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du Canada

ANNUAL REPORT TO PARLIAMENT



Report on the Public Service Pension Plan

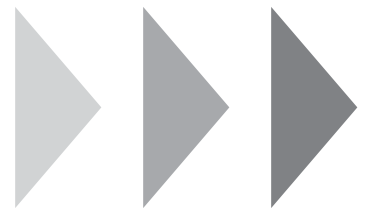
for the Fiscal Year Ended March 31, 2003

Pension ►►►
plan

Canada 

Report on the Public Service Pension Plan

for the Fiscal Year Ended March 31, 2003



Also available in alternate formats on request

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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 annual *Report on the Public Service Pension Plan for the Fiscal Year Ended March 31, 2003*.

Respectfully submitted,

The paper version was signed by Reg Alcock,
President of the Treasury Board

Table of Contents

Introduction	1
Roles and Responsibilities.....	1
Plan Membership.....	2
Discussion and Analysis of Financial Statements.....	3
Context.....	3
Contributions.....	4
Net Assets Available for Benefits	4
Accrued Pension Benefits.....	5
Excess of Actuarial Value of Net Assets over Accrued Pension Benefits	5
Benefit Payments.....	5
Life Insurance	6
Retirement Compensation Arrangement	6
Plan Administration	6
Administrative Costs	6
Other Items	7
Further Information	7
Financial Statements of the Public Service Pension Plan.....	8
Statement of Responsibility	9
Auditor's Report	10
Glossary of Terms for the Financial Statements.....	30
Account Transaction Statements	32
Public Service Superannuation Account and Public Service Pension Fund	33
Retirement Compensation Arrangements Account	36
Supplementary Death Benefit.....	39
Statistical Tables.....	40

Introduction

Pursuant to section 46 of the *Public Service Superannuation Act* (PSSA), the *Report on the Public Service Pension Plan*¹ provides an overview of the financial status of the Public Service Pension Plan as at March 31, 2003, as well as information on plan membership, administration, and benefits.

Roles and Responsibilities

In accordance with the PSSA, the President of the Treasury Board is responsible for the overall management of the Pension Plan, while the Minister of Public Works and Government Services Canada (PWGSC) is responsible for its day-to-day administration and for maintaining the books of accounts. Responsibility for the integrity and objectivity of the financial statements of the Public Service Pension Plan rests jointly with both ministers.

In addition, an Advisory Committee comprising 13 members—one pensioner, six members representing employees, and six members chosen from the executive ranks of the Public Service—provides advice to the President on matters respecting the benefit design and funding of the Plan.

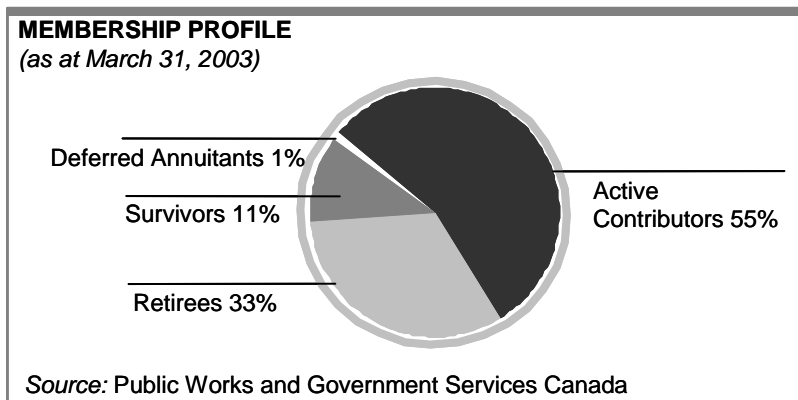
The Public Sector Pension Investment Board (PSP Investments), a Crown corporation reporting to Parliament through the President of the Treasury Board, invests some of the Pension Plan's funds in accordance with the *Public Sector Pension Investment Board Act* and its regulations.

The Office of the Superintendent of Financial Institutions undertakes triennial actuarial valuations of the Pension Plan. These valuations, which are tabled in Parliament by the President, compare the Plan's assets with its liabilities and estimate contribution rates required to ensure its ongoing financial sustainability.

