credited to these Accounts at the same time as those of Public Service employees?

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): 1. The pension contributions of public servants and members of the RCMP are credited to the PSSA, the RCMPSA and the Supplementary Retirement Benefits Account at the same time they are deducted from their pay. The pension contributions of members of the Armed Forces are credited to the CFSA and the SRBA in the month during which they are deducted.

2. Pursuant to regulations made under the authority of the relevant pension acts, interest is credited to the CFSA, PSSA and RCMPSA at the end of each quarter based on the account balance at the end of the previous quarter. Interest is credited to the SRBA at the end of each quarter based on the minimum monthly balance in the account in that quarter.

3. In accordance with the PSSA, the government matches employee contributions a year in arrears. For example, an amount matching the employee contributions for fiscal year 1981-82 was credited to the PSS Account in the first quarter of fiscal year 1982-83. The government credits an appropriate amount each quarter to the CFSA and RCMPSA, based on employee contributions made in the previous quarter. Employee contributions to the SRBA are matched by the government on a current basis.

4. PSSA—approximately $35 million.

CFSA—approximately $5.2 million.

RCMPSA—approximately $1.3 million.

SRBA—see Part 3 above.

LEGISLATION GOVERNING OPERATION OF SUPERANNUATION ACCOUNTS

Question No. 4,482—**Mr. Baker (Nepean-Carleton):**

1. Does the legislation governing the operation of the Canadian Forces Superannuation Account (CFSA), the Public Service Superannuation Account (PSSA) and the Royal Canadian Mounted Police Superannuation Account (RCMPSA) require the Government to make annual actuarial liability adjustments to these Accounts to meet the cost of the benefits payable from these Accounts as a result of salary revisions occurring in the year and, if so, is the Government required to underwrite the financing of these actuarial liability adjustments?

2. How were the annual actuarial liability adjustments, referred to in Part 1, determined before and after the laying before Parliament of the 1975 CFSA, the 1977 PSSA and the 1974 RCMPSA actuarial reports?

3. In the years since the 1975 CFSA, the 1977 PSSA and the 1974 RCMPSA actuarial reports have taken effect, by what amounts, for each Account and year, have the actuarial liability adjustments to these Accounts been reduced as a result of these actuarial reports?

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): 1. Yes. The liability adjustments are amortized over five years in equal instalments. The cost of the amortization is met by the Government, but in meeting the cost the Government can use any interest earnings of the pension accounts over 6.5 per cent per annum.

2. Prior to the valuations as at December 31, 1975 for the CFSA, December 31 1977 for the PSSA and December 31, 1974 for the RCMPSA, the actuarial valuation assumptions used did not provide for general economic, as opposed to promotional, salary increases. Consequently, the actuarial liability adjustments to these accounts as a result of general economic salary increases were calculated with reference to the total of such increases granted each year. The actuarial liability adjustments were determined by multiplying the amounts of the general economic salary increases granted during each year by the appropriate actuarially determined factors.

The actuarial valuation assumptions used for the purposes of the actuarial reports for the CFSA as at December 31, 1975, the PSSA as at December 31, 1977, and the RCMPSA as at December 31, 1974, include a provision for general economic salary increases at the rate of 5.5 per cent per annum. Consequently, the actuarial liability adjustments that were calculated for the years subsequent to the laying before Parliament of the said actuarial reports were calculated with reference to general economic salary increases in excess of 5.5 per cent per annum. These excess salary increases were multiplied by the appropriate factors specified in the applicable actuarial reports to obtain the actuarial liability adjustments required on account of the general economic salary increases granted in each year.

3. Because the actuarial valuation assumptions upon which the 1975 CFSA, the 1977 PSSA and the 1974 RCMPSA actuarial reports are based include a provision for general economic salary increases at the rate of 5.2 per cent per annum, the actuarial liability adjustments on account of the general economic salary increases granted during the periods following the laying before Parliament of the most recent actuarial reports were calculated with reference to such increases in excess of 5.2 per cent per annum and were as shown in table 1.

Table 1

Fiscal Year	Actuarial Adjustments on accounts of general economic salary increases calculated on the basis of the most recent actuarial reports		
	CFSA	PSSA (millions)	RCMPSA
1978-79	N/A	N/A	0.9
1979-80	N/A	N/A	13.6
1980-81	252.4*	568.2**	38.3
1981-82	453.6	951.4	51.3

* This amount, actually credited, was determined on the basis of assumptions used in previous reports because the most recent report was not laid before Parliament until October 29, 1980.

** This amount was calculated on the assumption that the credit would be made on June 30, 1981.

If the actuarial valuation assumptions had not included a provision for general economic salary increases of 5.2 per cent per annum the actuarial liability adjustments for those years would have been calculated with reference to total increases and would have been as shown in table 2.