

**MEMORANDUM OF AGREEMENT**  
**(TRANSFER OF PENSION FUNDS AND RELATED SERVICE)**

**BETWEEN:** *THE GOVERNMENT OF CANADA*, represented by the President of the Treasury Board of Canada (**the Federal Minister**),

*And*

*HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF NOVA SCOTIA*, represented by the Minister of Finance (**the Provincial Minister**),

**EFFECTIVE** JUNE 01, 2000

**SECTION 1: PREAMBLES**

**WHEREAS** the *Public Service Superannuation Act* (Canada) authorizes the President of the Treasury Board to enter into a pension transfer agreement with an “eligible employer” on terms approved by the Treasury Board; and

**WHEREAS** the provisions of this Agreement conform with the terms approved by the Treasury Board; and

**WHEREAS** the Provincial Minister is an “eligible employer” ; and

**WHEREAS** of the *Public Service Superannuation Act* (Nova Scotia) authorizes the Provincial Minister to enter into a pension transfer agreement with the Government of Canada,

**NOW THEREFORE** the parties to this Agreement agree with each other as follows:

**SECTION 2: DEFINITIONS**

1. Any terms used but not defined in this Agreement have the meaning ascribed to them in the provisions of the Act or the Plan, as applicable. The following definitions shall be used for the purposes of this Agreement:
  - a) “**Account**” means the Superannuation Account or the Public Service Pension Fund as described in the Act, or both, as the case may be;
  - b) “**Act**” means the *Public Service Superannuation Act* and includes the *Public Service Superannuation Regulations*;
  - c) “**credited service**” means pensionable service as described in the Plan. Only credited service that is to the credit of the eligible employee upon ceasing to be employed within the meaning of the Provincial Act can be considered for purposes of Section 3 of this Agreement. Where an eligible employee has not completed payment for a period of service upon ceasing to be such an employee, only the paid-up portion of that period will be counted as credited service, unless he or she completes payment in accordance with Clause 3 of this Agreement;
  - d) “**eligible employee**” means a person who, being or having been employed in the Public Service and a contributor under the Act, ceased or ceases to be so employed has not received or does not receive any amount as a return of contributions or any other benefit in respect of any period of pensionable service to his or her credit under the Act upon so ceasing to be employed, and has become an employee within the meaning of the Provincial Act, and a member under the Plan or a person who, being or having been an employee within the meaning of the Provincial Act and a member under the Plan, ceased or ceases to be such an employee, has not received or does not receive any amount as a return of contributions or any other benefit under the Plan in respect of any period of credited service to his or her credit under the Plan upon ceasing to be such an

employee, and is employed in the Public Service and a contributor under the Act;

- e) “**Federal Transfer Amount**” means an amount calculated by the Federal Minister’s Actuary as being equal to the value of all benefits accrued under the Act in respect of the service countable as pensionable service by that employee under the Act, or all benefits which would have accrued under the Act in respect of the service countable as credited service under the Plan had such service been counted as pensionable service under the Act, together with interest from the valuation date to the end of the month preceding the payment date at a rate equal to the rate which in the opinion of the Federal Minister was the Account earning rate during that period. The value of the benefits shall be calculated using the method and assumptions contained in Appendix D.;
- f) “**Fund**” means the Fund established under the Plan;
- g) “**pensionable service**” has the same meaning as in the Act. However, only pensionable service that is to the credit of the eligible employee upon terminating employment in the Public Service can be considered for purposes of Section 4 of this Agreement. Where an eligible employee has not completed payment for a period of elective service upon terminating employment in the Public Service, only the paid-up portion of that period will be counted as pensionable service, unless he or she completes payment in accordance with Clause 15 of this Agreement;
- h) “**Plan**” means the Nova Scotia Public Service Superannuation Plan as outlined in the *Public Service Superannuation Act* (Nova Scotia);
- i) “**Provincial Transfer Amount**” means an amount calculated by the Provincial Minister as being equal to the value of all benefits accrued under the Plan in respect of the service countable as credited service by that employee under the Plan, or all benefits which would have accrued under the Plan in respect of the service countable as pensionable service under the Act had such service been counted a credited service under the Plan, together with interest from the valuation date to the end of the month preceding the payment date, at a rate equal to the nominal rate which was used in the last actuarial valuation of the Plan. The value of the benefits shall be calculated using the method and assumptions contained in Appendix C;
- j) “**valuation date**” :
  - i) the date on which the Federal Minister receives a copy of Appendix B1 (**Request for Transfer of Service Credits**) from the eligible employee, for purposes of Section 3;
  - ii) the date on which the Provincial Minister receives a copy of Appendix B2 (**Request for Transfer of Service Credits**) from the eligible employee, for purposes of Section 4; or
  - iii) such later date as is agreed to by the Federal Minister and the Provincial Minister where a payment is to be made more than three months from the payment deadline contained in Clause 7 or Clause 19, as applicable.