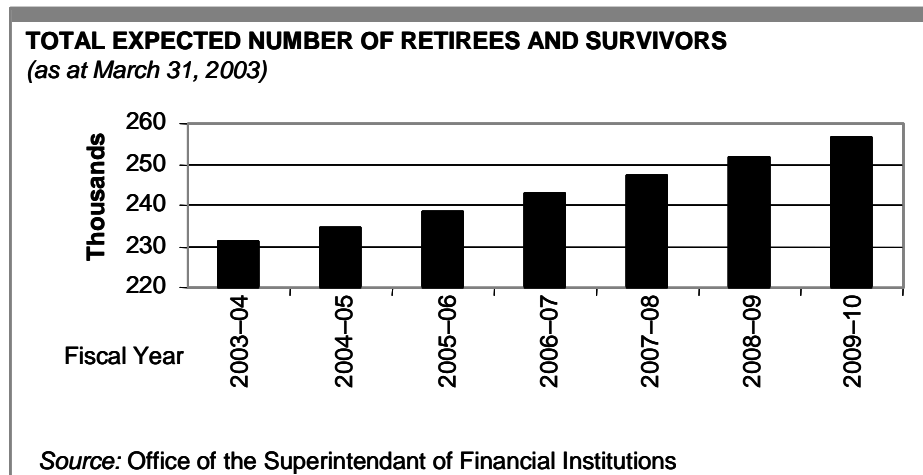
¹ In previous years, this report was entitled the *Report on the Administration of the Public Service Superannuation Act*.

Plan Membership

The Public Service Pension Plan currently has 484,805 members, including those currently or previously employed by the Government of Canada, certain Public Service corporations, and territorial governments. The membership consists of 266,620 active contributors, 159,279 retirees, 53,939 survivors, and 4,967 deferred annuitants. (See membership profile below.)



Over the coming years, the proportion of retired employees to active contributors is expected to rise as more baby boomers retire. Plan members can continue to be assured that they will obtain their benefits. The information provided in the triennial actuarial valuations has allowed the government to anticipate and appropriately fund these upcoming retirements.



Discussion and Analysis of Financial Statements

Context

The audited financial statements provide a comprehensive presentation of the pension plan's financial position. These statements have been prepared in accordance with the federal government's stated accounting policies for the pension plan, which are based on generally accepted accounting principles. Plan assets accrued prior to April 1, 2000, are invested differently, from an investment perspective, than those accrued after that date.

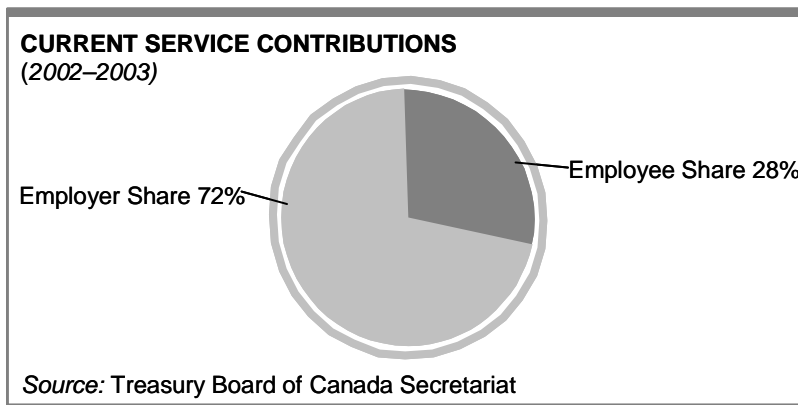
Up until March 31, 2000, all contributions and benefit payments were recorded in the Public Service Superannuation Account. The balance in the account is credited with interest based on the Government of Canada long-term bond rate. Currently, approximately 93 per cent of plan assets is credited with interest in this manner.

Since April 1, 2000, contributions have been paid into the Public Service Pension Fund. Contributions net of current benefits and plan administration expenses are transferred to PSP Investments for investment in capital markets to build assets to pay future benefits. Some 7 per cent of plan assets are invested through PSP Investments.

The 93 per cent of assets earning interest at the long-term bond rate earned a real rate of return of roughly 8.3 per cent. The remaining 7 per cent of assets invested in the markets earned a time-weighted rate of return of -13.5 per cent. These assets were invested in roughly equal portions in Canadian equities, foreign equities, and fixed income securities. (The latter consisted of Canadian federal, provincial, and corporate bonds, as well as short-term cash equivalent investments.) The overall rate of return, taking into consideration the two investment approaches, was just over 7 per cent.

