Treasury Board of Canada
Secretariat

Secrétariat du Conseil du Trésor
du Canada

Report on the Administration of the Members of Parliament Retiring Allowances Act

for the Fiscal Year Ended March 31, 2022

ANNUAL REPORT

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represented by the President of the Treasury Board, 2023

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Her Excellency the Right Honourable Mary Simon, C.C., C.M.M., C.O.M., O.Q., C.D.,
Governor General and Commander-in-Chief of Canada

Excellency:

I have the honour of submitting to Your Excellency the *Report on the Administration of the Members of Parliament Retiring Allowances Act for the Fiscal Year Ended March 31, 2022*.

Respectfully,

Original signed by

The Honourable Mona Fortier, P.C., M.P.
President of the Treasury Board

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About this report

This report provides information on the administration of the *Members of Parliament Retiring Allowances Act*[i] (MPRAA) for the fiscal year ended March 31, 2022. It is tabled in Parliament in accordance with section 67 of the MPRAA.

The MPRAA governs the Members of Parliament Pension Plan, which provides retirement allowances to eligible individuals who have served as parliamentarians.

About the plan

The Members of Parliament Pension Plan offers a source of lifetime retirement income for eligible parliamentarians.[1] In the event of a plan member's death, it also provides benefits to the eligible survivor and dependent children.

Established in 1952, the plan is a contributory defined benefit pension plan. This means that both the employer (the Government of Canada) and the plan member contribute to it and that the benefits are specified in the plan document, in this case, the MPRAA and its regulations.

Membership in the plan has been mandatory since 1965 for members of the Senate, and since 2000 for members of the House of Commons. Both active plan members and the Government of Canada contribute to the plan, at rates set by the Chief Actuary of Canada. Since 2017, they have been contributing equally.

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[1] In this report, "parliamentarians" refers to members of the Senate and members of the House of Commons, and "plan members" refers to both active and former parliamentarians. Where necessary, members of the Senate and members of the House of Commons are referred to separately.

Fiscal year highlights

Plan benefits and contributions

Average annual retirement allowance	**$73,500**
Benefits paid*	**$56.7 million**
Plan member and government contributions	**$38.1 million**

*Benefits paid include retirement allowances, survivor benefits, withdrawal allowances, and pension divisions.

Membership demographics

Active plan members	**429**
Retired plan members	**587**
Survivors and dependent children	**187**
Total	**1,203**

Benefits

A plan member's benefits are based on the number of years of pensionable service at retirement, when that service was accrued, the age at which they start receiving benefits, and whether they retire because of a disability.

When a member dies, their eligible survivor and dependent children also receive benefits under the plan.

Members may receive their benefits in one of the following ways:

- a retirement allowance
- a withdrawal allowance
- a disability pension

Retirement allowance

Plan members who have 6 or more years of pensionable service receive a retirement allowance when they retire.

The earliest age at which a retirement allowance may be paid without a reduction is 65 for pensionable service accrued on or after January 1, 2016.

A member can choose to start receiving a retirement allowance at age 55, but the allowance will be reduced by 1% for every year the member is under age 65.

Table 1 shows the age at which different retirement benefits are available to eligible plan members based on when the service was accrued.

Table 1. Retirement benefits

When service was accrued	Type of benefit	Age payable
On or before July 12, 1995	Immediate unreduced retirement allowance	any age
From July 13, 1995, to December 31, 2015	Immediate unreduced retirement allowance	55
On or after January 1, 2016	Immediate unreduced retirement allowance	65
	or Immediate and permanently reduced retirement allowance	55

Withdrawal allowance

Plan members receive a withdrawal allowance if they:

- have not completed 6 years of pensionable service
  or
- are disqualified from the Senate or expelled from the House of Commons

The withdrawal allowance is a reimbursement of all the member's contributions paid under Part I and Part II of the MPRAA, plus interest, calculated at the rate of 4%, compounded annually.

Disability pension

A parliamentarian who becomes eligible for a disability allowance under the CPP or QPP may be entitled to a monthly disability pension under the MPRAA. There are no age requirements associated with the MPRAA disability pension entitlement.

The disability pension is calculated in the same way as a pension benefit that would have been payable to a plan member at age 65.

