parliamentarian's sessional indemnity and any additional allowances in respect of which contributions have been made to the Plan.

<sup>1</sup> For salary and service as Prime Minister





### 3. Additional Allowance

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

#### Salary

This is the remuneration of a parliamentarian provided pursuant to section 4 or 4.1 of the *Salaries Act* or section 60, 61, 62.1 or 62.2 of the *Parliament of Canada Act*, or payable to a member pursuant to an appropriation Act as a minister of state or a minister without portfolio.

#### Annual Allowance

This is the remuneration of a parliamentarian provided pursuant to section 62 or 62.3 of the *Parliament of Canada Act* or payable to a member pursuant to an appropriation Act as Deputy Chairman or Assistant Deputy Chairman of a committee.

### 4. 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.

### 5. Average Annual Pensionable Earnings

The average annual pensionable earnings for Plan purposes are the average of the annual pensionable earnings during any five-year period of pensionable service selected by the parliamentarian.

### 6. Average Maximum Pensionable Earnings

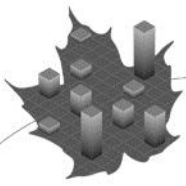
The average maximum pensionable earnings for Plan purposes means the average of the Year's Maximum Pensionable Earnings, as defined in subsection 2(1) of the Canada Pension Plan, for the earlier of the year in which the former member ceased to be a member or the year in which the former member becomes entitled to receive a retirement benefit from the Canada Pension Plan or the Québec Pension Plan, and for the four years preceding that earlier year.

### 7. Years of Pensionable Service

Parliamentarians accumulate years of pensionable based on the contributions on sessional indemnity they make to the Plan. Prior to 1 January 2016, 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. After 1 January 2016, parliamentarians no longer receive additional service for contributions paid on additional allowances. Instead, additional allowances are included in their average annual pensionable earnings calculation.

### 8. 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 in respect of which benefits may be accrued under a registered pension plan during that calendar year within the meaning of the *Income Tax Act* (ITA).



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Starting 1 January 2016, the earnings limit is adjusted to take into consideration the coordination of the retirement allowance payable with the benefits of the Canada Pension Plan or the Québec Pension Plan. The earnings limit was \$151,900 in calendar year 2016 and will be increasing to \$153,100 in calendar year 2017. Thereafter, the earnings limit will be indexed in accordance with the industrial aggregate of average weekly earnings.

### 9. Immediate Allowance

An *immediate allowance* is an unreduced pension payable upon retirement. The annual amount payable is calculated in accordance with note 11.

### 10. Deferred Allowance

A *deferred allowance* is an annuity that becomes payable to a pensioner when he or she reaches a certain age. The annual payment is determined as if it were an immediate annuity (see note 9 above) but is adjusted to reflect the indexation (see note 12) from date of termination to the commencement of annuity payments.

### 11. Retirement Allowances

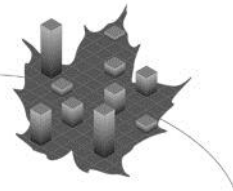
#### (a) Parliamentarians Covered by the Plan

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 related to the MPRA Account is called the basic retirement allowance while the portion of the retirement allowance related to the MPRCA Account is called the retirement compensation allowance.

#### **For service prior to 1 January 2016**

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.



The allocation of the payments between the MPRA and the MPRCA Accounts are described in Tables 52, 53 and 54.

### **For service after 1 January 2016**

The annual amount of retirement allowance (basic retirement allowance plus retirement compensation allowance) is equal to 3% of the parliamentarian's average annual pensionable earnings multiplied by the number of years and portions of years of pensionable service. For retirement allowances payable after age 60, this amount is reduced by a percentage of the person's average maximum pensionable earnings multiplied by the number of years and portions of years of pensionable service up to age 71. The applicable percentage is fixed by the Chief Actuary and is equal to 0.4% as at the date of this valuation report. The aggregate of the basic retirement allowance and the retirement compensation allowance shall not exceed 0.75 of the member's average annual pensionable earnings.

The retirement allowance for service after 1 January 2016 is payable from age 65. However, a parliamentarian may elect to receive a reduced retirement allowance from age 55. The reduction is equal to 1% per year for each year by which the age at pension commencement precedes age 65.

The allocation of the payments between the MPRA and the MPRCA Accounts are described in Table 45.

### **(b) Prime Minister**

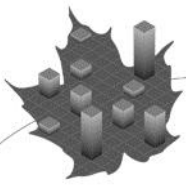
Former Prime Ministers are eligible to receive a retirement compensation allowance if they contributed for at least four years on their salary received as Prime Minister, as described in section B-1.

For a member who held the office of Prime Minister for four years before 6 February 2006, 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 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.

For a member who has held the office of Prime Minister for four years after 6 February 2006, the annual amount of retirement compensation allowance, payable from the day on which a Prime Minister ceases to be a parliamentarian or reaches 67 years of age, whichever is later, is equal to 3% of the salary payable under the *Salaries Act* to the Prime Minister as Prime Minister on the day that the retirement compensation allowance becomes payable multiplied by the number of years and portions of years that the member held the office of Prime Minister.

## **12. Retirement Allowance Indexation**

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



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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.

### 13. 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**

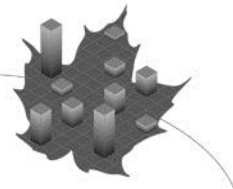
The surviving spouse benefit is an allowance equal to three-fifths of the retirement allowance. If there is more than one surviving spouse, the person who was married to the parliamentarian receives three-fifths of the retirement allowance less the amount payable to the person who was cohabiting with the parliamentarian in a relationship of a conjugal nature. The latter 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**

The surviving spouse benefit is 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, in the case of a member who has held the office of Prime Minister before 6 February 2006, or 67 years of age otherwise. 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. The latter amount is equal to one-half of the retirement allowance multiplied by the following ratio: the number of years the survivor cohabited with the parliamentarian divided by the number of years that the member was a parliamentarian.

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



## 14. Disability Benefit

### (a) Where the parliamentarian 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 parliamentarian has reached 65 years of age when that parliamentarian 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 the MPRCA Accounts. These 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.

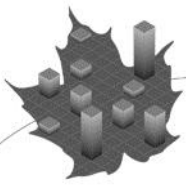
- The parliamentarian who does not elect to receive the disability allowance mentioned above is entitled to receive the retirement allowance that is immediately payable to that parliamentarian<sup>1</sup>.

## 15. 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.

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<sup>1</sup> 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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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.

### **16. 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.

### **17. 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.

### **18. 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.

### **19. Compulsory Retirement as a Result of Misconduct**

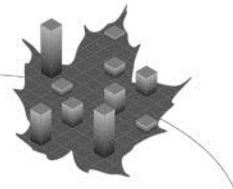
In the case of compulsory retirement because of misconduct, the contributor is entitled to a return of contributions<sup>1</sup> plus interest.

### **20. 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.

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<sup>1</sup> 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.

**21. 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.

**22. Suspension of Allowance**

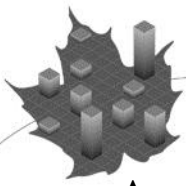
An allowance payable to a pensioner is suspended for the whole month during any part of which such person is a Senator or a Member of the House of Commons.

**23. 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.

**24. 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).



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### Appendix 2 – Contribution Rates after 1 January 2016

The current service costs are borne jointly by the parliamentarians and the Government. Parliamentarians make required contributions in accordance with the applicable required contribution rate with the Government covering the balance of the current service cost. Starting 1 January 2016, the contribution rates are set by the Chief Actuary with the objective that, as of 1 January 2017, the total amount of contributions to be paid by members will represent 50% of the current service cost of the Plan.

The following tables show the contribution rates for parliamentarians (including the Prime Minister) not having reached the maximum pension accrual defined under the MPRAA for calendar years 2018, 2019 and 2020. For illustrative purposes, the contribution rates for calendar year 2017 are also presented.

