Order Paper Questions

4. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate into the indefinite future.

Question No. 2,382—**Mr. Knowles:**

1. What would be the deficit or surplus in the valuation balance sheet of the Public Service Superannuation Account (PSSA) if the actuarial report as at December 31, 1977 had used economic assumptions of 0-2-3 per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively?

2. What would be the deficit or surplus in the sheet as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance with (a) economic assumptions of 3½-5½-6½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively (b) an assumption of 3½ per cent annual inflation, 5½ per cent annual salary increases arising from both promotions and salary revisions, and an annual interest rate assumption of (i) 6½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service promotions and salary revision increases (ii) 3 per cent during the period PSSA participants are no longer eligible to receive public service promotions and salary revision increases, that is 3 per cent on the PSSA liabilities in respect of current and future beneficiaries calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries (c) economic assumptions of 3½-5½-6½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively and if the PSS Act were amended to provide that the first 3½ per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

3. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in parts 1 and 2?

4. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in parts 1 and 2?

Hon. Pierre Bussières (Minister of State (Finance)): 1. $3,589* million deficit (includes accrued supplementary retirement benefits).

2. (a) $312* million surplus (PSSA only). (b) and (c) $4,252* million deficit (includes indexed accrued supplementary retirement benefits).

*For consistency and comparability, notional assets in each case were valued at the assumed rate of interest. Moreover, the actuarial liabilities include reserves for salary increases until 1983, such that 1 and 2(b) and (c) may be compared with question 2,380 part 2(d), and 2(a) with question 2,380 part 1.

The premium included in the value of notional assets and the special reserve in each case were as follows:

	Premium on Assets	Special Reserve
1. above	$4795 million	$3169 million
2. (a)	$1166 million	$1305 million
2. (b) and (c)	$1166 million	$1539 million

3. Employer contribution rates expressed as percentage of effective employee contributions.

Assumptions as for	Employer Multiple*
1. above	185 per cent**
2. (a) above	90 per cent
2. (b) and (c) above	125 per cent**

*These figures are subject to modification when CPP/QPP contribution rates are increased above 3.6 per cent of contributory earnings.

**For comparability with question 2,380 part 2(c)(ii) and 2(d) and 3, it was assumed that employees contribute to the public service superannuation account a total of 7.5 per cent of salary less CPP/QPP contributions (i.e., including the 1 per cent supplementary retirement benefit contribution) and that all benefits are paid out of the account.

4. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate into the indefinite future.

Note: The assumptions underlying the figures in respect of part 2 and the corresponding part 3 do not include the usual provision for promotional salary increases.

Question No. 2,383—**Mr. Knowles:**

1. What would be the deficit or surplus in the valuation balance sheet of the Public Service Superannuation Account (PSSA) as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance with (a) economic assumptions of 6½-8½-9½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively (b) an assumption of 6½ per cent annual inflation, 8½ per cent annual salary increases arising from both promotions and salary revisions, and an annual interest rate assumption of (i) 9½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service promotions and salary revision increases (ii) 3 per cent during the period PSSA participants are no longer eligible to receive public service promotions and salary revision increases, that is 3 per cent during the period following their employment in the public service when they and their survivors are entitled to immediate and deferred PSS Act benefits calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries (c) economic assumptions of 6½-8½-9½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively and if the PSS Act were amended to provide that the first 6½ per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

2. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in part 1?

3. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in part 1?

Hon. Pierre Bussières (Minister of State (Finance)): 1. (a) $1,365* million surplus (PSSA only). (b) and (c) $4,585*