



President  
of the Treasury Board

Présidente  
du Conseil du Trésor

**Report on the  
Administration of the  
*Members of Parliament  
Retiring Allowances Act*  
for the Fiscal Year  
Ended March 31, 2001**

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Her Excellency the Right Honourable Adrienne Clarkson, C.C., C.M.M., C.D.  
Governor General of Canada

Excellency:

I have the honour to submit to Your Excellency the *Report on the Administration of the Members of Parliament Retiring Allowances Act for the Fiscal Year Ended March 31, 2001*.

Respectfully submitted,

The paper version was signed by  
Lucienne Robillard, President of the Treasury Board





## INTRODUCTION

The *Members of Parliament Retiring Allowances Act* (the Act or MPRAA) governs pension arrangements for members of Parliament—members of the House of Commons and senators. Under the Act, the plan also provides a survivor allowance for eligible spouses and children. This report begins with a brief summary of the plan’s main provisions and then presents information, for the fiscal year 2000–2001, on the transactions recorded in the pension plan accounts, on membership and benefits paid. Historical data are also included.

In this report, “members” refers to active and retired participants in the plan. Where necessary, members of the House of Commons and senators are referred to separately.

## RECENT CHANGES

As a result of Bill C-37, effective September 21, 2000, all members of the House of Commons are provided with coverage under the *Members of Parliament Retiring Allowance Act*.

As a result of Bill C-28, the accrual and contribution rates were reduced effective January 1, 2001, for Members of the House of Commons. Also effective January 1, 2001, the average annual sessional indemnity for purposes of benefit calculation is based on the best five consecutive years of highest paid earnings, instead of the best six years. In addition, the Bill established a disability allowance under the *Parliament of Canada Act* for members over 65 years of age. Individuals who qualify for this disability allowance cease to hold office, but are considered to remain members for MPRAA purposes until they cease to be entitled to the disability allowance. Therefore, while on the disability allowance, members will continue to pay their normal contribution amount based on earnings that were payable to them on ceasing to hold office and adjusted in accordance with future revisions to the sessional indemnity.

Individuals who were members of the Senate or the House of Commons prior to June 15, 2001, were given the option of remaining under the previous provisions of the Act. Therefore, the changes indicated below as coming into effect on January 1, 2001, do not necessarily apply to all individuals who were members of the Senate or the House of Commons prior to June 15, 2001.

## FUNDING

### Accounts

Two accounts are operated under the plan: the Retiring Allowances (RA) Account and the Retirement Compensation Arrangements (RCA) Account.

The RA Account records the transactions related to the benefits payable under the plan when these benefits accord with income tax rules for registered pension plans. The RCA Account records the transactions related to the benefits payable under the plan when the benefits exceed the limits imposed by those tax rules.





## Members' contributions

Effective January 1, 2001, the contribution rate for members of the House of Commons was reduced from 9 per cent to 7 per cent of their sessional indemnities and senators are required to contribute 7 per cent. Some members also receive additional allowances and salaries as speakers, ministers, leaders of the opposition, parliamentary secretaries and so forth. A member must contribute to the plan, based on these additional allowances and salaries, unless a member elects not to make such contributions or to contribute at a lower rate. The prime minister must contribute 7 per cent on the salary paid to him or her as prime minister in addition to the contributions required as a member of the House of Commons. Any member can decide to contribute for prior service in Parliament, in which case the member must pay interest on past service contributions.





## Government contributions

Monthly, the government is required to contribute an amount to each account — net of members' contributions — that will fund the costs of all future benefits that members have earned during that month. The government contribution rate for each account varies from year to year and can be expressed as a multiple of members' contributions. The ratios of government contributions to members' contributions for the calendar years 2000 and 2001 were as follows:

MULTIPLE OF MEMBERS' CONTRIBUTIONS		
	2000	2001
<b>House of Commons</b>		
RA Account	3.22	3.06
RCA Account	6.72	6.46
<b>Senate</b>		
RA Account	1.88	1.85
RCA Account	2.68	2.78

## Interest

Every quarter, the government credits interest on the balance of each account at a rate set by regulations. For the fiscal year ended March 31, 2001, the interest rate was 2.5 per cent per quarter.

## Future unfunded liabilities

When the government identifies an unfunded liability after it tables a valuation report in Parliament, the government must cover that liability.

Tables 1 to 4 in this report present current and historical data on the RA and RCA accounts.





## ALLOWANCES AND OTHER BENEFITS

### Annual allowance

#### *Members*

Upon ceasing to be a member of Parliament, members are entitled to an annual allowance after they have contributed under the plan for at least six years. For service up to and including July 12, 1995, former members are entitled to an immediate annual allowance. For service after that date, former members are not entitled to an annual allowance until they are 55.