**Table 18 Parliamentarians' Contribution Rates (before reaching maximum pension accrual)  
(as a % of pensionable payroll)**

MPRA						
Calendar Year	Under Age 71				Ages 71 and Above	Combined <sup>1</sup>
	Below YMPE	YMPE to MPE	Above MPE	Combined <sup>2</sup>		
2017 <sup>3</sup>	11.15	14.24	0.00	10.99	0.00	10.37
2018	11.13	14.22	0.00	11.24	0.00	10.69
2019	11.19	14.29	0.00	11.35	0.00	10.81
2020	11.30	14.43	0.00	11.50	0.00	10.94

MPRCA						
Calendar Year	Under Age 71				Ages 71 and Above	Combined <sup>1</sup>
	Below YMPE	YMPE to MPE	Above MPE	Combined <sup>2</sup>		
2017 <sup>3</sup>	6.36	6.36	19.48	8.49	19.48	9.11
2018	6.31	6.31	19.41	8.17	19.41	8.72
2019	6.35	6.35	19.52	8.17	19.52	8.71
2020	6.40	6.40	19.70	8.20	19.70	8.76

TOTAL						
Calendar Year	Under Age 71				Ages 71 and Above	Combined <sup>1</sup>
	Below YMPE	YMPE to MPE	Above MPE	Combined <sup>2</sup>		
2017 <sup>3</sup>	17.51	20.60	19.48	19.48	19.48	19.48
2018	17.44	20.53	19.41	19.41	19.41	19.41
2019	17.54	20.64	19.52	19.52	19.52	19.52
2020	17.70	20.83	19.70	19.70	19.70	19.70

<sup>1</sup> If expressed as a percentage of the total pensionable payroll.

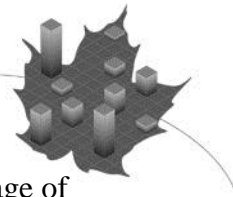
<sup>2</sup> If expressed as a percentage of the pensionable payroll of members under the age of 71.

<sup>3</sup> Fixed by the Chief Actuary and based on best-estimate economic assumptions at the time they were set as well as demographic assumptions and projected membership data from the Actuarial Report on the Plan as at 31 March 2013.

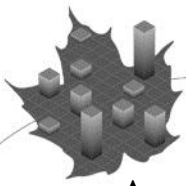


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Upon reaching the maximum pension accrual defined under the MPRAA, members under the age of 71 will contribute 1% of pensionable earnings up to the MPE to the MPRA Account and 1% of pensionable earnings above the MPE to the MPRCA Account. Members ages 71 and above who have reached the maximum pension accrual will contribute 1% of pensionable earnings to the MPRCA Account.



### **Appendix 3 – Recorded Account Balances**

#### **A. MPRA and MPRCA Accounts**

Two accounts are maintained in the Public Accounts of Canada to record transactions under the Plan: the Members of Parliament Retiring Allowances (MPRA) Account and the Members of Parliament Retirement Compensation Arrangements (MPRCA) Account. No formal debt instrument has been issued to the Accounts by the government in recognition of the amounts therein.

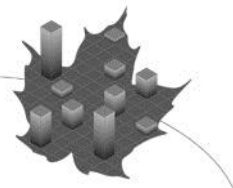
The MPRA Account records the transactions related to the benefits payable under the Plan when these benefits are permitted under the *Income Tax Act* for registered pension plans. The MPRCA Account records the transactions related to the benefits payable under the Plan when the benefits exceed the limits established by the *Income Tax Act*.

At the end of each quarter, the Government credits interest on the balance of each account at the beginning of the quarter based on the rate prescribed in the MPRAA. Starting 1 January 2013, the interest rate to be credited to the MPRA Account and the MPRCA Account is the effective quarterly rate derived from the valuation interest rate used in the most recently tabled valuation report. The interest rates credited during the intervalation period are presented in the following table.

Plan Year	Effective Quarterly Rate
2014 (first three quarters)	1.230%
2014 (fourth quarter)	1.034%
2015 (first three quarters)	1.082%
2015 (fourth quarter)	0.839%
2016	1.010%

The MPRCA Account is registered with the Canada Revenue Agency (CRA). Transactions are recorded annually between the MPRCA Account and the CRA either to debit a 50% refundable tax in respect of the net contributions and interest credits or to credit a reimbursement based on the net benefit payments.

The following tables show the reconciliation of the recorded balances in the MPRA and MPRCA Accounts between the last valuation date and the current valuation date. Since the last valuation, the MPRA Account recorded balance has decreased by \$253.5 million to reach \$502.3 million as at 31 March 2016, and the MPRCA Account recorded balance has increased by \$4.6 million to reach \$248.6 million as at 31 March 2016.



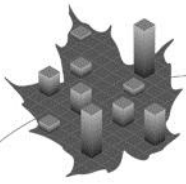
**Table 19 Reconciliation of Recorded Balances in the MPRA Account**  
(\$ millions)

Plan Year	MPRA Account			
	2014	2015	2016	2014-2016
Opening balance	755.8	496.5	501.0	755.8
<b>RECEIPTS AND OTHER CREDITS</b>				
Member contributions	2.0	2.0	2.7	6.7
Government contributions	8.9	8.8	8.5	26.2
Interest	36.1	20.4	20.3	76.8
<i>Subtotal</i>	<i>47.0</i>	<i>31.2</i>	<i>31.5</i>	<i>109.7</i>
<b>PAYMENTS AND OTHER CHARGES</b>				
Actuarial adjustment <sup>1</sup>	280.0	0.0	0.0	280.0
Annual allowances	26.3	26.7	27.5	80.5
Return of contributions	0.0	0.0	2.1	2.1
Pension division payments	0.0	0.0	0.6	0.6
<i>Subtotal</i>	<i>306.3</i>	<i>26.7</i>	<i>30.2</i>	<i>363.2</i>
Closing balance	496.5	501.0	502.3	502.3

**Table 20 Reconciliation of Recorded Balances in the MPRCA Account**  
(\$ millions)

Plan Year	MPRCA Account			
	2014	2015	2016	2014-2016
Opening balance	244.0	224.4	237.8	244.0
<b>RECEIPTS AND OTHER CREDITS</b>				
Member contributions	3.4	4.2	5.0	12.6
Government contributions	17.5	17.1	14.5	49.1
Interest	11.9	9.4	9.9	31.2
<i>Subtotal</i>	<i>32.8</i>	<i>30.7</i>	<i>29.4</i>	<i>92.9</i>
<b>PAYMENTS AND OTHER CHARGES</b>				
Actuarial adjustment <sup>1</sup>	30.0	0.0	0.0	30.0
Annual allowances	12.4	13.0	14.3	39.7
Return of contributions	0.0	0.0	3.4	3.4
Pension division payments	0.0	0.0	0.5	0.5
Refundable tax to CRA	10.0	4.3	0.4	14.7
<i>Subtotal</i>	<i>52.4</i>	<i>17.3</i>	<i>18.6</i>	<i>88.3</i>
Closing balance	224.4	237.8	248.6	248.6

<sup>1</sup> Amounts debited as at 31 March 2014 as per the recommendation in the Actuarial Report Updating the Actuarial Report on the Pension Plan for the Members of Parliament as at 31 March 2010 tabled before Parliament on 31 May 2013.



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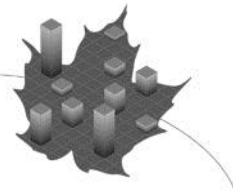
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### **B. Refundable Tax Account**

Transactions are recorded annually between the MPRCA Account and the CRA either to debit the 50% refundable tax in respect of the net contributions and interest credits, or to credit a reimbursement based on the net benefit payments. During the intervalation period, the MPRCA Account recorded a debit for the refundable tax to CRA of \$14.7 million. The recorded account balance of the Refundable Tax Account as at 31 March 2016 is \$252.7 million.

### **C. Sources of Recorded Account Balances Data**

The Account entries shown in section A 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 Account balances of the Plan as at 31 March 2016.



## **Appendix 4 – Membership Data**

### **A. Sources of Membership Data**

The Human Resources Directorate of the Senate provided seriatim records comprising of valuation data on Senators. The Pension Services Division of Public Service and Procurement Canada provided similar records for Members of the House of Commons and for the Prime Minister.