### **SECTION 3: TRANSFERS FROM THE PROVINCE TO THE PUBLIC SERVICE**

2. To participate under this Agreement, an eligible employee must submit a copy of Appendix A (**Request for Transfer Estimate**) to the Provincial Minister while that employee is a contributor under the Act and no later than one year from the effective date of this Agreement, or one year from the date on which a written notice of contributory status is sent to that employee by the Minister, whichever is later. The Federal Minister may extend this period for submitting Appendix A where the delay in forwarding the appendix is not due to fault on the part of the employee.

3. Where an eligible employee, immediately prior to ceasing to be an employee within the meaning of the Provincial Act, has not fully paid for a period of service that he or she was entitled to count as credited service, the Provincial Minister shall provide that employee with a written notice of the balance owing in respect of that period of service and the employee may pay all or part of the balance owing as outlined in the Plan.

If the eligible employee remits the entire balance owing, the entire period of service will be counted as credited service; otherwise, the eligible employee shall be deemed to have to his or her credit only that portion of the credited service that is equal to the portion purchased by the amount actually paid by him or her into the Fund, as calculated by the Provincial Minister in accordance with the Plan.

4. The Minister shall complete the relevant portions of Appendix A1 and forward it to the Federal Minister within 3 months from receipt of Appendix A1 from the eligible employee.
5. The Federal Minister shall complete the relevant portions of Appendix B (**Request for Transfer of Service Credits**) and forward it to the eligible employee within 3 months from receipt of Appendix A1 from the Provincial Minister.
6. The eligible employee shall complete and sign Part 2 of Appendix B1 and forward it to the Federal Minister within 3 months from the date on which the Federal Minister has forwarded Appendix B1 to the eligible employee. The Federal Minister will advise the Provincial Minister of the eligible employee's decision and, where applicable, advise the Provincial Minister of the Federal Transfer Amount.
7. The Provincial Minister will pay or direct that a payment be made into the Account in respect of an eligible employee in an amount equal to the lesser of the Provincial Transfer Amount or the Federal Transfer Amount. This payment shall be made within 3 months from the date the Federal Minister notifies the Provincial Minister of the Federal Transfer Amount.
  - 8.1 Where the amount paid under Clause 7 is equal to the Federal Transfer Amount, the period of credited service countable by the eligible employee under the Plan at the time he or she ceased to be employed within the meaning of the Provincial Act, taking into account Clause 3, shall be counted as pensionable service under the Act; and
  - 8.2 Where the amount paid under Clause 7 is less than the Federal Transfer Amount, only such portion of that period of credited service under the Plan as is determined in accordance with the provisions of the Act shall be counted as pensionable service under the Act.
9. If the amount paid by the Provincial Minister under Clause 7 is less than the value of termination or retirement benefits to which the eligible employee is otherwise entitled on the date of termination under the provisions of the Plan, the Provincial Minister shall treat the difference in accordance with the provisions of the Plan.
10. Where the Federal Minister has received a payment from the Provincial Minister under Clause 7, he or she shall send a notice to the eligible employee advising of the amount that has been transferred on that employee's behalf and the pensionable service which is countable by that employee under the Act in respect of the transferred amount. Where the amount transferred is less than the Federal Transfer Amount, the notice shall also inform the employee of the outstanding balance and the payment options available should that employee wish to establish the balance of the period not counted under Clause 8.2 as pensionable service under the Act.
11. The employee may elect to count all or part of the period of credited service under the Plan which was not purchased under Clause 8.2, within 6 months from the date the notice described in Clause 10 is sent to the eligible employee by the Federal Minister.
12. If an election is not made by the eligible employee within the six month period described in Clause 11, the employee may make an election at any time prior to ceasing to be a contributor under the Act. In such case, however, the cost of

counting such service as pensionable service under the Act will be redetermined as at the date such an election is made, in accordance with the methodology used to establish the Federal Transfer Amount.