The benefit accrual rate for members of the House of Commons is 5 per cent per year of service up to and including July 12, 1995; 4 per cent per year of service after that date until December 31, 2000; and 3 per cent per year of service effective January 1, 2001, to a maximum of 75 per cent of the average sessional indemnity. For senators, the accrual rate is 3 per cent per year of service to a maximum of 75 per cent of the average sessional indemnity. Effective January 1, 2001, the annual allowance is based on the member's average pay for the best five years of pay. Prior to that date, the average pay was based on the best six years of pay.

The annual allowance of a retired member is suspended if that person becomes a member again, either as a member of the House of Commons or as a senator. The annual allowance of a retired member of the House of Commons is also suspended if that person starts working for the federal government.

#### *Prime minister*

During their tenure as prime minister, incumbents must contribute for at least four years if this service is to be eligible for an allowance. The allowance will be paid once the prime minister is no longer a member of Parliament or is 65 years old, whichever comes later. The allowance is equal to two thirds of the annual salary payable to a prime minister at the time the payment of the allowance begins.

### Withdrawal allowance

Some members may get a withdrawal allowance. This is a return of a member's contributions along with interest on those contributions at a rate set by regulations. Members get withdrawal allowances if they do not complete six years of contributory service, if they are expelled from the House of Commons or if they leave the Senate by reason of disqualification.





## Survivor allowance

### *Members*

Eligible spouses and children of members may receive an allowance.

For spouses, this allowance is equal to three fifths of the basic annual allowance that the member would have been entitled to receive, or that the retired member was receiving, immediately before his or her death.

If a child is under the age of 18 or is a full-time student between the age of 18 and 25, that child is entitled to a survivor allowance. This allowance is equal to one tenth of the member's basic annual allowance or two tenths if no spousal allowance is being paid.

### *Prime minister*

An eligible surviving spouse receives an allowance equal to one half of the allowance payable to a former prime minister for service as prime minister.

## Indexing

Allowances to retired members and survivors are adjusted at the beginning of each calendar year. This adjustment corresponds to 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.

Indexing payments do not begin until the former member is 60 years old. But once indexing begins, payments reflect the cumulative increase in the CPI since the member left Parliament.

Survivor allowances are indexed immediately based on the date a member left Parliament.

## Minimum benefit

When a member or retired member dies, and when there are no survivors entitled to an allowance, then the member's estate receives the amount by which the member's contributions exceed any allowances already paid.

## CONTRIBUTORS

At March 31, 2001, there were 394 members contributing under the plan. Tables 5 and 6 in this report present information on the number and distribution of allowances.

**TABLE 1****Members of Parliament Retiring Allowances Account (in dollars)**

	<b>Fiscal Year 2000–2001</b>	<b>Fiscal Year 1999–2000</b>	<b>From Inception to March 31, 2001</b>
<b>Receipts</b>			
Members' contributions, current	986,482	978,229	36,713,833
Government contributions, current	2,882,101	2,673,500	47,892,392
Members' contributions, arrears on principal, interest and mortality insurance	595,636	76,697	5,906,922
Government contributions on amounts payable (re elections)	–	–	3,226,108
Interest	31,014,334	29,409,145	260,885,222
Transfer from the Supplementary Retirement Benefits Account	–	–	9,941,788
Actuarial liability adjustment	–	–	158,000,000
<b>Total Receipts</b>	<b>35,478,553</b>	<b>33,137,571</b>	<b>522,566,265</b>
<b>Disbursements</b>			
Annual allowances	15,514,009	15,311,534	189,435,601
Withdrawal allowances including interest	159,129	149,676	7,631,813
Pension division payments	246,370	530,339	2,496,208
Transfers to Public Service Superannuation Account	–	–	294,216
<b>Total Disbursements</b>	<b>15,919,508</b>	<b>15,991,549</b>	<b>199,857,838</b>
<b>Excess of Receipts over Disbursements</b>	<b>19,559,043</b>	<b>17,146,022</b>	<b>322,708,427</b>