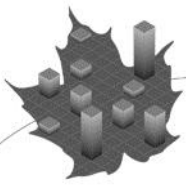
### **B. Validation of Membership Data**

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. Summary of Membership Data**

The following tables, derived from the basic data, show pertinent information regarding parliamentarians, pensioners and survivors during the period from April 2013 to March 2016. Relevant detailed statistics on parliamentarians, pensioners and survivors are shown in Appendix 7.



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**Table 21 Summary of Membership Data**

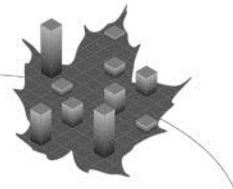
	As at 31 March 2016	As at 31 March 2013
<b>Parliamentarians</b>		
Number	419	410
Average Sessional Indemnity and Additional Allowance for the Following Year	\$176,600	\$165,200
Average Age	53.9	54.6
Average Service	5.5	6.7
<b>Pensioners In Pay<sup>1,2</sup></b>		
Number	597	557
Average Annual Pension In Pay	\$64,200	\$62,200
Average Age	73.0	71.9
<b>Deferred Pensioners<sup>1</sup></b>		
Number	56	30
Average Annual Deferred Pension	\$51,300	\$41,300
Average Age	47.6	47.3
<b>Eligible Surviving Spouses</b>		
Number	155	164
Average Annual Pension	\$33,800	\$31,500
Average Age	79.7	79.0
<b>Eligible Surviving Children</b>		
Number	5	8
Average Annual Pension	\$8,400	\$3,600

**Table 22 Reconciliation of Membership**

	Parliamentarians	Pensioners In Pay <sup>1,2</sup>	Deferred Pensioners <sup>1</sup>	Surviving Spouses	Surviving Children
As at 31 March 2013	410	557	30	164	8
Data corrections		(1)		2	
New parliamentarians	216				
Return to Parliament	10	(5)	(5)		
Terminations					(4)
Annual immediate allowances	(81)	90	(9)		
Annual deferred allowances	(40)		40		
Lump sum benefit	(92)				
Emerging survivors				21	
Emerging surviving children					1
Deaths	(4)	(44)		(32)	
As at 31 March 2016	419	597	56	155	5

<sup>1</sup> In the prior valuation, pensioners in pay and deferred pensioners were combined in one group of pensioners. For comparison purposes with this valuation, the group of pensioners from the prior valuation was split into two groups.

<sup>2</sup> Includes pensioners receiving remuneration as a federal Government employee (refer to subsection F-2 of Appendix 6).



## Appendix 5 – Methodology

### A. Recorded Account Balances

The recorded account balances consist of the balance in the MPRA and MPRCA Accounts, the Refundable Tax Account recorded by the Canada Revenue Agency and the present value, discounted in accordance with the actuarial assumptions, of all future parliamentarians' contributions and Government credits in respect of prior service elections. The Accounts record the transactions for the Plan, meaning that no debt instrument has been issued to the Accounts by the government in recognition of the amounts therein.

### B. Actuarial Cost Method

As benefits earned in respect of current service will not be payable for many years, the purpose of an actuarial cost method is to assign costs over the working lifetime of the members.

As in the previous valuations, the *projected accrued benefit actuarial cost method* (also known as the projected unit credit method) was used to determine the current service cost and actuarial liability. Consistent with this cost method, pensionable earnings are projected up to retirement using the assumed annual increases in parliamentarians' remuneration. The yearly maximum salary cap and other benefit limits under the *Income Tax Act* described in Appendix 1 were taken into account to determine the benefits payable under the MPRA Account and those payable under the MPRCA Account.

#### 1. Current Service Cost

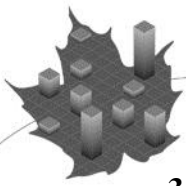
Under the *projected accrued benefit actuarial cost method*, the current service cost, also called normal cost, computed in respect of a given year is the sum of the value, discounted in accordance with the actuarial assumptions, of all future payable benefits considered to accrue in respect of that year's service.

Under this method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost for the total population, expressed as a percentage of total pensionable payroll, can be expected to remain stable as long as the average age and service of the total population remains constant.

The government current service cost is the total current service cost reduced by the members' contributions. In accordance with the MPRAA, starting on 1 January 2016, the parliamentarians' contribution rates are set by the Chief Actuary. In fixing contribution rates, the Chief Actuary's objective is to ensure that, as of 1 January 2017, the members' contributions account for 50% of the current service costs.

#### 2. Actuarial Liability

The actuarial liability with respect to parliamentarians corresponds to the value, discounted in accordance with the actuarial assumptions, of all future payable benefits accrued as at the valuation date in respect of all previous service. For pensioners and survivors, the actuarial liability corresponds to the value of future payable benefits discounted in accordance with the actuarial assumptions.



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### 3. Actuarial Excess (Shortfall)

It is unlikely that the actual experience will conform to the assumptions that underlie the actuarial estimates. Thus, a balancing item must be calculated under this cost method to estimate the necessary adjustments. Adjustments may also be necessary if the terms of the pension benefits enacted by legislation are modified or if assumptions need to be updated.

The actuarial excess or shortfall is the difference between the recorded account balances and the actuarial liability. If the President of the Treasury Board is of the opinion, based on actuarial advice, that the recorded account balances are in excess of the actuarial liabilities for one or both of the Accounts, there may be debited from that (those) Account(s), at the time and in the manner determined by the President, an amount specified by the President.

Conversely, if an actuarial shortfall is identified, the MPRA and MPRCA Accounts must be credited with such amounts which, in the opinion of the President of the Treasury Board on the basis of actuarial advice, will be necessary to meet the total costs of all allowances and other benefits payable under the Plan.

### 4. Government Contributions

The government contribution corresponds to the sum of:

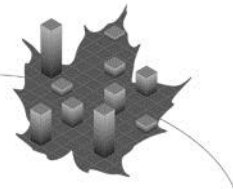
- a) the government current service cost;
- b) the government contributions for prior service; and
- c) as applicable, special credits/debits in respect of an actuarial shortfall/excess.

### C. Membership Data

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

The member data shown in Appendices 4 and 7 were provided as at 31 March 2016. This valuation is based on the member data as at the valuation date.





## Appendix 6 – Actuarial Assumptions

The payment of accrued pension benefits is the responsibility of the government, therefore the likelihood of the plan being wound-up and its obligation not being fulfilled is practically nonexistent. Consequently, all assumptions used in this report are best-estimate assumptions which reflect our best judgement of the future long-term experience of the Plan and do not include margins for adverse deviations.

### A. Inflation-Related Assumptions

#### 1. Level of Inflation

Price increases, as measured by changes in the Consumer Price Index (CPI), tend to fluctuate from year to year. In 2016, the Bank of Canada and the Government renewed their commitment to keep inflation between 1% and 3% until the end of 2021. However, with the level of inflation currently lower than the 2% target, it is assumed that the level of inflation will increase from 1.6% in 2017 to its ultimate rate of 2.0% in 2018. The ultimate rate of 2.0% is unchanged from the assumed rate in the previous valuation.

#### 2. Pension Indexing

The year's pension indexing factor is required in the valuation process by virtue of its role in maintaining the purchasing power of pensions. It was derived by applying the indexation formula described in Appendix 1, which relates to the assumed Consumer Price Index increases over successive 12-month periods ending on 30 September.

### B. Employment Earnings Increase

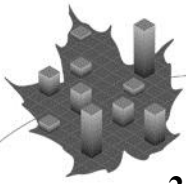
#### 1. Increase in the Year's Maximum Pensionable Earnings (YMPE)

The YMPE is required in the valuation process because the Plan is coordinated with the Canada Pension Plan. The assumed increase in the YMPE for a given calendar year is derived, in accordance with the Canada Pension Plan, to correspond to the increase in the average weekly earnings (AWE), as calculated by Statistics Canada, over successive 12-month periods ending on 30 June. The AWE, and thus the YMPE, is deemed to include a component for seniority and promotional increases. The YMPE is equal to \$55,300 for calendar year 2017. Future increases in the YMPE correspond to the assumed real<sup>1</sup> increase in the AWE plus assumed increases in the CPI.

