



## **CLOSING REMARKS – Jean-Claude Ménard Seminar, 24 March 2006**

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Thank you Don. I think I speak for everyone when I say how much we enjoyed your presentation. Learning more about how the Bank of Canada plans to pursue its inflation objective and in particular, inflation prospects in Canada over the coming years will be useful for assumptions we need to make for effective public retirement analysis and planning. Your suggestion of using a two-per cent average for planning purposes is helpful.

I would also like to thank Andrew Sharpe, Executive Director of the Centre for the Study of Living Standards. Andrew's remarks about future Canadian productivity and its impact on the Canada Pension Plan were interesting, including basic productivity concepts and current productivity trends. The analysis of the relationship between real wages and productivity as well as the sensitivity of CPP financial projections to the real wage/productivity assumptions will be much useful to us. I thank him also for his two recommendations to include in our next report to increase transparency of the formulation of economic assumptions.

Adrian Gallop of the Government Actuary's Department from the United Kingdom spoke to us about mortality trends in the 20<sup>th</sup> and 21<sup>st</sup> centuries and evolution of life expectancies. He showed us a comparison of official projections of life expectancies for certain countries. He has identified and explained different key drivers of future mortality change. And he explained the most recent mortality projection methodology used in UK and applied it to the Canadian population.

This morning, Alice Wade, Deputy Chief Actuary from the U.S Social Security Administration discussed the applicability of stochastic processes on the long-term financial status of the OASDI Program. The purpose of their Stochastic Model is to provide probability distributions of the annual trust fund ratios of the OASDI program. She explained that the Model assigns random variation for some of the key demographic and economic assumptions, used in the 2004 Trustees Report. She concluded her presentation by providing their expectations about future extensions of the model.

Several months ago, the International Monetary Fund issued a statement on a recent economic mission in Canada. The IMF concluded: “Coupled with past reforms of the Canada Pension Plan, as well as balanced budget rules in many provinces, Canada is better placed than most other countries to cope with the long-term fiscal challenges from population aging.”

As you know, the Canada Pension Plan and the Quebec Pension Plan are the largest retirement pension plans in Canada, representing about 16 million contributors. This year, about \$40 billion will be contributed to these two plans while \$34 billion in benefits will be paid to more than six million beneficiaries. Everyone contributes, everyone benefits. Since 70% of Canadian workers earn less than the yearly maximum pensionable earnings of \$42,100, these public plans are a significant tool in financial planning for retirement.

The next statutory Actuarial Report as at 31 December 2006 will be the second one after the full implementation of the amendments agreed to by the federal and provincial governments in 1997. This report should be made public before the end of 2007.

I learned many things today about the demographic and economic perspectives for Canada over the next half century. I trust it was the same for you. On behalf of the Office of the Chief Actuary, I would like to express my gratitude to our presenters today. They did a tremendous job.

I would also like to thank those of you who completed the evaluations from previous seminars. Your comments and suggestions draw attention to topics that we should take up in future seminars. I would appreciate it if you took a few minutes to complete the same evaluation questionnaire before leaving. Finally this productive day would not have been possible with the continuous and much appreciated efforts of my assistant, Lyse Lacourse.

And again, thank you for your participation today. Your questions and comments will help us in completing the next CPP Actuarial Report. Today’s presentations will be made available on our web site as are the presentations of the last three seminars. Have a wonderful weekend and a safe trip home.