Survivor benefits

When a plan member with at least 6 years of pensionable service dies, their eligible spouse or common-law partner may receive a survivor benefit. Eligible dependent children may receive a child benefit.

Table 2 provides an overview of the different survivor benefits.

Table 2. Survivor benefits

At the time of death, if the member had…	the plan may pay…	and the benefit is…
a spouse or common-law partner	a survivor benefit	a **monthly allowance** equal to **60% of the plan member's basic retirement allowance**, payable immediately, for the lifetime of the spouse or common-law partner
dependent children	a child benefit	a **monthly allowance** equal to **10% of the plan member's basic retirement allowance,** payable to each child until age 18, or until age 25 if the child is a full-time student, to a maximum of 30% of the plan member's basic retirement allowance
dependent children, but no spouse or common-law partner	a child benefit	a **monthly allowance** equal to **20% of the plan member's basic retirement allowance,** payable to each child until age 18, or until age 25 if the child is a full-time student, to a maximum of 80% of the member's basic retirement allowance
no eligible survivor or dependent children	a minimum benefit	**a lump-sum payment** equal to the **total of the plan member's contributions over and above allowances already paid, plus interest**, calculated at the rate of 4%, compounded annually; this payment is payable to the plan member's estate

If the plan member did not have 6 years of pensionable service and was therefore not eligible for a retirement allowance, a withdrawal allowance is paid. If there is no eligible person to whom this benefit may be paid, it is paid to the estate.

Indexation

Retirement allowances, survivor benefits and disability pensions under the plan are indexed annually to cover increases in the cost of living, as determined by the Consumer Price Index (CPI).

The indexation rate was 2.4% for calendar year 2022 and 1% for calendar year 2021.

Calculation of benefits

A plan member's benefits are based on their years of pensionable service and their average annual sessional indemnity or average annual pensionable earnings, depending on when the service was accrued.

Benefits for pensionable service accrued on or after January 1, 2016, are coordinated with the Canada Pension Plan (CPP) and Québec Pension Plan (QPP). This means that a plan member's retirement allowance has 2 separate components:

- a lifetime pension benefit, payable until the plan member's death
- a bridge benefit, payable until the plan member reaches age 60

The bridge benefit is an amount payable in addition to a plan member's monthly pension. It continues until the age of 60 or until a member becomes entitled to a disability pension under the CPP or QPP.

The Chief Actuary of Canada sets both the member contribution rates and the CPP coordination factor for the bridge benefit. The Chief Actuary regularly reviews both of these figures and adjusts them, if necessary, as part of their triennial actuarial valuation report, which is tabled in Parliament.

To be eligible for the bridge benefit, plan members must:

- have at least 6 years of pensionable service
- have earned pension benefits on or after January 1, 2016
- cease to be a parliamentarian before age 60

Table 3 shows how the retirement allowance is calculated. Table 4 shows how the bridge benefit is calculated.

Table 3. Calculation of retirement allowance

Lifetime pension benefit (maximum 75% accrual*)				
For pensionable service earned before January 1, 2016				
3% (or applicable rate)	×	Average annual sessional indemnity	×	Years of credited pre-2016 service
For pensionable service earned after December 31, 2015				
2.6% up to AMPE 3% above AMPE	×	Average annual pensionable earnings	×	Years of credited post-2015 service

* The maximum accrual rate does not include additional service credits before January 1, 2016.

Table 4. Calculation of bridge benefit

Bridge benefit (payable on post-2015 service)				
0.4%	×	Average annual pensionable earnings up to AMPE	×	Years of credited post-2015 service

Plan provisions for prime ministers

Retirement allowance

A prime minister who holds office for at least 4 years is entitled to a special retirement allowance in addition to their Members of Parliament Pension Plan benefit. Former prime ministers can receive a retirement allowance at age 67 or upon ceasing to hold office, whichever is later.

Table 5 shows the basic formula for calculating a prime minister's retirement allowance.

Table 5. Calculation of prime minister’s retirement allowance*

3%	×	Prime minister’s salary on the date plan membership ends, or at age 67, whichever is later	×	Years of service as prime minister

* The retirement allowance cannot exceed two thirds of the prime minister’s salary at the time the payment of the retirement allowance begins.

Survivor allowance

An eligible spouse or common-law partner may receive a survivor allowance equal to 50% of the retirement allowance payable to the former prime minister for service as prime minister.