Contributions

In 2002–03, about \$2,860 million was paid into the Plan, of which employees contributed \$817 million (about 28 per cent) and the employer \$2,039 million.² Employee contributions are compulsory and are set at a rate of 4 per cent of annual salary up to the Maximum Pensionable Earnings defined by the Canada Pension Plan and the Quebec Pension Plan (\$39,900 in 2003) and 7.5 per cent of annual salary above this amount. The employer pays 2.56 times the employee rate for current service, or 72 per cent of the cost.



Net Assets Available for Benefits

The statement of net assets available for benefits shows the level of assets available to pay current and future pension benefits to plan members. As at March 31, 2003, net assets available to pay current and future pension benefits was \$88,770 million—an increase of approximately \$3,300 million from the previous year.

The level of assets is determined by both the amount of money going into the pension plan and the amount going out. As reflected in the statement, money going in comes from a number of different sources, including (i) contributions made by both plan members and the Government of Canada, (ii) income from investments (including interest income), and (iii) money transferred to the plan from other pension funds by employees coming to work for the Government of Canada from another organization.

² Contributions for current service are recorded on an accrual basis in the year in which the related payroll costs are incurred. Contributions for past service that are receivable over a period in excess of one year are recorded at the estimated net present value of the contributions to be received.

Money is withdrawn from the plan to pay (i) benefits to plan members, (ii) transfers from the plan to other pension plans or to locked-in vehicles (e.g. RRSPs) by employees leaving the Government of Canada, and (iii) administrative expenses.

Accrued Pension Benefits

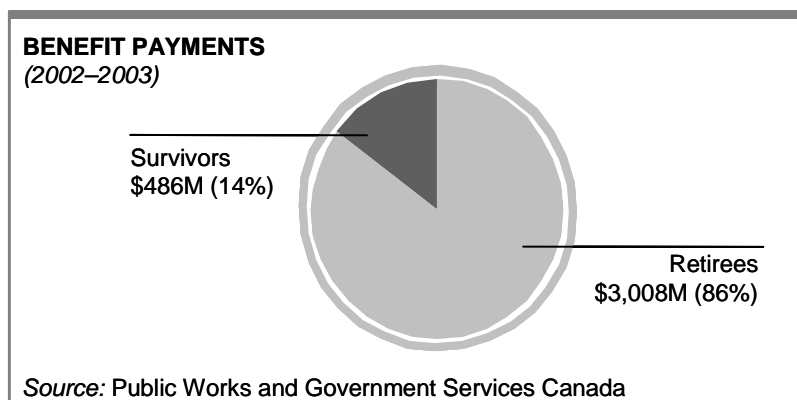
The statement of accrued pension benefits shows the present value of benefits earned with respect to service to date. As at March 31, 2003, the level of accrued pension benefits was \$81,324 million, an increase of approximately \$6,000 million from the previous fiscal year.

Excess of Actuarial Value of Net Assets over Accrued Pension Benefits

The statement of the changes in excess of actuarial value of net assets over accrued pension benefits represents the assets available after accrued pension benefits (i.e. benefits earned for service to date) are met. As at March 31, 2003, the excess of actuarial value of net assets over accrued pension benefits was \$8,022 million, a decrease of approximately \$2,300 million from the previous fiscal year. As reflected in the statement, this decrease occurred primarily because the increase in accrued pension benefits more than offset the increase in net assets available for benefits.

Benefit Payments

In 2002–03, the plan paid out \$3,494 million in benefits, an increase of \$43 million over the previous year. Benefits were paid to 213,218 retirees and survivors (216,886 in 2001–02), including 5,144 new retirees during the year. New retirees received an average annual pension of \$24,423 in 2002–03. The number of beneficiaries has been fairly stable over the past few years but is expected to rise in the future.



Pension benefits are fully indexed to annual increases in the Consumer Price Index. This adjustment is made each January and was 1.6 per cent on January 1, 2003.

Benefits paid to retirees represented 86.1 per cent of 2002–03 pension payments and benefits paid to survivors represented 13.9 per cent. Included in benefits paid to retirees are those to disabled retirees. These represent 4 per cent of the total.

