4. 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 2 and 3?

5. 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 2 and 3?

Hon. Pierre Bussières (Minister of State (Finance)): 1. Yes.

2. (a) $713 million. (b) $1,002 million. (c) (i) $1,906 million. (ii) $2,908* million (includes $909 million for accrued supplementary retirement benefits). (d) $3,884 million (includes $1,124 million for indexed accrued supplementary retirement benefits).

*For comparability with 2(d), notional assets were valued at 3.5 per cent which increased them by $4,166 million. This was partially offset by a reserve of $2,710 million for salary increases of the same size as implicitly included in 2(d), i.e., providing for increases until 1983 greater than the basic 5.5 per cent assumed in 2(d).

3. $3,884 million (includes $1,124 million for indexed accrued supplementary retirement benefit).

4. Employer contribution rates expressed as percentage of effective employee contribution rate.

Assumptions as for	Employer Multiple*
2(a) above	105 per cent
2(b) above	115 per cent
2(c)(i) above	140 per cent
2(c)(ii) above	170 per cent**
2(d) and 3 above	150 per cent**

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

**For purposes of consistency between 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.

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

Question No. 2,381—**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 0-2½-3½ per cent for annual inflation, salary revision increases, 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 6-8½-9½ per cent for annual inflation, salary revision increases, and interest rates respectively (b) an assumption of 6 per cent annual inflation, 8½ per cent annual salary revision increases, 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 salary revision increases (ii) 3½ per cent during the period PSSA participants are no longer eligible to receive public service salary revision increases, that is 3½ per cent on the 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 6-8½-9½ per cent for annual inflation, salary revision increases, and interest rates respectively and if the PSS Act were amended to provide that the first 6 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. $2,908* million deficit (includes accrued supplementary retirement benefits).

2. (a) $1,281* million surplus (PSSA only). (b) and (c) $4,141* 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	$4166 million	$2710 million
2. (a)	$879 million discount	($2 million)
2. (b) and (c)	$879 million discount	$15 million

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

Assumptions as for	Employer Multiple*
1. above	170 per cent**
2. (a) above	65 per cent
2. (b) and (c) above	130 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.