Plan financial status

Accounts

Two accounts are maintained in the Public Accounts of Canada to record transactions under the plan:

- Members of Parliament Retiring Allowances (MPRA) Account
- Members of Parliament Retirement Compensation Arrangements (MPRCA) Account

The **MPRA Account** records the transactions related to the benefits payable under the plan when these benefits are permitted under the *Income Tax Act*[ii] for registered pension plans.

The **MPRCA Account** records the transactions related to the benefits payable under the plan when the benefits exceed the limits established by the *Income Tax Act*.

The MPRCA Account is registered with the Canada Revenue Agency. Transactions are recorded annually between the MPRCA Account and the Canada Revenue Agency either to remit a 50% refundable tax in respect of the net contributions and interest credits or to credit a reimbursement based on the net benefit payments. For the fiscal year ended March 31, 2022, the MPRCA Account remitted a refundable tax of $37,080,089.

MPRA and MPRCA account data is presented in the Account transaction statements.

Actuarial valuation

As required by the *Public Pensions Reporting Act*,[iii] the Chief Actuary of Canada conducts an actuarial valuation of the pension arrangements established under the MPRAA at least every 3 years.

This valuation presents an estimate of the balance sheet on an actuarial basis, which means that it presents the account balances and liabilities and any resulting excess or shortfall. The actuarial valuation also projects the current service cost for each of the 3 years following the valuation date.

The most recent actuarial report[iv] for the plan, which has a valuation date of March 31, 2019, was tabled in Parliament on November 24, 2020.

Member contributions

Plan members must contribute to the plan for as long as they remain parliamentarians.

Contributions are based on pensionable earnings. The coordination of benefits with the CPP and QPP means that plan members pay different contribution rates on different portions of their pensionable earnings. They pay one rate on the portion that is below the year's maximum pensionable earnings (YMPE), another rate on the portion that is at or above the YMPE up to the maximum pensionable earnings (MPE), and another rate on the portion that is above the MPE (see tables 6 and 7).

Contributions are made until they reach the maximum benefit accrual rate of 75%. Once they have reached that maximum, the contribution rate drops to 1% of pensionable earnings for the remainder of their service.

Some plan members, such as speakers, Cabinet ministers, leaders of the opposition and parliamentary secretaries, receive additional allowances and salaries. They make contributions based on these additional amounts in the same manner and at the same rates as indicated in tables 6 and 7.

Table 6 shows plan member contribution rates to the MPRA Account for calendar year 2022.

Table 6. Plan member contribution rates to the MPRA Account (applied to pensionable earnings), calendar year 2022

Under age 71			Age 71 and above
Below YMPE	YMPE to MPE	Above MPE	
13.62%	17.39%	0.00%	0.00%

Prime ministers must contribute at the applicable contribution rate based on their salary received as prime minister, in addition to their contributions as a member of the House of Commons.

If eligible, a plan member can choose to make contributions on prior service in Parliament, but they must pay interest on these contributions.

Retirement compensation arrangement

The *Income Tax Act* defines the limit on which benefits can be earned under a registered pension plan during a calendar year. Retirement compensation arrangements provide benefits on pensionable earnings that exceed that limit. On January 1, 2016, the earnings limit formula was revised to reflect the coordination with the CPP and QPP.

Plan members under age 71 contribute a portion of their pensionable earnings, up to the MPE for that year, to the MPRA and MPRCA accounts until they have earned a retirement allowance equal to 75% of the average pensionable earnings. Once a plan member has reached the MPE for the calendar year, they contribute a certain percentage to the MPRCA Account as established under the MPRAA.

Table 7 shows plan member contribution rates to the MPRCA Account for calendar year 2022.

Table 7. Plan member contribution rates to the MPRCA Account (applied to pensionable earnings), calendar year 2022

Under age 71		**Age 71 and above**
Below MPE	**Above MPE**	
7.31%	23.34%	23.34%

Government of Canada contributions

Every month, the Government of Canada is required to make contributions to the MPRA and MPRCA accounts. These contributions match those made by plan members toward benefits earned during the month. The government's contribution rates are presented as a percentage of the pensionable payroll.