Last year, members became entitled to approximately 3,500 immediate annuities, 350 deferred annuities, and 1,300 annual allowances. Of those receiving an immediate annuity, approximately 1,700 obtained a normal retirement benefit, 1,400 an early retirement benefit, and 400 a disability retirement benefit.

In addition, 844 plan members left the Public Service before age 50 and withdrew about \$93 million (the present value of their future benefits) as lump sums that were transferred to locked-in retirement vehicles of their choosing.

Life Insurance

The Supplementary Death Benefit provides decreasing term life insurance coverage to active plan members and those retired plan members who have chosen to continue to pay for this benefit. During fiscal year 2002–03, 4,901 benefits, amounting to \$125 million, were paid to beneficiaries.

Retirement Compensation Arrangement

A Retirement Compensation Arrangement (RCA) has been established to provide for the payment of benefits that are in excess of those permitted under the *Income Tax Act* for registered pension plans. This includes primarily benefits on salaries over \$100,100, plus some survivor benefits. As of March 31, 2003, there were 5,877 plan members earning over \$100,100 and 925 retirees receiving benefits payments.

Plan Administration

Administrative Costs

The costs of administering the plan totalled \$51.2 million (or approximately \$106 per member) in 2002–03, an increase of \$2.5 million from the previous year. Relative to assets, administrative costs were \$0.06 per \$100 of plan assets.

Administrative initiatives included the ongoing development of Web-based facilities so that members will be able to obtain pension information on the Internet. One of the new features allows members to estimate their pensions based on different retirement assumptions, using an

on-line calculator. A communications strategy was also launched to provide plan members with additional information about the benefits offered by their Pension Plan.

In addition, initial planning on a major Pension Service Delivery Modernization initiative has begun. Targeted to be completed by 2009, the project involves a change in business approach, a focus on high-quality client services, and an upgrade of existing computer systems.

Other Items

The Pension Plan has transfer agreements with approximately 50 employers, including other levels of government, universities, and private-sector employers. Last year, approximately \$18 million was transferred into and \$24 million (not including Crown corporations) was transferred out of the Pension Plan under these agreements.

Regulations made during the fiscal year of particular interest to plan members include (i) regulations to reduce the age limit for continuing contributions and (ii) regulations that permit the reinstatement of transfer value service:

- ▶ Effective January 1, 2003, contributors turning age 69 or 70 in 2003 will stop contributing to the Public Service Pension Plan at the end of that year. This change reflects the requirements of the *Income Tax Act* and regulations, which place limitations on benefits that can be provided on a tax-sheltered basis under a registered pension plan.
- ▶ Effective December 13, 2002, individuals who are re-employed in the Public Service and again become contributors under the PSSA after a transfer value (calculated lump-sum value of future pension benefits) has been paid to them can elect to reinstate the pensionable service for which they received a transfer value benefit. This option to reinstate a transfer value service is available on a one-time basis only.

Further Information

For additional information on the Public Service Pension Plan, you may consult the Treasury Board of Canada Secretariat's Web site at www.tbs-sct.gc.ca/hr-rh/bp-rasp and the PWGSC Web site at www.pwgsc.gc.ca.

Financial Statements of the Public Service Pension Plan

Statement of Responsibility

Responsibility for the integrity and objectivity of the financial statements of the Public Service Pension Plan rests with Public Works and Government Services Canada and the Treasury Board of Canada Secretariat. The Treasury Board of Canada Secretariat carries out responsibilities in respect of the overall management of the Plan, while Public Works and Government Services Canada is responsible for the day-to-day administration of the Plan and for maintaining the books of accounts.

The financial statements of the Public Service Pension Plan, for the year ended March 31, 2003, have been prepared in accordance with the accounting policies set out in Note 2 of the financial statements, which are based on generally accepted accounting principles. They include management's best estimates and judgements where appropriate.

To fulfil its accounting and reporting responsibilities, Public Works and Government Services Canada has developed and maintains books, records, internal controls, and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Public Service Superannuation Act* and regulations, as well as the *Financial Administration Act* and regulations.

Additional information, as required, is obtained from the Public Sector Pension Investment Board. The Board maintains its own records and systems of internal control to account for the funds managed on behalf of the Public Service Pension Plan in accordance with the *Public Sector Pension Investment Board Act* and regulations.

These statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

The paper version was signed by I. David Marshall
Deputy Minister and Deputy Receiver General for
Canada
Public Works and Government Services Canada

The paper version was signed by
Lysanne Gauvin
Assistant Deputy Minister
Public Works and Government Services
Canada

The paper version was signed by Jim Judd
Secretary of the Treasury Board and
Comptroller General of Canada

The paper version was signed by James Lahey
Associate Secretary
Treasury Board of Canada Secretariat



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Public Works and Government Services Canada and to the President of the Treasury Board

I have audited the statement of net assets available for benefits, of accrued pension benefits and of excess of actuarial value of net assets over accrued pension benefits of the Public Service Pension Plan as at March 31, 2003 and the statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in excess of actuarial value of net assets over accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, the accrued pension benefits and the excess of actuarial value of net assets over accrued pension benefits of the Plan as at March 31, 2003 and the changes in net assets available for benefits, changes in accrued pension benefits and changes in excess of actuarial value of net assets over accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Plan that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Public Service Superannuation Act* and regulations.

The paper version was signed by Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
November 14, 2003

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

**Statement of Net Assets Available for Benefits,
of Accrued Pension Benefits, and of
Excess of Actuarial Value of Net Assets over Accrued Pension Benefits**

As at March 31, 2003

	2003	2002
	(\$ millions)	
Net Assets Available for Benefits		
Assets		
Public Service Superannuation Account (notes 3 and 10)	81,858	80,550
Public Service Pension Fund Account (note 3)	118	67
Investments (note 4)	5,756	3,976
Contributions receivable (note 5)	1,037	897
Other receivables (note 6)	2	–
	88,771	85,490
Liabilities		
Accounts payable	1	1
	88,770	85,489
Net Assets Available for Benefits	88,770	85,489
Actuarial asset value adjustment (note 7)	576	160
Actuarial Value of Net Assets Available for Benefits	89,346	85,649
Accrued Pension Benefits (notes 7 and 10)	81,324	75,359
Excess of Actuarial Value of Net Assets over Accrued Pension Benefits (note 8)	8,022	10,290

See accompanying notes to financial statements.

Statement of Changes in Net Assets Available for Benefits

Year ended March 31, 2003

	2003	2002
	(\$ millions)	
Net Assets Available for Benefits, Beginning of Year	85,489	84,324
Increase in Assets:		
Interest income from the Public Service Superannuation Account (note 3)	6,636	6,887
Contributions (note 9)	2,856	2,392
Investment income (loss) (note 4)	147	(164)
Current-year change in fair value of investments and currency	(800)	269
Transfers from other pension funds	18	32
Total Increase in Assets	8,857	9,416
Decrease in Assets:		
Benefits	3,494	3,451
Refunds and transfers (note 10)	2,022	4,746
Administrative expenses (note 11)	60	54
Total Decrease in Assets	5,576	8,251
Increase in Net Assets Available for Benefits	3,281	1,165
Net Assets Available for Benefits, End of Year	88,770	85,489

See accompanying notes to financial statements.

Statement of Changes in Accrued Pension Benefits

Year ended March 31, 2003

	2003	2002
	(\$ millions)	
Accrued Pension Benefits, Beginning of Year	75,359	75,890
Increase in Accrued Pension Benefits:		
Interest on accrued pension benefits	5,805	5,922
Benefits earned	2,343	2,153
Experience losses	2,371	263
Transfers from other pension funds	18	32
Total Increase in Accrued Pension Benefits	10,537	8,370
Decrease in Accrued Pension Benefits:		
Benefits	3,494	3,451
Refunds and transfers (note 10)	2,022	4,746
Administrative expenses included in the service cost	51	49
Changes in actuarial assumptions (note 7)	(995)	655
Total Decrease in Accrued Pension Benefits	4,572	8,901
Net Increase (Decrease) in Accrued Pension Benefits	5,965	(531)
Accrued Pension Benefits, End of Year	81,324	75,359

See accompanying notes to financial statements.

