

APPENDIX D
METHODS AND ACTUARIAL ASSUMPTIONS USED
BY THE GOVERNMENT OF CANADA

The Government of Canada will use the actuarial assumptions contained in the Actuarial Report on the Pension Plan for the Public Service of Canada (*Public Service Superannuation Act*) as at the most recent date of tabling of the report (the Actuarial Report), except for and/or as noted in the following:

1. the rate of interest shall be 5.9% per annum.
2. the rate of increase in the Consumer Price Index shall be 2.0% per annum.
- 3(a) for the purposes of Clause 7, the rate of increase in salaries shall be 2.7% per annum, plus the seniority and promotional increases contained in the Actuarial Report.
- 3(b) for the purposes of Clause 19, the rate of increase in salaries shall be 2.7% per annum, plus the seniority and promotional increases contained in the Actuarial Report, except as noted in 3(c) below.
- 3(c) for the purposes of Clause 19, in the case of a person who becomes a member under the Plan more than 2 years from the date of ceasing to be employed in the Public Service, or where this agreement is not signed within 2 years of the date of ceasing to be employed, the rate of increase in salary shall be equal to the rate of increase in the Average Industrial Wage from time to time until the first of the month in which the eligible employee becomes a member under the Plan or the first of the month in which the agreement is signed, as the case may be, and 2.7% per annum plus the seniority and promotional increases contained in the Actuarial Report thereafter.
- 3(d) for the purpose of Clauses 7 and 19, the rate of increase in the Year's Maximum Pensionable Earnings and the Maximum Pensionable Earnings shall be 3.0% per annum.

Method of Evaluation of Liability

The projected accrued benefit actuarial cost method (projected unit credit method) will be used to evaluate the actuarial liability. Under this method, the actuarial liability in respect of a given year corresponds to the actuarial value of all future benefits considered to accrue in respect of that year, with pensionable earnings projected to retirement. The initial salary used for purposes of Clause 7 will be the salary authorized to be paid to the eligible employee on the most recent occasion of becoming a contributor under the *Public Service Superannuation Act* or on the date the agreement is signed, whichever is later. Authorized salary, for purposes of Clause 7 excludes salary revisions authorized after the date on which the employee most recently became a contributor or after the date the agreement is signed, whichever is later. The salary used for the purpose of Clause 19 will be the salary authorized upon ceasing to be a contributor under the *Public Service Superannuation Act*. Authorized salary, for purposes of Clause 19 excludes salary revisions authorized after the employee ceased to be a contributor under the *Public Service Superannuation Act*.

Interest rate for the update of the federal transfer amount

The interest rate to be used in establishing the interest payable for the period between the valuation date and the end of the month preceding the payment date for purposes of the federal transfer amount defined in this agreement shall be 5.9% per annum.

Amendment to Assumptions

Each time a new Actuarial Report is laid before Parliament in accordance with the Public Pensions Reporting Act, the assumptions contained in that new report, other than those noted in paragraphs 1, 2 and 3 above, will be used effective the 1st day of the second month following the tabling of that report. The amendment, however, shall not affect any transfer in respect of which a Request for Transfer has been signed prior to the effective date.