The Government of Canada's current service contribution rates are as follows:

- MPRA Account: 12.47%
- MPRCA Account: 10.87%

Interest

Every quarter, the Government of Canada credits interest on the balance of the MPRA and the MPRCA accounts at a rate set under the *Members of Parliament Retiring Allowances Regulations*.[v] The interest is the effective quarterly rate derived from the valuation interest rate used in the most recently tabled valuation report. For the fiscal year ended March 31, 2022, the quarterly interest rate was 0.40%.

Credits and debits to the accounts

If there is an unfunded actuarial liability in either the MPRA Account or the MPRCA Account, the MPRA Account or the MPRCA Account must be credited with such amounts that, in the opinion of the President of the Treasury Board, on the basis of actuarial advice, would be necessary to meet the total costs of all allowances and other benefits payable under the plan. Conversely, if the balance of the accounts is greater than the actuarial liability, the President of the Treasury Board has the authority, based on actuarial advice, to debit amounts from the MPRA Account or the MPRCA Account.

For the fiscal year ended March 31, 2022, no actuarial adjustment was required to meet the total cost of all allowances and other benefits payable under the plan.

Account transaction statements

Members of Parliament Retiring Allowances Account statement
Fiscal year ended March 31 ($ thousands)

	2022	2021
Opening balance	**$631,362**	$560,954
Receipts and other credits		
Member contributions: current service	**10,445**	8,916
Member contributions: arrears of principal, interest and mortality insurance	**69**	350
Government contributions: current service	**10,445**	8,916
Actuarial adjustment	**0**	70,000
Interest	**10,103**	13,041
Total receipts and other credits	**$31,061**	$101,223
Payments and other charges		
Retirement allowances	**30,254**	30,069
Withdrawal allowances, including interest	**3,177**	557
Pension division payments	**244**	189
Total payments and other charges	**$33,675**	$30,815
Closing balance	**$628,748**	$631,362

Note: Due to rounding, the totals may not correspond with the sum of the component figures.

Members of Parliament Retirement Compensation Arrangements Account statement
Fiscal year ended March 31 ($ thousands)

	2022	2021
Opening balance	**$277,869**	$201,024
Receipts and other credits		
Member contributions: current service	**8,533**	7,770
Member contributions: arrears of principal, interest and mortality insurance	**62**	75
Government contributions: current service	**8,533**	7,770
Actuarial adjustment	**0**	75,400
Refundable tax[1]	**0**	792
Interest	**4,447**	4,660
Total receipts and other credits	**$21,575**	$96,466
Payments and other charges		
Retirement allowances	**19,657**	19,070
Withdrawal allowances, including interest	**3,101**	388
Pension division payments	**243**	120
Refundable tax[1]	**37,080**	43
Total payments and other charges	**$60,081**	$19,622
Closing balance	**$239,364**	$277,869

1. Transactions are recorded annually between the MPRCA Account and the Canada Revenue Agency either to debit a 50% refundable tax in respect of the net contributions and interest credits or to credit a reimbursement based on the net benefit payments.

Note: Due to rounding, the totals may not correspond with the sum of the component figures.

Roles and responsibilities

President of the Treasury Board

The President of the Treasury Board is responsible for the overall management of the plan on behalf of the Government of Canada, the plan's sponsor.

Treasury Board of Canada Secretariat

The Treasury Board of Canada Secretariat:

- develops policy recommendations for the funding, design and governance of the plan
- provides strategic direction, program advice and interpretation
- drafts required legislative authorities
- prepares annual report for tabling in Parliament

Public Services and Procurement Canada and the Senate of Canada

Public Services and Procurement Canada and the Senate of Canada are responsible for the day-to-day administration of the plan, including all communication with plan members. This includes developing and maintaining the plan's pension systems, books of accounts, records, and internal controls, as well as preparing account transaction statements for reporting in the Public Accounts of Canada.

Office of the Chief Actuary

The Office of the Chief Actuary, an independent unit within the Office of the Superintendent of Financial Institutions Canada, provides a range of actuarial services and advice to the government on the plan. The Office of the Chief Actuary conducts an annual actuarial valuation of the plan for accounting purposes and performs a funding valuation once every 3 years. It also sets contribution rates and coordination factors for the plan and recommends credits and debits to the accounts.