13. Where an eligible employee elects to pay for the unpurchased service by instalments, he or she shall undergo and pass a medical examination on the same terms and conditions as those applicable to an election made for a period of service under paragraph 6(1)(b)(iii)(K) of the Act. Where the medical examination is not passed, the election shall be considered null and void, unless that employee makes a lump sum payment within 30 days of being notified of the outstanding amount. Where the outstanding amount is not paid, any payments made on an instalment basis by or on behalf of the eligible employee shall be returned to that employee, without interest.

#### **SECTION 4: TRANSFERS FROM THE PUBLIC SERVICE TO THE PROVINCE**

14. To participate under this Agreement, an eligible employee must submit a copy of Appendix A (**Request for Transfer Estimate**) to the Federal Minister while that employee is an active member under the Plan and no later than one year from the effective date of this Agreement or one year from the date on which the first contribution is made by or on behalf of that employee into the Fund, whichever is later. The Provincial Minister may extend this period for submitting Appendix A2 where the delay in forwarding the appendix is not due to fault on the part of the employee.
15. Where an eligible employee, immediately prior to ceasing to be a contributor under the Act, has not fully paid for a period of service that he or she was entitled to count as pensionable service, the Minister shall provide that employee with a written notice of the balance owing in respect of that period of prior service and the employee may pay all or part of the balance owing within two months of the date that notice is sent.

If the eligible employee remits the entire balance owing within the time provided, the entire period of elective service will be counted as pensionable service; otherwise, the eligible employee shall be deemed to have to his credit only that portion of the pensionable service that is equal to the portion purchased by the amount actually paid by him or her into the Account, as calculated by the Federal Minister in accordance with the Act.

16. The Minister shall complete the relevant portions of Appendix A2 and forward it to the Provincial Minister within 3 months from receipt of Appendix A2 from the eligible employee.
17. The Provincial Minister shall complete the relevant portions of Appendix B2 (**Request for Transfer of Service Credits**) and forward it to the eligible employee within 3 months from receipt of Appendix A2 from the Federal Minister.
18. The eligible employee shall complete and sign Part 2 of Appendix B2 and forward it to the Provincial Minister within 3 months from the date on which the Provincial Minister has forwarded Appendix B2 to the eligible employee. The Provincial Minister will advise the Federal Minister of the employee's decision and, where applicable, advise the Federal Minister of the Provincial Transfer Amount.
19. The Federal Minister will pay or direct that a payment be made into the Fund in respect of an eligible employee the lesser of the Federal Transfer Amount or the Provincial Transfer Amount. This payment shall be made within 3 months from the date the Provincial Minister notifies the Federal Minister of the Provincial Transfer Amount.
- 20.1 Where the amount paid under Clause 19 is equal to the Provincial Transfer Amount, the period of pensionable service countable by the eligible employee under the Act at the time he or she ceased to be employed in the Public Service, taking into account Clause 15, shall be counted as credited service under the Plan; and

- 20.2 Where the amount paid under Clause 19 is less than the Provincial Transfer Amount, only such portion of that period of pensionable service under the Act as is determined in accordance with the provisions of the Plan shall be counted as credited service under the Plan.
21. If the amount paid by the Minister under Clause 19 is less than the transfer value that would have been calculated in respect of the eligible employee under the Act, whether or not that employee would otherwise be entitled to that transfer value, the difference shall be payable to the eligible employee in accordance with the provisions of the Act.
22. Where the Provincial Minister has received a payment from the Federal Minister under Clause 19, he or she shall send a notice to the eligible employee advising that employee of the amount that has been transferred on that employee's behalf and the credited service which is countable by that employee under the Plan in respect of the transferred amount. Where the amount transferred is less than the Provincial Transfer Amount, the notice shall also inform the employee of the outstanding amount and the payment options available should that employee wish to count the balance of the period not purchased under Clause 20.2 as credited service under the Plan.