The real-wage differential is developed taking into account historical trends, a possible labour shortage and an assumed moderate economic growth for Canada. Thus, a real-wage differential of 0.6% is assumed for 2018, and is assumed to gradually increase to the ultimate assumption of 1.1% by 2024 (1.2% by 2021 in the previous valuation). The ultimate real-wage differential assumption combined with the ultimate price increase assumption results in an assumed annual increase in nominal wages of 3.1% in 2024 and thereafter. Thus, the ultimate rate of increase for the YMPE is 3.1%, resulting from a 1.1% increase in the real AWE and a 2.0% increase in the CPI.

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<sup>1</sup> Note that all of the real rates of return referred to in this report are real-return differentials. This differs from the technical definition of the real rate of returns, which, in the case of the ultimate real valuation rate assumption, would be 2.6% (derived from  $1.047/1.02$ ).



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### 2. **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 period 2006-2017<sup>1</sup>, the actual annual increases in the sessional indemnity were, on average, 0.4% less than the YMPE increases. Therefore, sessional indemnity increases for members of the House of Commons are assumed to be, ultimately, 0.4% less than the increases in the YMPE. In the previous valuation, they were assumed to be, ultimately, 0.8% less than the increases in the YMPE.

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

Additional allowances payable to members of the House of Commons and Senators are assumed to increase at the same rate as the sessional indemnity.

### 3. **Maximum Pensionable Earnings (MPE) Increase**

The MPE is part of the valuation process since the benefits accrued in relation to pensionable earnings in excess of the MPE are provided through the MPRCA Account. Since the Plan is coordinated with the Canada Pension Plan, the MPE was derived from both the maximum annual pension accrual under a registered defined benefit plan and the YMPE. The maximum annual pension accrual of \$2,890.00 for calendar year 2016 will increase to \$2,914.44 for calendar 2017, in accordance with Income Tax Regulations. Thereafter, the maximum annual pension accrual increases in accordance with the increase in the YMPE.

The coordination factor in the MPRA Account is 0.266%. The MPE is therefore \$151,900 for calendar year 2016 and \$153,100 for calendar year 2017.

## C. **Valuation Interest Rates**

Valuation interest rates are required for the computation of the present value of benefits to determine the Plan's actuarial liabilities and the current service costs. Since benefits paid from the MPRA Account and the MPRCA Account are paid with borrowed money (i.e. there are no invested assets), the actuarial liabilities and current service costs are valued using the government's long term cost of borrowing.

The government's real cost of borrowing is equal to the new money rate less the assumed rate of inflation. The new money rate is the nominal yield on 10-year-plus Government of Canada bonds and is set for each year in the projection period.

Recognizing recent experience, the annual real yield on 10-year-plus federal bonds is assumed to be 0.3% in plan year 2017, and is assumed to increase gradually to its ultimate level of 2.7% first attained in plan year 2028. This increase is consistent with the average of private sector forecasts. The real yield on 10-year-plus bonds is based on historical yields. The ultimate real yield was 3.1% in the previous valuation.

<sup>1</sup> Excluding the years in which the sessional indemnity was frozen at \$157,731.



The resulting assumed valuation interest rate in plan year 2017 is 1.9%, gradually increasing to its ultimate value of 4.7% in plan year 2028.

In prior actuarial valuations, the valuation interest rate used for the MPRCA Account was half of the interest rate used for the MPRA Account. For this valuation, the valuation interest rate assumption for the MPRCA account is the same as the one used for the MPRA Account. More details are provided in Section II.

**D. Summary of Economic Assumptions**

The economic assumptions used in this report are summarized in the following table.

**Table 23 Economic Assumptions<sup>1</sup>**  
(Percentage)

Plan Year	Inflation		Employment Earnings Increase			Interest
	CPI Increase <sup>2</sup>	Pension Indexing <sup>3</sup>	YMPE <sup>3</sup>	MPE <sup>3</sup>	Remuneration for House of Commons members <sup>4</sup>	Valuation Rate
2017	1.6	<b>1.3</b>	<b>0.8</b>	<b>0.8</b>	<b>1.8</b>	1.9
2018	2.0	1.9	2.6	2.6	<b>1.3</b>	2.4
2019	2.0	2.0	2.7	2.7	2.3	2.9
2020	2.0	2.0	2.8	2.8	2.4	3.3
2021	2.0	2.0	2.9	2.9	2.6	3.5
2022	2.0	2.0	3.0	3.0	2.7	3.8
2023	2.0	2.0	3.0	3.0	2.7	4.0
2024	2.0	2.0	3.1	3.1	2.7	4.1
2025	2.0	2.0	3.1	3.1	2.7	4.3
2026	2.0	2.0	3.1	3.1	2.7	4.5
2027	2.0	2.0	3.1	3.1	2.7	4.6
2028+	2.0	2.0	3.1	3.1	2.7	4.7

As a reference, for the period ending December 2015, the following table was prepared based on the Canadian Institute of Actuaries Report on Canadian Economic Statistics 1924-2015.

Period of Years Ending December 2015	15	25	50
Level of Inflation	1.8%	1.9%	4.1%
Real Increases in Average Earnings	0.7%	0.5%	0.8%
Real Yield of Long-Term Canada Bonds	2.1%	3.4%	3.2%
Real Return on Long-Term Canada Bonds	5.1%	7.0%	4.0%

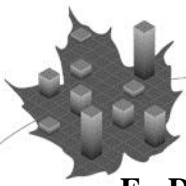
<sup>1</sup> Bold denotes actual figures.

<sup>2</sup> Assumed to be effective during the plan year.

<sup>3</sup> Assumed to be effective as at 1 January.

<sup>4</sup> Assumed to be effective as at 1 April.

Members of the Senate remuneration is derived by applying the formula described in Appendix 1.



## **E. 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 past experience to the extent that it was deemed credible.

### **1. New Parliamentarians**

For the members of the House of Commons, the number of future new entrants was determined so that the number of members would remain constant in the future at 337. For the Senate, the appointments and departures that took place in plan year 2017 are reflected such that the number of members of the Senate as at 31 March 2017 is projected to be 99. The number of new entrants in the Senate after 31 March 2017 was determined so that the number of members would remain constant in the future at 99.

The assumed age distribution of the new parliamentarians was changed for this valuation. The assumed age distribution of the new members of both the House of Commons and the Senate is based on the Plan's 2000-2016 experience.

### **2. 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 and so forth. 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.

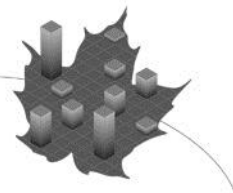
### **3. Rates of Termination**

Termination means withdrawing with a return of contributions or retiring (excluding disability retirement) and receiving a life annuity in accordance with the provisions of the Plan.

- **Members of the House of Commons**

In the previous report, one set of termination rates was assumed to apply during a general election year and another set was assumed to apply during a non-election year. Furthermore, the probability of a general election varied by year before reaching an ultimate level of 0.3 in the long term.

With the objective of minimizing changes in the current service costs from one year to the next and spreading the impact of general elections over time, the termination rates were changed for this valuation. The termination rates in this valuation are blended termination rates, based on a level probability of election of 0.3 every year, implying that general elections are called every 3.3 years on average. This is consistent with the analysis of recent historical data, while taking into account that the statute provides for general elections to be held every four years.



**Table 24 Average Duration of Governments over the Past Ten Elections**

Start Date	End Date	Duration (years)	Duration (Capped at 4 years)
18-Feb-80	4-Sep-84	4.5	4.0
4-Sep-84	21-Nov-88	4.2	4.0
21-Nov-88	25-Oct-93	4.9	4.0
25-Oct-93	2-Jun-97	3.6	3.6
2-Jun-97	27-Nov-00	3.5	3.5
27-Nov-00	28-Jun-04	3.6	3.6
28-Jun-04	23-Jan-06	1.6	1.6
23-Jan-06	14-Oct-08	2.7	2.7
14-Oct-08	2-May-11	2.5	2.5
2-May-11	19-Oct-15	4.5	4.0
<b>Average</b>		<b>3.6</b>	<b>3.3</b>

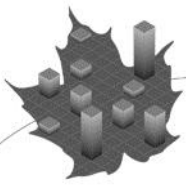
The blended termination rates reflect that when an election occurs, approximately 30% of active members are not re-elected, and that approximately 1.5% of active members terminate in non-election years. Furthermore, analysis of historical data shows that termination rates are higher at older ages. The termination rates by age were determined based on an analysis of historical data from 2000 to 2015.