Glossary

actuarial valuation

An actuarial analysis that provides information on the financial condition of a pension plan.

average annual pensionable earnings

The best consecutive 5-year average of a member's annual pensionable earnings to be used in the calculation of retirement allowances for service accrued on or after January 1, 2016. The average annual pensionable earnings may be drawn from any consecutive period in the member's pensionable service history. Pensionable earnings for this purpose include the cumulative total of the sessional indemnity and any additional allowances or salary payable to a member in a calendar year.

average annual sessional indemnity

The best consecutive 5-year average of a member's annual sessional indemnity to be used in the calculation of retirement allowances for service accrued before January 1, 2016. The average annual sessional indemnity may be drawn from any consecutive period in the member's pensionable service history. Sessional indemnity for this purpose is the equivalent to a monthly salary and is payable in accordance with the *Parliament of Canada Act*.

average maximum pensionable earnings (AMPE)

The average of the year's maximum pensionable earnings as set by the Canada Pension Plan and the Québec Pension Plan for the year of retirement and the 4 preceding years.

benefit accrual rate

The rate at which a plan member's retirement benefits for the year are accumulated. It applies to retirement allowances and survivor benefits, but not to withdrawal allowances.

Canada Pension Plan (CPP)

A mandatory earnings-related pension plan to provide basic retirement income to Canadians who work in all the provinces and territories except Quebec, which has its own plan (see Québec Pension Plan) for persons who work in that province.

child benefit

An allowance payable to an eligible dependent child in the event of a plan member's death. To be eligible, a child must be under 18 years of age. Children between 18 and 25 may receive allowances if they are enrolled in school or another educational institution full-time and have attended continuously since the age of 18 or the date of the plan member's death, whichever occurs later.

Consumer Price Index (CPI)

A measure of price changes published by Statistics Canada on a monthly basis. The CPI measures the retail prices of a “shopping basket” of about 300 goods and services, including food, housing, transportation, clothing and recreation. Increases in the CPI are also referred to as cost-of-living increases.

indexation

The automatic adjustment of pensions to reflect changes in the cost of living, as determined by the Consumer Price Index.

maximum pensionable earnings (MPE)

The maximum earnings for which pension benefits can be earned during a calendar year under a registered pension plan, as defined by the *Income Tax Act*. The MPE was $179,700 for calendar year 2022 and $170,500 for calendar year 2021.

pension division

The division, pursuant to the *Pension Benefits Division Act*,[vi] of a member’s accumulated pension benefits between the member and a spouse or partner in the event of the breakdown of a marriage or a common-law relationship.

pensionable service

Periods of service credited to a member of the Members of Parliament Pension Plan. This service includes any complete or partial periods of purchased service (for example, service buyback or elective service).

Québec Pension Plan (QPP)

A pension plan similar to the Canada Pension Plan that covers individuals working in the province of Quebec. It is administered by Retraite Québec.

retirement allowance

A benefit payable on a periodic basis to a pension plan member until their death, unless payment of the benefit is suspended.

survivor benefit

A benefit paid to a plan member’s eligible survivor. An eligible survivor is the person who was married to the member or was living in a common-law relationship with the member for at least one year before the member’s death or one year before they ceased to be a parliamentarian, whichever comes first.

year’s maximum pensionable earnings (YMPE)

The maximum earnings for which contributions can be made to the Canada Pension Plan and the Québec Pension Plan (earnings ceiling) during the year. The YMPE was $64,900 for calendar year 2022 and $61,600 for calendar year 2021.

Endnotes

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[i]. *Members of Parliament Retiring Allowances Act,* http://laws-lois.justice.gc.ca/eng/acts/M-5/page-1.html

[ii]. *Income Tax Act,* https://laws-lois.justice.gc.ca/eng/acts/I-3.3/

[iii]. *Public Pensions Reporting Act,* https://laws-lois.justice.gc.ca/eng/acts/p-31.4/page-1.html

[iv]. Members of Parliament Actuarial reports, https://www.osfi-bsif.gc.ca/Eng/oca-bac/ar-ra/mp-plm/Pages/default.aspx

[v]. *Members of Parliament Retiring Allowances Regulations,* https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._1033/page-1.html

[vi]. *Pension Benefits Division Act,* http://laws-lois.justice.gc.ca/eng/acts/P-6.7/index.html