#### **SECTION 5: GENERAL PROVISIONS**

23. Nothing in this Agreement shall permit or obligate the Federal Minister or the Provincial Minister to contravene applicable legislation.
24. This Agreement may be amended at any time by an agreement in writing signed by both parties to this Agreement, stating the date upon which the amendment or amendments are effective.
25. The Provincial Employer may amend Appendix C to this Agreement by providing notice in writing to the Federal Minister at least 60 days prior to the effective date of the proposed amendment. The amendment, however, shall not affect any transfer where the eligible employee completes or has completed an Appendix B1 or B2, as applicable, prior to the effective date.
26. The Federal Minister may amend Appendix D to this Agreement by providing notice in writing to the Provincial Minister at least 60 days prior to the effective date of the proposed amendment. The amendment, however, shall not affect any transfer where the eligible employee completes or has completed an Appendix B1 or B2, as applicable, prior to the effective date.
27. Either party to this Agreement may terminate its participation in this Agreement by forwarding a written notice to the other party no less than 90 days prior to the termination date. Notwithstanding the termination of this Agreement, its provisions shall continue to apply to those persons who complete or have completed an Appendix A1 or A1, as applicable, prior to the said termination date, to the extent permitted by and in accordance with the terms of this Agreement as it reads immediately prior to the said termination date.
28. The headings used in this Agreement are for convenience only and are not considered part of this Agreement and do not in any way limit or amplify the terms of this Agreement.
29. It is intended that all provisions of this Agreement shall be fully binding and effective between the parties to this Agreement, but in the event that any particular provision is found to be void, voidable or unenforceable in whole or in part, for any reason whatever, then the provision, as affected, shall be deemed severed from the remainder of this Agreement and all other provisions shall remain in full force.
30. No condition or term of this Agreement may be waived except by the written consent of the parties to this Agreement.
31. This Agreement shall continue to the benefit of and be binding upon the successors and assigns of the parties to this Agreement.

32. The parties to this Agreement agree that this Agreement, including its appendices, constitutes the entire agreement of the parties with regard to the matters with which it deals and that no understandings or agreements, verbal or otherwise, concerning such matters exist between the parties except as expressly set out in this Agreement.
33. A French version of this Agreement is also available upon demand.
34. The effective date of this Agreement shall be the date of signature by the President of the Treasury Board.
35. This agreement replaces and supersedes the agreement of August 8, 1972 (**the former agreement**) as amended, between the parties.

*ACCORDINGLY*, by signing below, the parties to this Agreement signify their acceptance of its provisions.

***THE GOVERNMENT OF CANADA***

-----  
The President of the Treasury Board

-----  
Date

***PROVINC OF NOVA SCOTIA***

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Minister of Finance

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Date

**APPENDIX A1  
(REQUEST FOR TRANSFER ESTIMATE)**

**Re: Transfer from the Province of Nova Scotia to the Government of Canada**

<b>Member's Name and Address:</b>  	<b>Date:</b>  
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**MEMBER AUTHORIZATION: (To be completed by the Employee)**

I hereby authorize the Minister of Finance (Nova Scotia) to release the information necessary to produce a transfer quotation, including my social insurance number.

I understand that completion of this document does not constitute a request for transfer. I am aware that, to become eligible for a transfer of funds under the terms of the pension transfer agreement, I must complete form *APPENDIX B1 (REQUEST FOR TRANSFER OF SERVICE CREDITS)* while employed and an active contributor under the *Public Service Superannuation Plan* and within the prescribed time limits.

**Employee's signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Employee's Home Telephone:** \_\_\_\_\_ **Business Telephone:** \_\_\_\_\_

**EMPLOYEE INFORMATION: (To be completed by the appropriate Plan Administrator)**

**Employee's Name :**

**Date of Birth:**

**Superannuation Directorate:**

Name of Employer:

Reference No:

Date of Hire:

Date of Enrolment in Pension Plan:

**Provincial Plan Administrator:**

Name of Employer:

Reference No:

Date of Hire:

Date of Enrolment in Pension Plan:

Date of Termination:

Estimated Transfer Amount: \$

Calculated as of:

**WHEN COMPLETED, THIS FORM SHOULD BE FORWARDED TO:**

***Pension Services Group  
Province of Nova Scotia  
PO Box 371  
Halifax, NS B3J 2P8***

**APPENDIX A2  
(REQUEST FOR TRANSFER ESTIMATE)**

**Re: Transfer from the Government of Canada to the Province of Nova Scotia**

<b>Member's Name and Address:</b>  	<b>Date:</b>  
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**MEMBER AUTHORIZATION: (To be completed by the Employee)**

I hereby authorize the President of the Treasury Board of Canada to release the information necessary to produce a transfer quotation, including my social insurance number.

I understand that completion of this document does not constitute a request for transfer. I am aware that, to become eligible for a transfer of funds under the terms of the pension transfer agreement, I must complete form *APPENDIX B2 (REQUEST FOR TRANSFER OF SERVICE CREDITS)* while employed and an active contributor under the Nova Scotia Public Service Superannuation Plan and within the prescribed time limits.

