



Treasury Board of Canada
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du Canada

Canada

Report on the Administration of the *Supplementary Retirement Benefits Act* for the fiscal year ended March 31, 2015



ANNUAL REPORT

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His Excellency the Right Honourable David Johnston, C.C., C.M.M., C.O.M., C.D.
Governor General of Canada

Excellency:

I have the honour to submit to Your Excellency, the *Report on the Administration of the
“Supplementary Retirement Benefits Act” for the Fiscal Year Ended March 31, 2015.*

Respectfully submitted,

Original signed by

The Honourable Scott Brison, P.C., M.P.
President of the Treasury Board

Table of Contents

Introduction	1
Year at a Glance, 2014–15	1
Historical Context.....	1
Supplementary Retirement Benefits Account	2
Membership Statistics.....	3
Funding	3
Account Transactions.....	4
Account Transaction Statements	5

Introduction

The *Supplementary Retirement Benefits Act* (SRBA) applies primarily to pension benefits payable to federal judges under the *Judges Act* as well as to other statutes listed in Schedule I of the SRBA, such as the *Diplomatic Service (Special) Superannuation Act*, the *Lieutenant Governors Superannuation Act*, the *Defence Services Pension Continuation Act* of the Canadian Armed Forces and the *Royal Canadian Mounted Police Pension Continuation Act*. The SRBA does not apply to pension benefits payable under the major federal public service pension plans governed by the *Public Service Superannuation Act* (PSSA), the *Canadian Forces Superannuation Act* (CFSA), the *Royal Canadian Mounted Police Superannuation Act* (RCMPSA) and the *Members of Parliament Retiring Allowances Act* (MPRAA).

Year at a Glance, 2014–15

- ▶ Active contributors increased by 2.6 per cent to 1,171 members (1,141 members in 2014).
- ▶ Retired members and survivors decreased by 8 per cent to 1,410 members (1,534 members in 2014).
- ▶ The pension benefits were increased (i.e., indexed) by 1.7 per cent in January 2015 (0.9 per cent in January 2014).

Historical Context

The SRBA makes it possible to provide supplementary benefits for recipients of pensions or allowances payable under the acts or regulations listed in Schedule I of the SRBA, as at March 31, 2015.

The original SRBA of 1970 provided for increases in pensions up to a maximum of 2 per cent per year. The indexing of benefits was extended to employees who retired after 1952. The increases were payable at age 60, or earlier under specific conditions. The original SRBA also applied to pensions payable under the PSSA, the CFSA, the RCMPSA and the MPRAA.

Effective January 1, 1974, the 2-per-cent ceiling on increases was removed, and an annual increase in pensions reflecting the full increase in the cost of living was permitted, payable commencing in January of each year. This increase is based on the percentage increase in the average of the Consumer Price Index (CPI) for the 12 months ended on the preceding September 30, over the CPI average for the 12 months ended a year earlier.

The SRBA was amended in 1975 to permit interest to be paid on returns of contributions at a rate of 4 per cent, compounded annually.

Since 1982, the legislation has required that the increase payable in the first year after a person retires be pro-rated according to the number of complete months of retirement in the previous year.

In 1983 and 1984, the increases were limited to 6.5 and 5.5 per cent, respectively, under amendments to the SRBA passed in 1983.

In 1992, the SRBA was amended to reflect changes being made to the PSSA, the CFSA, the RCMPSPA and the MPRAA. These statutes were amended to incorporate the authority to provide increases in their respective pensions as if they were determined under the SRBA. Consequently, the SRBA no longer applied to pension benefits payable under those statutes. Amendments to the SRBA regarding benefits payable under the PSSA, the CFSA and the RCMPSPA were made retroactive to April 1, 1991. Amendments regarding the MPRAA became effective on January 1, 1992. For more information on these amendments, refer to the “Supplementary Retirement Benefits Account” section.

Supplementary Retirement Benefits Account

The SRBA establishes an account known as the Supplementary Retirement Benefits Account (the Account) in the Public Accounts of Canada. Plan members who have not yet retired, except the Governor General, contribute to the Account. The government matches these contributions.

Before January 1, 1974, all supplementary benefits were charged to the Account. Since that date, however, the benefits paid to former contributors have been charged to the Account only until they equal the total amount credited to the Account. Supplementary benefits paid in excess of that total are charged to the Consolidated Revenue Fund.