Statement of Changes in Excess of Actuarial Value of Net Assets over Accrued Pension Benefits

Year ended March 31, 2003

	2003	2002
	(\$ millions)	
Excess of Actuarial Value of Net Assets over Accrued Pension Benefits, Beginning of Year	10,290	8,614
Increase in net assets available for benefits	3,281	1,165
Change in actuarial asset value adjustments	416	(20)
Increase in actuarial value of net assets available for benefits	3,697	1,145
Net (increase) decrease in accrued pension benefits	(5,965)	531
Excess of Actuarial Value of Net Assets over Accrued Pension Benefits, End of Year	8,022	10,290

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2003

1. Description of Plan:

The Public Service Pension Plan (the “Plan”), which is governed by the *Public Service Superannuation Act* (the “PSSA” or the “Act”), provides pension benefits for public service employees. This Act has been in effect since January 1, 1954.

The following description of the Plan is a summary only.

(a) General:

The Plan is a contributory defined benefit plan covering substantially all of the employees of the Government of Canada, certain Crown corporations and territorial governments. Membership in the Plan is compulsory for all eligible employees.

The Government of Canada is the sole sponsor of the Plan. The President of the Treasury Board is the minister responsible for the PSSA. The Treasury Board of Canada Secretariat is responsible for the management of the Plan, while Public Works and Government Services Canada (“PWGSC”) provides the day-to-day administration of the Plan. The Office of the Superintendent of Financial Institutions makes periodic actuarial valuations of the Plan.

Until April 1, 2000, separate market-invested funds were not set aside to provide for payment of pension benefits. Instead, transactions relating to the Plan were recorded in a Public Service Superannuation Account created by legislation in the Accounts of Canada. Pursuant to the PSSA as amended by the *Public Sector Pension Investment Board Act*, transactions relating to service subsequent to March 31, 2000, are now recorded in the Public Service Pension Fund (the “Pension Fund”), where the excess of contributions over benefits is invested in capital markets through the Public Sector Pension Investment Board (“PSP Investments”). PSP Investments is a separate corporate body that started operations on April 1, 2000. Its goal is to achieve maximum rates of return on investments without undue risk, while respecting the requirements and financial obligations of the Plan.

Notes to Financial Statements

Year ended March 31, 2003

1. Description of Plan (continued):

(b) Funding policy:

The Plan is funded from contributions whereby plan members contribute 4 per cent of pensionable earnings up to the maximum covered by the Canada or Quebec Pension Plan (“CPP” or “QPP”) and 7.5 per cent of pensionable earnings above that maximum, and employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month. The determination of the cost of the benefits is made on the basis of actuarial valuations, which are performed triennially.

Until April 1, 2000, a separate market-invested fund was not maintained; however, the legislation provides that all pension obligations arising from the Plan be met by the Government of Canada. In addition, the legislation governing the Plan requires actuarial deficiencies found in the Public Service Superannuation Account to be dealt with by increasing the Account in equal installments over a period not exceeding fifteen years and actuarial deficiencies found in the Public Service Pension Fund to be dealt with by transferring amounts to the Fund in equal installments over a period not exceeding fifteen years. The legislation allows surpluses in the Public Service Superannuation Account to be dealt with by reducing the Account over a period of up to fifteen years and surpluses in the Pension Fund to be dealt with by a reduction of government and/or plan member contributions or by withdrawing amounts from the Fund.

(c) Benefits:

The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are integrated with the CPP and QPP. The basic benefit formula is 2 per cent per year of pensionable service times the average of the best five consecutive years of earnings. When benefits under the CPP/QPP become payable, the basic benefit formula becomes 1.3 per cent per year of pensionable service for earnings subject to the CPP/QPP, up to the average of the maximum earnings under the CPP/QPP for the year of termination and the previous four years, and 2 per cent on earnings above that average. The benefits are fully indexed to the increase in the Consumer Price Index. The benefits are determined by a formula set out in legislation. They are not based on the financial status of the Plan.

Notes to Financial Statements

Year ended March 31, 2003

1. Description of Plan (continued):

(c) Benefits (continued):

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions. To reflect the *Income Tax Act* restrictions on registered pension plan benefits, separate Retirement Compensation Arrangements have been implemented to provide benefits that exceed the income tax maximum. These arrangements are not part of these financial statements, since they are covered by separate legislation.