**Employee's signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Employee's Home Telephone:** \_\_\_\_\_ **Business Telephone:** \_\_\_\_\_

**EMPLOYEE INFORMATION: (To be completed by the appropriate Plan Administrator)**

**Employee's Name :**

**Date of Birth:**

**Provincial Plan Administrator**

Name of Employer:

Reference No:

Date of Hire:

Date of Enrolment in Pension Plan:

**Superannuation Directorate:**

Name of Employer:

Reference No:

Date of Hire:

Date of Enrolment in Pension Plan:

Date of Termination:

Estimated Transfer Amount: \$

Calculated as of:

**WHEN COMPLETED, THIS FORM SHOULD BE FORWARDED TO:**

Supervisor, RTA Unit  
Superannuation Directorate  
Public Works and Government Services Canada  
PO Box 5010, Moncton NB E1C 8Z5



**APPENDIX B1**  
**(REQUEST FOR TRANSFER OF CREDITED SERVICE)**

**Re: Transfer from the Province of Nova Scotia to the Government of Canada**

Members Name and Address:  <i>(Forwarded via personnel office)</i>	Issue Date:  <i>(Date Appendix B is forwarded to member)</i>
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**PART 1: (To be completed by the Superannuation Directorate)**

The amount available for transfer under the pension transfer agreement *is sufficient* to provide you with equivalent pensionable service under the *Public Service Superannuation Act* (the Act).

Estimated Transfer Amount: \$  
Pensionable service to be established by the Transfer Amount: (years/days)

**OR**

The amount available for transfer under the pension transfer agreement *is not insufficient* to provide you with the equivalent pensionable service under the Act, but will provide the following:

Estimated transfer amount: \$  
Credited service to be established by the transfer amount: (years/days)  
Additional pensionable service that may be purchased: (years/days)  
Approximate cost of the additional pensionable service: \$  
Date of termination:

Upon completion of your transfer, you will be given the option of purchasing the additional pensionable service not established by the transfer. The actual figures may change due to interest charges.

**PART 2: (To be completed by the employee)**

I have reviewed the information provided in Part 1 and select the following option with respect to my request to transfer: *(Please indicate the option you wish to select.)*

**Option 1:** I elect to transfer my accrued pension credits to establish pensionable service under the Public Service Superannuation Act. I hereby release and forever discharge the Province of Nova Scotia, its members, officers, employees and agents from all actions, causes of action, claims and demands of whatever kind that I or my heirs, executors, administrators or assigns ever had, now have or can, shall or may have for damage, loss or injury as a result of, or in any way arising out of, my past participation under the Nova Scotia Public Service Superannuation Plan or my decision to transfer my accrued pension credits.

I understand that my transfer is subject to the terms and conditions of the agreement made between the above parties, that the monies transferred under the said agreement are subject to the terms and conditions of the *Public Service Superannuation Act*, and that the transferred amount determined will be in accordance with the provisions of the Plan, the Act and the *Income Tax Act (Canada)*, including maximum benefit limit restrictions and prescribed allowable transfer amounts between pension plans.

**Option 2:** I elect **NOT** to proceed with my request for transfer. I understand that my pension benefits with respect to my previous credited service will remain under the Nova Scotia Public Service Superannuation Plan and will be paid in accordance with the rules of that plan.

**Employee's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Employee's Home Telephone:** \_\_\_\_\_ **Business Telephone:** \_\_\_\_\_

**NOTE:** *(To be completed by the Superannuation Directorate)*

**THE COMPLETED APPENDIX B MUST BE RETURNED BY \_\_\_\_\_, 20 \_\_\_\_.**

**TO: Supervisor, RTA Unit, Superannuation Directorate  
Public Works and Government Services Canada  
PO Box 5010, Moncton, NB E1C 8Z5**

**APPENDIX B2**  
**(REQUEST FOR TRANSFER OF SERVICE CREDITS)**

**Re: Transfer from the Province of Nova Scotia to the Government of Canada**

<b>Members Name and Address:</b>  <i>(Forwarded via personnel office)</i>	<b>Issue Date:</b>  <i>(Date Appendix B is forwarded to member)</i>
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**PART 1: (To be completed by the Provincial Plan Administrator)**

The amount available for transfer under the pension transfer agreement *is sufficient* to provide you with equivalent pensionable service under the Nova Scotia Public Service Superannuation Plan (the Plan).