- **Senators**

Termination rates for Senators were increased slightly for this valuation as a result of experience gains on termination over the last two actuarial reports. The probability of termination is assumed to be zero for service less than five years. For longer service, the termination rates are based on the historical experience over the last 20 years. As Senators must leave the Senate by age 75, the termination rate for this age is set to one.

**Table 25 Rates of Termination**

Age	Members of the House of Commons	Senators with over Five Years of Service
Less than 40	0.06	0.015
40-54	0.07	0.015
55-59	0.09	0.015
60-69	0.15	0.015
70-74	0.20	0.015
75	1.00	1.000



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## 4. Mortality Rates and Longevity Improvement Factors

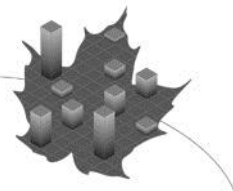
In the prior valuation, mortality rates were derived from the mortality rates used in the Actuarial Report for the Public Service of Canada as at 31 March 2011. Mortality rates for parliamentarians, pensioners and surviving spouses were changed for this valuation. Given the small size of the population, the available data is not sufficient to build a credible mortality experience study. In the absence of credible Plan experience, it was decided to use the mortality rates of the 2014 Canadian Pensioners Mortality Table (CPM2014) as a starting point. These mortality rates were developed from combined experience exhibited under public and private sector plans, published by the Canadian Institute of Actuaries. Pension size adjustment factors were applied to the CPM2014 base mortality rates for parliamentarians and pensioners to reflect the correlation between pension amounts and life expectancy. The weighted average adjustments are 0.82 and 0.93 for males and females respectively. No size adjustment was applied to the mortality rates for surviving spouses.

The mortality rates are projected from 2014 using the mortality improvement scale CPM Improvement Scale B (CPM-B). The CPM-B was published by the Canadian Institute of Actuaries and is based on the C/QPP study which reviewed trends of mortality experience since 1967. In the prior valuation, mortality rates were reduced in the future in accordance with the same mortality improvement assumption as that made for the 25<sup>th</sup> Actuarial Report on the Canada Pension Plan as at 31 December 2009.

A sample of the resulting mortality rates for plan year 2017 is shown in the table below. The following two tables provide a sample of the mortality improvement factors and the calculated life expectancies based on the mortality assumption described above. For illustration purposes, the life expectancies as at 31 March 2016 based on the prior valuation's mortality assumption are also shown.

**Table 26 Mortality Rates for Plan Year 2017**  
(per 1,000 individuals)

Age	<u>Parliamentarians and Pensioners</u>		<u>Surviving Spouses</u>	
	Male	Female	Male	Female
30	0.9	0.3	1.1	0.3
40	1.1	0.6	1.3	0.6
50	2.1	1.2	2.6	1.3
60	4.9	3.2	6.0	3.4
70	9.9	7.9	12.2	8.6
80	30.9	24.5	37.9	26.4
90	121.1	96.1	138.0	101.0
100	367.9	317.3	367.9	317.3
110	579.4	529.4	579.4	529.4



**Table 27 Mortality Improvement Factors**

Age	Initial and Ultimate Plan Year Mortality Rate Reductions (%) <sup>1</sup>			
	Male		Female	
	2017	2030+	2017	2030+
40	2.08	0.80	1.27	0.80
50	1.27	0.80	1.03	0.80
60	2.03	0.80	1.36	0.80
70	2.41	0.80	1.52	0.80
80	2.28	0.80	1.52	0.80
90	0.83	0.48	0.83	0.48
100	0.10	0.30	0.10	0.30
110+	0.08	0.23	0.08	0.23

**Table 28 Life Expectancy of Parliamentarians (in years)**

Age	As at 31 March 2016 (prior valuation)		As at 31 March 2016 (current valuation)		As at 31 March 2030 (current valuation)	
	Male	Female	Male	Female	Male	Female
60	26.5	28.8	28.1	29.8	28.9	30.4
65	21.9	24.1	23.5	25.0	24.2	25.7
70	17.5	19.6	19.0	20.5	19.7	21.1
75	13.5	15.4	14.7	16.1	15.4	16.7
80	9.9	11.6	10.8	12.0	11.4	12.5
85	7.1	8.4	7.4	8.5	7.8	8.9
90	4.9	5.8	4.8	5.7	5.0	5.9

## 5. Family Composition

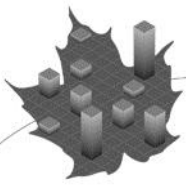
The assumed proportions of members leaving, upon death, a spouse eligible for a survivor pension and the age of the survivor spouse are unchanged from the previous valuation.

**Table 29 Assumptions for the Survivor Allowance to Spouses**

Number of members with an eligible spouse at death (per 1,000 member deaths)

Age	Number		Average Age of Survivor	
	Male	Female	Male	Female
30	498	622	29	31
40	638	622	39	43
50	811	622	47	53
60	850	610	57	62
70	802	538	67	71
80	674	401	75	79
90	446	221	83	86
100	192	77	89	91
110	45	15	94	95

<sup>1</sup> The mortality rate reduction applicable during the select period is found by linear interpolation between the figures for plan years 2017 and 2030.



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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.

### **F. 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 debited from the Accounts to the credit of the former survivor. Consequently, no future pension benefits divisions were assumed in estimating current service 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 cease receiving this remuneration at the valuation date. In accordance with this assumption, retirement allowances are assumed to resume at the valuation date. In the prior valuation, the remuneration was assumed to cease at age 62.

No future double-dipping was assumed in estimating current service costs and actuarial liabilities.

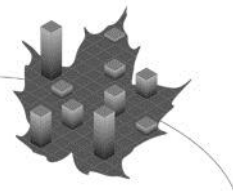
#### **3. Administrative Expenses**

To compute the actuarial liabilities and current service 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.

#### **4. Disability incidence**

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





## Appendix 7 – Detailed Membership Data

**Table 30 Reconciliation of Parliamentarians**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Parliamentarians as at 31 March 2013</b>	<b>230</b>	<b>77</b>	<b>307</b>	<b>66</b>	<b>37</b>	<b>103</b>
Data corrections	1	(1)	-	(1)	1	-
New entrants	152	63	215	1	-	1
Return to Parliament	9	1	10	-	-	-
Terminations with an immediate allowance	(51)	(13)	(64)	(11)	(6)	(17)
Terminations with a deferred allowance	(35)	(5)	(40)	-	-	-
Terminations with a lump sum benefit	(56)	(33)	(89)	(1)	(2)	(3)
Deaths	(2)	-	(2)	(2)	-	(2)
<b>Parliamentarians as at 31 March 2016</b>	<b>248</b>	<b>89</b>	<b>337</b>	<b>52</b>	<b>30</b>	<b>82</b>

**Table 31 Reconciliation of Pensioners In Pay<sup>1,2</sup>**

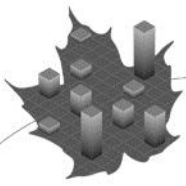
	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Pensioners In Pay as at 31 March 2013</b>	<b>401</b>	<b>80</b>	<b>481</b>	<b>55</b>	<b>21</b>	<b>76</b>
Data corrections	(2)	1	(1)	-	-	-
New entitlements	59	14	73	11	6	17
Deaths	(32)	(3)	(35)	(8)	(1)	(9)
Return to Parliament	(4)	(1)	(5)	-	-	-
<b>Pensioners In Pay as at 31 March 2016</b>	<b>422</b>	<b>91</b>	<b>513</b>	<b>58</b>	<b>26</b>	<b>84</b>

**Table 32 Reconciliation of Deferred Pensioners<sup>1</sup>**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Deferred Pensioners as at 31 March 2013</b>	<b>25</b>	<b>5</b>	<b>30</b>	-	-	-
New entitlements to a deferred allowance	35	5	40	-	-	-
New entitlements to an immediate allowance	(8)	(1)	(9)	-	-	-
Return to Parliament	(5)	-	(5)	-	-	-
<b>Deferred Pensioners as at 31 March 2016</b>	<b>47</b>	<b>9</b>	<b>56</b>	-	-	-

<sup>1</sup> In the prior valuation, pensioners in pay and deferred pensioners were combined in one group of pensioners. For comparison purposes with this valuation, the group of pensioners from the prior valuation was split into two groups.