**TABLE 2****Retirement Compensation Arrangements Account (in dollars)**

	<b>Fiscal Year 2000–2001</b>	<b>Fiscal Year 1999–2000</b>	<b>From Inception to March 31, 2001</b>
<b>Receipts</b>			
Members' contributions, current	1,812,679	1,248,721	12,906,883
Government contributions, current	7,831,603	7,397,670	71,748,885
Interest	5,031,774	4,458,146	26,253,391
<b>Total Receipts</b>	<b>14,676,056</b>	<b>13,104,537</b>	<b>110,909,159</b>
<b>Disbursements</b>			
Annual allowances	1,113,039	1,017,774	6,786,697
Withdrawal allowances	207,462	81,963	2,223,753
Pension division payments	–	382,398	515,605
Refundable tax <sup>1</sup>	6,460,747	5,790,772	48,989,605
<b>Total Disbursements</b>	<b>7,781,248</b>	<b>7,272,907</b>	<b>58,515,665</b>
<b>Excess of Receipts over Disbursements</b>	<b>6,894,808</b>	<b>5,831,630</b>	<b>52,393,494</b>

<sup>1</sup> A refundable tax equal to 50 per cent of contributions and interest credited to the RCA Account, less 50 per cent of benefits paid out of the account, must be remitted each year to the Canada Customs and Revenue Agency.





TABLE 3

**Members of Parliament Retiring Allowances Account  
Comparative Data – November 20, 1952, to March 31, 2001 (in dollars)**

Fiscal Year	Members' Contributions <sup>1</sup>	Government Contributions	Interest	Total Receipts	Annual Allowances	Withdrawal Allowances	Transfers to PSS Account	Total Disbursements	Account Balance
1952-1985	17,875,140	18,228,972	12,423,495	48,527,607	23,148,199	2,759,092	269,623	26,176,914	95,969,486
1985-86	2,105,449	1,870,007	2,132,431	6,107,887	4,183,402	96,168	-	4,279,570	24,179,007
1986-87	2,104,235	1,906,447	2,681,302	6,691,984	4,304,166	-	-	4,304,166	26,566,825
1987-88	2,039,384	1,883,721	2,729,295	6,652,400	4,392,043	47,801	-	4,439,844	28,779,384
1988-89	2,175,303	1,897,766	2,950,677	7,023,746	5,086,914	1,461,995	-	6,548,909	29,254,221
1989-90	2,267,074	2,082,958	2,960,449	7,310,481	6,197,822	124,942	24,593	6,347,357	30,217,345
1990-91	2,305,080	2,175,581	3,059,384	7,540,045	6,368,934	27,364	-	6,396,298	31,361,092
1991-92	2,060,258	2,220,659	3,440,449	175,663,154 <sup>2</sup>	7,187,271	7,339	-	7,194,610	199,829,636
1992-93	1,042,520	2,131,335	20,493,768	23,667,623	9,813,446	17,221	-	9,830,667	213,666,592
1993-94	1,048,643	2,084,761	21,882,703	24,996,107	12,084,079	1,852,076	-	13,936,155	224,726,544
1994-95	1,070,539	1,884,100	22,861,864	25,816,503	15,432,287	58,833	-	15,491,120	235,051,927
1995-96	990,575	1,685,476	23,933,398	26,609,379	14,947,496	936,723	-	15,884,219	245,777,087
1996-97	876,577	1,561,870	25,029,451	27,467,898	15,000,643	138,516 <sup>3</sup>	-	15,139,159	258,105,826
1997-98	941,060	1,707,658	26,262,499	28,911,217	15,251,902	840,521 <sup>4</sup>	-	16,092,426	270,924,617
1998-99	1,081,944	2,261,588	27,620,578	30,964,110	15,211,454	673,914 <sup>5</sup>	-	15,885,368	286,003,360
1999-2000	1,054,926	2,673,500	29,409,145	33,137,571	15,311,534	680,015 <sup>6</sup>	-	15,991,549	303,149,382
2000-2001	1,582,118	2,882,101	31,014,334	35,478,553	15,514,009	405,499 <sup>7</sup>	-	15,919,508	322,708,427
<b>Totals</b>	<b>42,620,825</b>	<b>51,118,500</b>	<b>260,885,222</b>	<b>522,566,335</b>	<b>189,435,601</b>	<b>10,128,022</b>	<b>294,216</b>	<b>199,857,839</b>	

<sup>1</sup> Includes contributions for current and prior service and interest paid by members.

<sup>2</sup> Includes a transfer of \$9,941,788 from the Supplementary Retirement Benefits Account and an actuarial adjustment credit of \$158,000,000.

<sup>3</sup> Includes pension division payments of \$65,372.

<sup>4</sup> Includes pension division payments of \$406,128.

<sup>5</sup> Includes pension division payments of \$656,901.

<sup>6</sup> Includes pension division payments of \$530,339.

<sup>7</sup> Includes pension division payments of \$246,370. From inception, pension division payments total \$2,496,208.