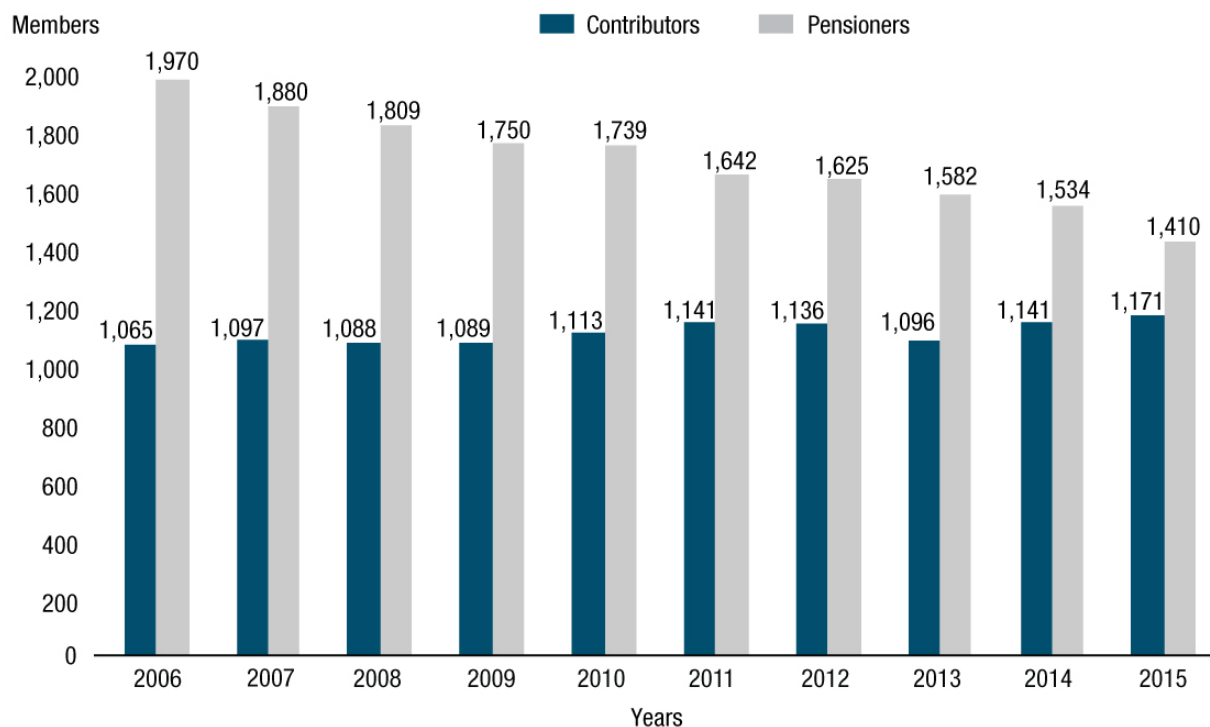
Under the 1992 amendments mentioned in the preceding section, the appropriate portions of the Account were transferred to the superannuation accounts established under the PSSA, the CFSA, the RCMPSPA and the MPRAA. These transfers greatly reduced the size of the Account.

Membership Statistics

At March 31, 2015, there were 1,171 members (1,141 members in 2014) contributing to the Account and 1,410 retired members and survivors (1,534 members in 2014).

Figure 1. Membership profile from 2006 to 2015

This figure demonstrates the number of contributors relative to the number of pensioners from 2006 to 2015.



Funding

Between April 1, 1970, and December 31, 1976, members contributed 0.5 per cent of their salary. Effective January 1, 1977, this rate was increased to 1 per cent.

Interest on the Account is payable at the end of each quarter. It is calculated monthly on the minimum balance in the Account at an interest rate that represents the yield on outstanding Government of Canada bonds having a term to maturity of five years, less 0.125 of 1 per cent.

Account Transactions

During fiscal year 2014–15, total receipts from contributors and the government, including interest, amounted to \$9.81 million (\$9.84 million in 2014). The total amount paid under the SRBA was \$31.18 million (\$32.02 million in 2014), of which \$35,533 (\$31,275 in 2014) was charged to the Account; the remaining \$31.14 million (\$31.99 million in 2014) was charged to the Consolidated Revenue Fund in accordance with subsection 8(2) of the SRBA. The balance in the Account at the end of the year was \$207.07 million (\$197.29 million in 2014).

Details of the transactions in the Account during the fiscal year appear in the “Account Transaction Statements” section.

Account Transaction Statements

Supplementary Retirement Benefits Account statement
Year Ended March 31 (\$ thousands)¹

	2015	2014
Supplementary Retirement Benefits Account, Opening Balance (A)	197,294	187,481
Receipts		
Contributions		
Members	3,425	3,300
Government	3,425	3,300
Interest	2,964	3,244
Total Receipts (B)	9,814	9,844
Payments		
Annuities ²	31,180	32,024
Less charges to Consolidated Revenue Fund in accordance with subsection 8(2) of the Act ²	31,144	31,993
Net Payments (C)	36	31
Increase (B – C = D)	9,778	9,813
Supplementary Retirement Benefits Account, Closing Balance (A + D)	207,072	197,294

1. Due to rounding, figures differ slightly from the Public Accounts of Canada.

2. The above information does not reflect exactly the information presented in the Public Accounts of Canada. Annuities and charges to the Consolidated Revenue Fund are supplementary information included to reflect all payments made under the authority of the SRBA. The amounts charged to the Consolidated Revenue Fund are not charged to the Supplementary Retirement Benefits Account due to an exclusion under subsection 8(2) of the SRBA. The amount of charges to the Consolidated Revenue Fund reported in this statement is calculated based on financial information provided directly from several organizations responsible for processing SRBA benefit payments, such as the Registrar of the Supreme Court of Canada, the Office of the Commissioner for Federal Judicial Affairs Canada, Canadian Heritage, National Defence and the Senate of Canada.

Supplementary Retirement Benefits Account statement
Details of Receipts and Payments for 2014–15
Year Ended March 31 (\$ thousands)¹

	Judges	Others	Total
Supplementary Retirement Benefits Account,			
Opening Balance (A)	196,642	652	197,294
Receipts			
Contributions			
Members	3,394	31	3,425
Government	3,394	31	3,425
Interest	2,953	11	2,964
Total Receipts (B)	9,741	73	9,814
Payments			
Annuities ²	0	36	36
Return of Contributions	0	0	0
Total Payments (C)	0	36	36
Increase (B – C = D)	9,741	37	9,778
Supplementary Retirement Benefits Account,			
Closing Balance (A + D)	206,383	689	207,072

1. Due to rounding, figures differ slightly from the Public Accounts of Canada.

2. In addition to these charges to the Account, \$31.14 million was charged to the Consolidated Revenue Fund under subsection 8(2) of the SRBA, as reported in the previous statement. The information in this statement is similar to that reported in the Public Accounts of Canada.