APPENDIX "C"

DIPLOMATIC SERVICES (SPECIAL) SUPERANNUATION ACT
Examples of Application of Integration Formula
(Retirement at Age 65)

		Mr. A	Mr. B
(1)	Final Salary	10,000	10,000
(2)	Average Salary (last 10 years)	9,000	9,000
(3)	Service after January 1, 1966	10	20
(4)	Service before January 1, 1966	5	5
(5)	Total Service (line 3 plus line 4)	15	25
(6)	Benefit under present Act[a]	5,400	6,300
(7)	Benefit under proposed integration[b]	4,400	4,800
(8)	C.P.P. benefit at age 65[c]	1,250	1,250
(9)	Combined pension at 65[d]	5,650	6,300
(10)	Increase in combined pension $	250	0
	%	4.6	0

[a] The benefit formula under the present Act for,

—Mr. A: $\frac{25}{50} \times$ average salary plus $\frac{1}{50} \times$ average salary $\times$ years of service in excesss of ten or,

$$\frac{25}{50} \times \$9,000 + \frac{1}{50} \times \$9,000 \times 5 = \$5,400 \text{ per annum}$$

—Mr. B: $\frac{35}{50} \times$ average salary or $\frac{35}{50} \times \$9,000 = \$6,300$ per annum

[b] The proposed benefit formula provides for a reduction at age 65 or later of 2% for each of the first ten years of service after January 1, 1966 and 1% for each year in excess of 10, after January 1, 1966, on salary up to the Canada Pension maximum subject to the guarantee that the combined pension will not be less than that presently provided for in the Act for,

—Mr. A: 5400—20% $\times$ $5,000 = $4,400
—Mr. B: 6300—30% $\times$ $5,000 = $4,800 (See note (d))

[c] The Canada Pension Plan pension is 25% of an average salary not exceeding the C.P.P. maximum (which is assumed to be $5,000 in this example) for,

—Both Mr. A and Mr. B.—25% $\times$$5,000 = $1,250 per annum.

[d] For Mr. A: the sum of line 7 and line 8
For Mr. B: the sum of line 7 and line 8 is only $6,050 per annum so the guarantee provides for a total pension of $6,300 per annum. This would have the effect of changing the pension under the Diplomatic Services (Special) Superannuation Act for Mr. B on line 7, shown at $4,800, to $5,050 per annum.