Estimated Transfer Amount: \$

Pensionable service to be established by the Transfer Amount: (years/days)

**OR**

The amount available for transfer under the pension transfer agreement *is not insufficient* to provide you with the equivalent credited service under the Plan, but will provide the following:

Estimated transfer amount: \$

Credited service to be established by the transfer amount: (years/days)

Additional credited service that may be purchased: (years/days)

Approximate cost of the additional credited service: \$

Date of termination:

Upon completion of your transfer, you will be given the option of purchasing the additional credited service not established by the transfer. The actual figures may change due to interest charges.

**PART 2: (To be completed by the employee)**

I have reviewed the information provided in Part 1 and select the following option with respect to my request to transfer: *(Please indicate the option you wish to select.)*

**Option 1:** I elect to transfer my accrued pension credits to establish service under the Nova Scotia Public Service Superannuation Plan. I hereby release and forever discharge the Government of Canada, its members, officers, employees and agents from all actions, causes of action, claims and demands of whatever kind that I or my heirs, executors, administrators or assigns ever had, now have or can, shall or may have for damage, loss or injury as a result of, or in any way arising out of, my past participation under the *Public Service Superannuation Act* or my decision to transfer my accrued pension credits.

I understand that this transfer is subject to the terms and conditions of the agreement made between the above parties, that the monies transferred under the said agreement are subject to the terms and conditions of the Nova Scotia Public Service Superannuation Plan, and that the transferred amount determined will be in accordance with the provisions of the Act, the Plan and the *Income Tax Act (Canada)*, including maximum benefit limit restrictions and prescribed allowable transfer amounts between pension plans.

**Option 2:** I elect **NOT** to proceed with my request for transfer. I understand that my pension benefits with respect to my previous pensionable service will remain under the *Public Service Superannuation Act* and will be paid in accordance with the terms of the Act.

**Employee's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Employee's Home Telephone:** \_\_\_\_\_ **Business Telephone:** \_\_\_\_\_

**NOTE:** *(To be completed by the Superannuation Directorate)*

**THE COMPLETED APPENDIX B2 MUST BE RETURNED BY \_\_\_\_\_, 20\_\_\_\_.**

<b>TO: Pension Services Group</b> <b>Province of Nova Scotia</b> <b>Box 371, Halifax, NS B3J 2P8</b>
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## *APPENDIX C*

### **METHODS AND ACTUARIAL ASSUMPTIONS USED BY THE NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION PLAN**

1. **Mortality** 1994 GAM static projected to 2000 using scale AA  
Gender split: 50% male and 50% female
2. **Interest Rate** Real interest rate: 4.25%  
Nominal interest rate: 7.38%
3. **Indexation Rate** 3.00%
4. **Rate of increase in salaries and in maximum eligible earnings:**  
3.5% plus merit according to the following scale:

<30	2.5%
30-34	2.0%
35-39	1.5%
40-44	1.0%
45-49	0.5%
50+	0.0%
5. **Withdrawal Rate:** Nil
6. **Disability Rate:** Nil
7. **Proportion of contributors married at death:**  
85% of males and 75% of females have a spouse at retirement.
8. **Difference between the age of the spouse and that of the participant:**  
Male spouse is 3 years older than female spouse
9. **Retirement Rates:** 20% at age 55 with age plus service equal to 80 or greater 80% at earlier of age 60 or age at which 35 years of service is accrued.

#### **Method of Evaluation of Liability**

The method used to determine the liability is the Accrued Benefit method (also known as the Projected Unit Credit method).

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

(Effective May 1, 2001)

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 March 31, 1999 (the Actuarial Report), except for and/or as noted in the following:

1. the rate of interest shall be 7.25% per annum;
2. the rate of increase in the Consumer Price Index shall be 3.0% per annum;
- 3(a) for the purposes of Clause 7, the rate of increase in salaries shall be 4.0% per annum, plus the seniority and promotional increases contained in the PSS Actuarial Report;
- 3(b) for the purposes of Clause 19, the rate of increase in salary shall be 4% per annum, plus the seniority and promotional increases contained in the PSS Actuarial Report, except as noted in 3(c) below; and
- 3(c) for the purpose 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 so 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 4% per annum plus the seniority and promotional increases contained in the PSS Actuarial Report thereafter.

**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 future 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 PSSA or on the date the agreement is signed, as the case may be, and for the purposes of Clause 19, the salary upon ceasing to be a contributor under the PSSA.

**Amendment to Assumptions**

Each time a new PSS 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 1<sup>st</sup> 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.