TABLE 4

**Retirement Compensation Arrangements Account  
Comparative Data – January 1, 1992, to March 31, 2001 (in dollars)**

Period/ Fiscal Year	Members' Contributions	Government Contributions	Interest	Total Receipts	Annual Allowances	Withdrawal Allowances	Refundable Tax	Total Disbursements	Account Balance
Jan.-Mar. 1992	396,201	2,798,902	-	3,195,103	10,050	-	-	10,050	3,185,053
1992-93	1,548,519	11,038,414	806,119	13,393,052	61,148	3,901	6,516,391	6,581,440	9,996,655
1993-94	1,553,821	10,394,866	1,487,793	13,436,480	391,546	571,762	6,637,345	7,600,653	15,832,492
1994-95	1,810,329	9,058,349	2,025,049	12,893,727	727,802	27,775	5,807,228	6,562,783	21,963,436
1995-96	1,246,827	5,571,845	2,563,705	9,782,478	762,478	574,632 <sup>1</sup>	4,808,645	6,145,755	25,800,159
1996-97	1,074,365	4,944,660	2,853,634	8,872,579	772,012	57,167 <sup>2</sup>	3,884,619	4,713,798	29,758,940
1997-98	1,147,860	5,410,244	3,257,876	9,816,100	954,739	718,385 <sup>3</sup>	3,982,375	5,655,499	33,919,541
1998-99	1,353,367	6,816,366	3,769,294	11,939,047	976,109	113,833 <sup>4</sup>	5,101,490	6,191,532	39,867,056
1999-2000	1,248,721	7,397,670	4,458,146	13,104,537	1,017,774	484,361 <sup>5</sup>	5,790,772	7,272,907	45,498,686
2000-2001	1,812,679	7,831,603	5,031,774	14,676,056	1,113,039	207,462	6,460,747	7,781,248	52,393,494
<b>Totals</b>	<b>12,992,829</b>	<b>71,662,940</b>	<b>26,253,390</b>	<b>110,909,159</b>	<b>6,786,697</b>	<b>2,739,378</b>	<b>48,989,610</b>	<b>58,515,665</b>	

<sup>1</sup> Includes pension division payments of \$47,416 in 1995-96.

<sup>2</sup> Includes pension division payments of \$9,056 in 1996-97.

<sup>3</sup> Includes pension division payments of \$39,055 in 1997-98.

<sup>4</sup> Includes pension division payments of \$37,680 in 1998-99.

<sup>5</sup> Includes pension division payments of \$382,398 in 1999-2000. From inception, pension division payments total \$515,805.





TABLE 5

**New and Past Allowances**

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During the fiscal year 2000–2001,

1. the following 45 new allowances became payable:
  - 9 to former senators
  - 3 to the surviving spouses of former senators
  - 1 to a former members of the House of Commons who was re-instated
  - 27 to former members of the House of Commons retired on pension
  - 5 to surviving spouses of former members of the House of Commons
2. The following 24 allowances ceased to be payable:
  - (a) to persons who died
    - 11 former members of the House of Commons
    - 1 senator
    - 4 former senators
    - 6 spouses of former members of the House of Commons
    - 2 spouses of former senators
  - (b) to two former members of the House of Commons who were re-elected to Parliament
3. withdrawal allowances (i.e., return of members' contributions with interest) were paid in respect of five senators who retired.

Since the Act came into force on November 20, 1952, a total of 1,083 annual allowances and 840 withdrawal allowances have been authorized.

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**TABLE 6**

**Distribution of Annual Allowances in Pay**

The distribution of annual allowances in pay (including applicable indexation) at March 31, 2001, was as follows:

<b>Amount of Allowance</b>	<b>Former Members</b>	<b>Surviving Spouses</b>	<b>Dependant Children</b>	<b>Total</b>
Over \$70,000	6	–	–	6
65,000 – 69,999	10	–	–	10
60,000 – 64,999	5	–	–	5
55,000 – 59,999	8	–	–	8
50,000 – 54,999	17	–	–	17
45,000 – 49,999	45	–	–	45
40,000 – 44,999	27	–	–	27
35,000 – 39,999	23	4	–	27
30,000 – 34,999	38	9	–	47
25,000 – 29,999	65	15	–	80
20,000 – 24,999	30	5	–	35
15,000 – 19,999	28	13	–	41
10,000 – 14,999	32	11	–	43
5,000 – 9,999	37	22	–	59
Up to 4,999	39	43	3	85
<b>Totals</b>	<b>410</b>	<b>122</b>	<b>3</b>	<b>535</b>

**Notes**

1. In addition to the above allowances, a former member was in receipt of an indexed annual allowance for service as prime minister.
2. The average annual allowance, including indexation, was \$35,276 for former members of the House of Commons and \$42,106 for former senators.