<sup>2</sup> Includes pensioners receiving remuneration as a federal Government employee (refer to subsection F-2 of Appendix 6).

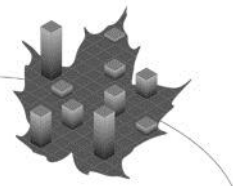


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**Table 33 Reconciliation of Surviving Spouses**

	House of Commons			Senate		
	Male	Female	Total	Male	Female	Total
<b>Surviving spouses as at 31 March 2013</b>	<b>3</b>	<b>118</b>	<b>121</b>	<b>1</b>	<b>42</b>	<b>43</b>
Data corrections	(1)	1	-	-	2	2
New entitlements	1	15	16	-	5	5
Deaths	-	(23)	(23)	(1)	(8)	(9)
<b>Surviving spouses as at 31 March 2016</b>	<b>3</b>	<b>111</b>	<b>114</b>	<b>-</b>	<b>41</b>	<b>41</b>



**Table 34 Members of the House of Commons - Sessional Indemnity for the Following Year**  
As at 31 March 2016

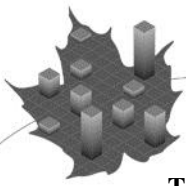
Age	Completed Years of Service										All Years of Service	
	Male					Female						
	0-4	5-9	10-14	15-19	20+	0-4	5-9	10-14	15-19	20+		
20-24	1											1
25-29	6					3						9
30-34	18					6	1					25
35-39	14	2	3			7						26
40-44	18	3	3			10						34
45-49	33	3	4	3		13	2	1				59
50-54	30	3	9	1		13	2					58
55-59	23	1	8	4		12	2	1	1			52
60-64	15	5	4	3	3	5	2	1				38
65-69	7	1	6	3	3	1	3		1			25
70-75	3	1	2	1	1				1	1		10
<b>All Ages</b>	<b>168</b>	<b>19</b>	<b>39</b>	<b>15</b>	<b>7</b>	<b>70</b>	<b>12</b>	<b>3</b>	<b>3</b>	<b>1</b>		<b>337</b>

Male	Female
Average age: 51.2	Average age: 49.8
Sessional indemnity: \$170,400	Sessional indemnity: \$170,400
Average pensionable service: 4.7	Average pensionable service: 3.0

**Table 35 Senators - Sessional Indemnity for the Following Year**  
As at 31 March 2016

Age	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+		
40-44		1										1
45-49		1				1						2
50-54	2	3					2					7
55-59	1							1				2
60-64	3	2	3				4		1			13
65-69	3	8	3	2		2	2	3	1	1		25
70-75	3	5	2	4	6	1	2	4	2	3		32
<b>All Ages</b>	<b>12</b>	<b>20</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>8</b>	<b>4</b>	<b>4</b>		<b>82</b>

Male	Female
Average age: 66.3	Average age: 66.6
Sessional indemnity: \$145,400	Sessional indemnity: \$145,400
Average pensionable service: 10.4	Average pensionable service: 11.3



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**Table 36 Additional Allowances Recipients - House of Commons**  
Number and Average Annual Additional Allowances for the Following Year - As at 31 March 2016

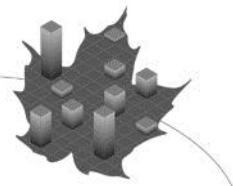
Age	Completed Years of Service								All Years of Service
	Male				Female				
	0-4	5-9	10-14	15 +	0-4	5-9	10-14	15 +	
< 35	8				4	1			13
	\$8,100				\$30,275	\$6,000			\$14,762
35-39	2	1	1		3				7
	\$49,150	\$81,500	\$42,200		\$34,767				\$46,614
40-44	6	3	1		4				14
	\$10,583	\$64,400	\$6,000		\$29,050				\$27,064
45-49	13	3	3	2	7	1	1		30
	\$18,154	\$9,600	\$9,933	\$81,500	\$53,071	\$81,500	\$81,500		\$33,070
50-54	13	3	3	1	6				26
	\$33,915	\$13,200	\$11,600	\$16,800	\$8,783				\$22,492
55-59	7	1	5	3	7	1		1	25
	\$16,671	\$11,900	\$20,500	\$35,100	\$22,257	\$16,800		\$6,000	\$20,600
60-64	5	3	2	3	4	2	1		20
	\$26,600	\$23,267	\$11,950	\$36,733	\$29,050	\$49,150	\$6,000		\$27,870
65 +	5	1	6	6		2		3	23
	\$6,000	\$81,500	\$9,933	\$47,517		\$6,000		\$35,100	\$24,935
All ages	59	15	21	15	35	7	2	4	158
	\$20,054	\$33,753	\$14,229	\$45,360	\$29,651	\$30,657	\$43,750	\$27,825	\$26,075

	Male	Female
Average Age:	53.0	51.5
Average Service in Parliament:	6.4	3.8
Average Additional Allowance:	\$24,300	\$30,200

**Table 37 Additional Allowances Recipients - Senate**  
Number and Average Annual Additional Allowances for the Following Year - As at 31 March 2016

Age	Completed Years of Service								All Years of Service
	Male				Female				
	0-4	5-9	10-14	15 +	0-4	5-9	10-14	15 +	
45-49		1							1
		\$11,800							\$11,800
50-54	1	2				2			5
	\$3,100	\$25,250				\$15,200			\$16,800
55-59	1								1
	\$5,900								\$5,900
60-64	1	2	2			2			7
	\$81,500	\$8,850	\$5,900			\$5,900			\$17,543
65 +	2	6	4	5		1	4	5	27
	\$11,800	\$10,000	\$7,375	\$18,980		\$24,500	\$10,325	\$8,260	\$11,670
All ages	5	11	6	5	-	5	4	5	41
	\$22,820	\$12,727	\$6,883	\$18,980	-	\$13,340	\$10,325	\$8,260	\$13,161

	Male	Female
Average Age:	65.5	67.0
Average Service in Parliament:	10.0	12.7
Average Additional Allowance:	\$14,500	\$10,700



**Table 38 Male Pensioners In Pay- House of Commons**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account				MPRCA Account					
	Number	Up to Age 60	Number	From Age 60 <sup>1</sup>	Number	Up to Age 55	Number	From 55 to 60	Number	From Age 60 <sup>1</sup>
50-54	-	-	5	33,693	5	10,441	5	65,827	5	41,729
55-59	4	25,932	30	29,296			30	48,706	30	29,910
60-64			61	34,651					60	27,855
65-69			85	40,345					81	31,515
70-74			79	38,443					67	26,465
75-79			83	49,980					63	23,382
80-84			39	54,662					23	23,129
85-89			28	45,552					10	15,042
90+			11	41,396					3	5,942
All ages	4	25,932	421	41,896	5	10,441	35	51,152	342	27,124

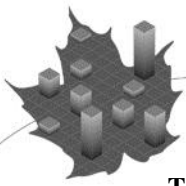
Male Pensioners In Pay: 422  
 Average Age: 72.3  
 Average Total Pension In Pay: \$62,500

**Table 39 Female Pensioners In Pay - House of Commons**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account				MPRCA Account					
	Number	Up to Age 60	Number	From Age 60 <sup>1</sup>	Number	Up to Age 55	Number	From 55 to 60	Number	From Age 60 <sup>1</sup>
50-54			2	31,368	2	11,579	2	59,009	2	39,407
55-59	1	22,729	8	26,926			8	45,299	8	25,116
60-64			22	33,280					22	35,677
65-69			20	32,928					19	36,992
70-74			12	26,889					12	33,442
75-79			16	41,964					15	26,872
80-84			7	44,961					6	14,856
85-89			3	48,465					1	13,053
90+			1	61,368					1	5,016
All ages	1	22,729	91	34,994	2	11,579	10	48,041	86	31,152

Female Pensioners In Pay: 91  
 Average Age: 69.5  
 Average Total Pension In Pay: \$62,800

<sup>1</sup> Deferred pensions from age 60 include indexation up to the valuation date.



