

Appendix D7 - Actuarial Method and Assumptions

Nova Scotia Public Authority Pension Plans Reciprocal Transfer Agreement

Name of Public Authority:	Halifax Regional Water Commission
Registered Pension Plan Name:	Halifax Regional Water Commission Employees' Pension Plan
Effective Date:	January 1, 2014

The transfer value will equal the greater of the amount determined using:

- A) the "Projected Unit Credit" method
- B) the "Accrued Benefit" method

A1. Actuarial Method (describe):	"Projected Unit Credit Method"
A2. Assumptions: Effective date:	January 1, 2014

a) **Economic Assumptions:**

(1) Interest Rate:	5.50% p.a.
(2) Inflation Rate:	N/A
(3) YMPE Growth Rate:	N/A
(4) Salary Growth Rate:	3.90% p.a.
(5) Rate of Increase of Maximum Benefits under Income Tax Act:	3.00% p.a.
(6) Rate of Indexing of Pension In Payment:	2.00% p.a.

b) **Demographic Assumptions:**

(1) Mortality Table:	2014 Public Sector Mortality Table (CPM2014Publ) with CPM Improvement Scale B (CPM-B)
(2) Gender Split:	75% male, 25% female
(3) Proportion With Spouse:	90% have a spouse at retirement
(4) Age Difference Between Spouses:	Male spouses are assumed to be three years older than their female counterparts
(5) Retirement Age:	60% at the earliest age eligible for an unreduced pension (e.g., Rule of 85), and 40% at age 65
(6) Withdrawal Rate:	None assumed
(7) Disability Rate:	N/A

Note: Each time a new Actuarial Report for the Plan is completed, the assumptions contained in that new report will be used effective the 1st day of the third month following the submission of that report to the Canada Customs and Revenue Agency. The revised assumptions, however, shall not affect any transfer in respect of which a Request for Transfer has been signed prior to the effective date.

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B1. **Actuarial Method** (describe): “Accrued Benefit” method

B2. **Assumptions:**

a) **Economic Assumptions:**

(1) Interest Rate: Pre and post retirement interest rates for the month of calculation determined in accordance with Section 3500 of the Canadian Institute of Actuaries Standards of Practice – Pension Commuted Values

(2) Inflation Rate: N/A

(3) YMPE Growth Rate: N/A

(4) Salary Growth Rate: N/A

(5) Rate of Increase of Maximum Benefits under Income Tax Act: N/A

(6) Rate of Indexing of Pension in Payment: Determined in accordance with Section 3500 of the Canadian Institute of Actuaries Standards of Practice – Pension Commuted Values

b) **Demographic Assumptions:**

(1) Mortality Table: UP-94 (projected generationally with Scale AA), or such other table used under Section 3500 of the Canadian Institute of Actuaries Standards of Practice – Pension Commuted Values

(2) Gender Split: 75% male, 25% female

(3) Proportion With Spouse: 90% have a spouse at retirement

(4) Age Difference Between Spouses: Male spouses are assumed to be three years older than their female counterparts

(5) Retirement Age: Age which maximizes value of benefit

(6) Withdrawal Rate: N/A

(7) Disability Rate: N/A