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Pension Plan for the **MEMBERS OF PARLIAMENT**  
as at 31 March 2016

**Table 40 Male Deferred Pensioners - House of Commons**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account		MPRCA Account			
	Number	From Age 60 <sup>1</sup>	Number	From 55 to 60	Number	From Age 60 <sup>1</sup>
<45	13	25,673	13	53,974	13	29,523
45-49	16	25,097	16	50,179	16	27,152
50-54	18	24,697	18	49,745	18	26,786
All ages	47	25,103	47	51,063	47	27,668

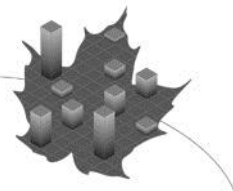
Male Deferred Pensioners: 47  
Average Age: 47.8  
Average Total Pension from Age 60: \$52,800

**Table 41 Female Deferred Pensioners - House of Commons**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account		MPRCA Account			
	Number	From Age 60 <sup>1</sup>	Number	From 55 to 60	Number	From Age 60 <sup>1</sup>
<45	3	17,407	3	32,746	3	16,992
45-49	5	21,578	5	46,171	5	26,493
50-54	1	24,966	1	49,837	1	24,980
All ages	9	20,564	9	42,103	9	23,158

Female Deferred Pensioners: 9  
Average Age: 46.6  
Average Total Pension from Age 60: \$43,700

<sup>1</sup> Deferred pensions from age 60 include indexation up to the valuation date.



**Table 42 Male Pensioners In Pay - Senate**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account		MPRCA Account	
	Number	From Age 60 <sup>1</sup>	Number	From Age 60 <sup>1</sup>
<75	9	41,653	9	25,347
75-79	22	55,145	21	32,911
80-84	17	52,589	17	20,840
85-89	5	49,192	4	18,611
90+	5	52,758	3	13,190
All ages	58	51,583	54	25,695

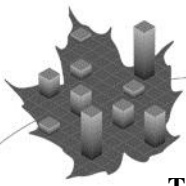
Male Pensioners In Pay: 58  
 Average Age: 80.0  
 Average Total Pension In Pay: \$75,500

**Table 43 Female Pensioners In Pay - Senate**  
Average Annual Retirement Allowances (Dollars)

Age	MPRA Account		MPRCA Account	
	Number	From Age 60 <sup>1</sup>	Number	From Age 60 <sup>1</sup>
<75	5	33,788	5	25,864
75-79	8	59,295	8	45,090
80-84	7	42,135	7	25,251
85-89	5	17,944	5	19,663
90+	1	53,535	1	10,216
All ages	26	41,596	26	29,821

Female Pensioners In Pay: 26  
 Average Age: 80.6  
 Average Total Pension In Pay: \$71,400

<sup>1</sup> Deferred pensions from age 60 include indexation up to the valuation date.



# ACTUARIAL REPORT

Pension Plan for the **MEMBERS OF PARLIAMENT**  
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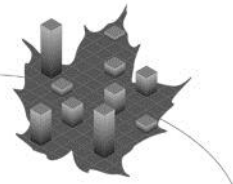
**Table 44 Survivors**  
Average Survivor Annual Allowances (Dollars)

Age Widows	House of Commons				Senate			
	Number	MPRA Account	Number	MPRA Account	Number	MPRA Account	Number	MPRA Account
<60	7	24,602	5	28,161	3	20,731	3	12,512
60-64	5	21,724	4	22,340	1	8,347	1	3,133
65-69	4	16,990	2	7,765	3	41,060	1	11,481
70-74	17	33,982	9	8,481	5	44,089	4	5,070
75-79	21	32,739	12	8,164	6	33,182	6	8,308
80-84	16	23,197	5	10,330	10	30,707	9	6,470
85-89	25	26,016	5	2,276	7	44,029	3	10,015
90+	18	25,374	2	12,404	6	34,317	2	503
All Ages	113	27,365	44	11,542	41	34,986	29	7,295
Children	5	3,683	5	4,716	-	-	-	-

	House of Commons	Senate
Widows <sup>1</sup>		
Number	114	41
Average Age:	79.8	79.6
Average Total Pension:	\$31,600	\$40,100

<sup>1</sup> All surviving spouses are female except for 3 male survivors from the House of Commons.





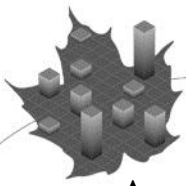
## Appendix 8 – Accrued Benefit Rates after 1 January 2016

**Table 45 Accrual Rates and Retirement Allowances – Pensionable Earnings**

When Contribution or Election Made	Annual Accrual Rate	Coordination with C/QPP	Type of Allowance
<b>Accruing from 1 January 2016</b>			
Service accrued when member is less than 71 years of age			
Contribution on pensionable earnings up to the earnings limit			
MPRA Account	2%	Yes	Reduced deferred allowance to age 60*
	2%	Yes	Deferred allowance to age 65**
	3%	No	Reduced temporary allowance from age 55 to 60*
MPRCA Account	1%	Yes	Reduced deferred allowance to age 60*
	1%	Yes	Deferred allowance to age 65**
Contribution on pensionable earnings over the earnings limit			
MPRA Account	0%	No	None
	3%	No	Reduced temporary allowance from age 55 to 60*
MPRCA Account	3%	Yes	Reduced deferred allowance to age 60*
	3%	Yes	Deferred allowance to age 65**
Service accrued when member has reached 71 years of age			
MPRA Account	0%	No	None
MPRCA Account	3%	Yes	Immediate allowance

\* Payable only if the member elects to start receiving a pension prior to age 65.

\*\* Payable only when the member elects to start receiving a pension at or after age 65.



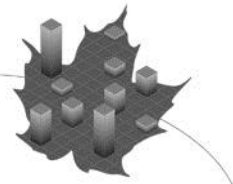
# ACTUARIAL REPORT

Pension Plan for the MEMBERS OF PARLIAMENT  
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## Appendix 9 – Contributions and Accrued Benefit Rates Prior to 2016

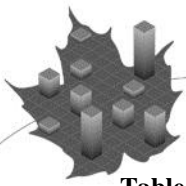
**Table 46 Contributions - Sessional Indemnity - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account		
2013	4% per year until member accrues 75% benefits; 0% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	5% per year until member accrues 75% benefits; 0% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	6% per year until member accrues 75% benefits; 0% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 1% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	9% per year until member accrues 75% benefits; 1% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	10% per year until member accrues 75% benefits; 1% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
<b>On or after 1 January 2001 but before 1 January 2013</b>		
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



**Table 46 (cont'd) Contributions - Sessional Indemnity - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
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
<b>On or after 1 January 1992 but before 13 July 1995</b>		
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
<b>Before 1 January 1992</b>		
MPRA Account	11% per year until member accrues 75% benefits; 1% thereafter	11% per year until member accrues 75% benefits; 1% thereafter
MPRCA Account	0%	0%

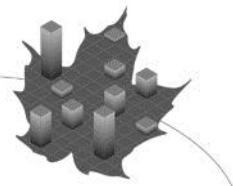


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Pension Plan for the **MEMBERS OF PARLIAMENT**  
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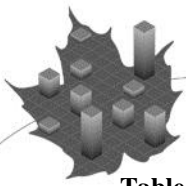
**Table 47 Contributions - Additional Allowances - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 4% thereafter	8% per year
2014	9% per year until member accrues 75% benefits; 5% thereafter	9% per year
2015	10% per year until member accrues 75% benefits; 6% thereafter	10% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year	8% per year
2014	9% per year	9% per year
2015	10% per year	10% per year
<b>On or after 1 January 2001 but before 1 January 2013</b>		
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



**Table 47 (cont'd) Contributions - Additional Allowances - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
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
<b>On or after 1 January 1992 but before 13 July 1995</b>		
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
<b>Before 1 January 1992</b>		
MPRA Account	11% per year	11% per year
MPRCA Account	0%	0%

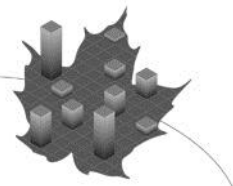


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Pension Plan for the **MEMBERS OF PARLIAMENT**  
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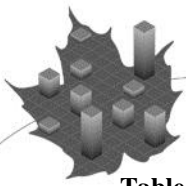
**Table 48 Contributions - Prior Service - House of Commons**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2001 but before 1 January 2016</b>		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
<b>On or after 13 July 1995 but before 1 January 2001</b>		
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
<b>On or after 1 January 1992 but before 13 July 1995</b>		
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
<b>Before 1 January 1992</b>		
MPRA Account	10% per year	10% per year
MPRCA Account	0%	0%



**Table 49 Contributions - Sessional Indemnity - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account		
2013	4% per year until member accrues 75% benefits; 0% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	5% per year until member accrues 75% benefits; 0% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	6% per year until member accrues 75% benefits; 0% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 1% thereafter	8% per year until member accrues 75% benefits; 1% thereafter
2014	9% per year until member accrues 75% benefits; 1% thereafter	9% per year until member accrues 75% benefits; 1% thereafter
2015	10% per year until member accrues 75% benefits; 1% thereafter	10% per year until member accrues 75% benefits; 1% thereafter
<b>On or after 1 January 2001 but before 1 January 2013</b>		
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



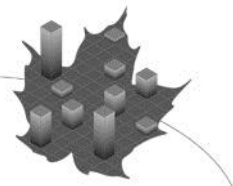
# ACTUARIAL REPORT

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**Table 49 (cont'd) Contributions - Sessional Indemnity - Senate**

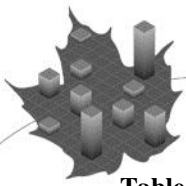
When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 1992 but before 1 January 2001</b>		
Member is less than 71 years of age		
MPRA Account	4% per year until member accrues 75% benefits; 1% thereafter	0%
MPRCA Account	3% per year until member accrues 75% benefits; 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
<b>Before 1 January 1992</b>		
MPRA Account	7% per year until member accrues 75% benefits; 1% thereafter	7% per year until member accrues 75% benefits; 1% thereafter
MPRCA Account	0%	0%





**Table 50 Contributions - Additional Allowances - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2013 but before 1 January 2016</b>		
Member is less than 71 years of age		
MPRA Account	0% per year until member accrues 75% benefits; 4% thereafter	0%
MPRCA Account		
2013	8% per year until member accrues 75% benefits; 4% thereafter	8% per year
2014	9% per year until member accrues 75% benefits; 5% thereafter	9% per year
2015	10% per year until member accrues 75% benefits; 6% thereafter	10% per year
Member has reached 71 years of age		
MPRA Account	0%	0%
MPRCA Account		
2013	8% per year	8% per year
2014	9% per year	9% per year
2015	10% per year	10% per year
<b>On or after 1 January 2001 but before 1 January 2013</b>		
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

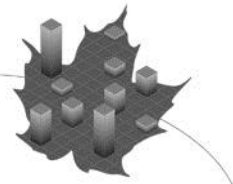


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Pension Plan for the **MEMBERS OF PARLIAMENT**  
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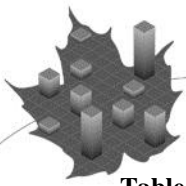
**Table 50 (cont'd) Contributions - Additional Allowances - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 13 July 1995 but before 1 January 2001</b>		
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
<b>On or after 1 January 1992 but before 13 July 1995</b>		
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
<b>Before 1 January 1992</b>		
MPRA Account	11% per year	11% per year
MPRCA Account	0%	0%



**Table 51 Contributions - Prior Service - Senate**

When Contribution Made	Up to the Earnings Limit	Over the Earnings Limit
<b>On or after 1 January 2001 but before 1 January 2016</b>		
MPRA Account	4% per year	0%
MPRCA Account	In accordance with regulations	In accordance with regulations
<b>On or after 1 January 1992 but before 1 January 2001</b>		
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
<b>Before 1 January 1992</b>		
MPRA Account	6% per year	6% per year
MPRCA Account	0%	0%

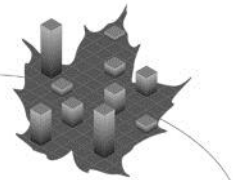


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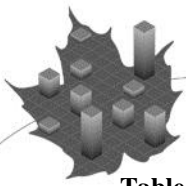
**Table 52 Accrual Rates and Retirement Allowances - Sessional Indemnity - House of Commons**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution 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 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution 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
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	2%	Deferred allowance to age 60
	4%	Temporary allowance from age 55 up to age 60
Contribution 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



**Table 52 (cont'd) Accrual Rates and Retirement Allowances - Sessional Indemnity - House of Commons**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
	3%	Deferred allowance to age 60
MPRCA Account	5%	Temporary allowance up to age 60
Contribution 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
<b>Accruing before 1 January 1992</b>		
MPRA Account	5%	Immediate allowance
MPRCA Account	0%	None

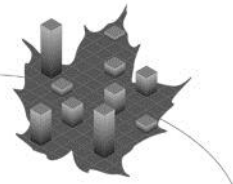


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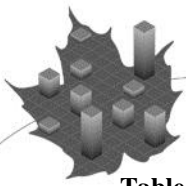
**Table 53 Accrual Rates and Retirement Allowances - Sessional Indemnity - Senate**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution 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 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution on sessional indemnity up to the earnings limit		
MPRA Account	2%	Deferred allowance to age 60
MPRCA Account	3%	Temporary allowance from age 55 to 60
	1%	Deferred allowance to age 60
Contribution 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
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
Service accrued when member is less than 71 years of age		
Contribution 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 from age 55 up to age 60
Contribution 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



**Table 53 (cont'd) Accrual Rates and Retirement Allowances - Sessional Indemnity - Senate**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
Service accrued when member is less than 71 years of age		
Contribution 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
Contribution 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
<b>Accruing before 1 January 1992</b>		
MPRA Account	3%	Immediate allowance
MPRCA Account	0%	None



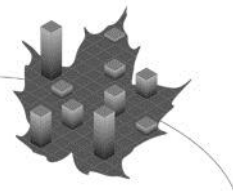
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**Table 54 Accrual Rates and Retirement Allowances - Additional Allowances - Parliamentarians**

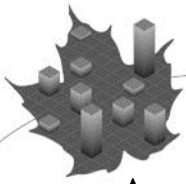
When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 2013 to 1 January 2016</b>		
Service accrued when member is less than 71 years of age		
Contribution on additional allowances up to the earnings limit when member has accrued 75% of the sessional indemnity		
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 71 years of age		
MPRA Account	0%	None
MPRCA Account	3%	Immediate allowance
<b>Accruing from 1 January 2001 to 1 January 2013</b>		
Service accrued when member is less than 69 years of age		
Contribution 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
<b>Accruing from 13 July 1995 to 1 January 2001</b>		
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	2%	Deferred allowance to age 60
	4%	Temporary allowance from 55 to 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





**Table 54 (cont'd) Accrual Rates and Retirement Allowances - Additional Allowances - Parliamentarians**

When Contribution or Election Made	Annual Accrual Rate	Type of Allowance
<b>Accruing from 1 January 1992 to 13 July 1995</b>		
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
	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
<b>Accruing before 1 January 1992</b>		
MPRA Account	5%	Immediate allowance
MPRCA Account	0%	None



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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 Accounts' balances of the Plan as at 31 March 2016.

The Human Resources Directorate of the Senate and the Pension Services Division of Public Service and Procurement Canada provided relevant valuation input data on parliamentarians, 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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