(d) Income taxes:

The Plan is a registered pension plan under the *Income Tax Act* and, as such, is not subject to income taxes.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements present information on the Public Service Pension Plan on a going concern basis. They are prepared to assist plan members and others in reviewing the activities of the Plan for the year, but they are not meant to portray the funding requirements of the Plan.

These financial statements are prepared using the accounting policies stated below, which are based on generally accepted accounting principles.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Notes to Financial Statements

Year ended March 31, 2003

2. Significant accounting policies (continued):

(b) Valuation of assets:

The Public Service Superannuation Account held in the Accounts of Canada is considered a non-marketable asset and is valued at cost.

Investments are recorded as of the trade date and are stated at fair value. Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value for investments in pooled funds is based on unit values, which reflect the quoted market prices of the underlying securities.

Contributions receivable for past service elections are recorded at their estimated net present value, which approximates their fair value.

(c) Income recognition:

Interest income from the Public Service Superannuation Account and investment income are recorded on an accrual basis. Investment income represents realized gains and losses on the disposal of investments, interest and dividend income, and distribution from pooled funds.

The current-year change in fair value of investments and currency is the difference between the fair value and the cost of investments at the beginning and end of each year.

(d) Contributions:

Contributions for current service are recorded on an accrual basis in the year in which the related payroll costs are incurred. Contributions for past service that are receivable over a period in excess of one year are recorded at the estimated net present value of the contributions to be received.

(e) Benefits, refunds, and transfers:

Benefits are recognized when paid. Refunds and transfers are recognized at the moment the refund or transfer occurs, until which time they remain presented with the net assets available for benefits and the accrued pension benefits.

Notes to Financial Statements

Year ended March 31, 2003

2. Significant accounting policies (continued):

(f) Translation of foreign currencies:

Transactions in foreign currencies are recorded at the rates of exchange on the transaction date. Investments denominated in foreign currencies and held at year-end are translated at exchange rates in effect at the year-end date. The realized gains (losses) on disposal of investments that relate to foreign currency translation are included in investment income.

Unrealized gains and losses resulting from year-end translation of foreign-currency-denominated investments are included in the current-year change in fair value of investments and currency.

3. Public Service Superannuation Account and Pension Fund Account:

The Public Service Superannuation Account is held in the Accounts of Canada pursuant to the PSSA. This Account records transactions such as contributions, benefits, and transfers that pertain to pre-April 2000 service. The Account earns interest quarterly at rates that are calculated as though the amounts recorded in the Account were invested quarterly in a notional portfolio of Government of Canada 20-year bonds.

Transactions pertaining to post-March 31, 2000, service are recorded in the Public Service Pension Fund through the Public Service Pension Fund Account, which is also held in the Accounts of Canada. The net amount of contributions less benefits and payments is regularly transferred to PSP Investments for investment in the capital markets. The Pension Fund Account is only a flow-through account and, as such, does not earn interest. At March 31, the balance in the Public Service Pension Fund Account represents amounts in transit or impending transfer to PSP Investments.

Notes to Financial Statements

Year ended March 31, 2003

4. Investments:

(a) The portfolio of investments held through PSP Investments at March 31, is as follows:

	2003		2002	
	Cost	Fair Value	Cost	Fair Value
	(\$ millions)			
Canadian Equities				
PSP Canadian Equities Fund	2,476	2,245	1,276	1,392
Foreign Equities				
PSP Foreign Equities Fund	1,928	1,478	1,142	1,190
Fixed Income				
PSP Fixed Income Fund	1,872	1,858	1,316	1,257
Cash Equivalents				
PSP Cash Equivalent Fund	174	174	118	118
Cash	–	–	19	19
Other Assets	–	1	–	–
	6,450	5,756	3,871	3,976

At April 1, 2001, the investments were exclusively in pooled funds managed by State Street Global Advisors (SSgA). On October 2, 2001, PSP Investments created the PSP Funds and the investments in SSgA pooled funds previously held were transferred into the PSP Funds. PSP Funds represent unit interests in the assets of PSP Investments.

Notes to Financial Statements

Year ended March 31, 2003

4. Investments (continued):

(b) Investment policy:

At March 31, the asset mix policy and benchmarks of the investment portfolio held through PSP Investments are as follows:

	2003	2002	
Asset class	Policy mix	Policy mix	Benchmark*
Canadian Equities	35%	35%	S&P/TSX (TSE 300 in 2002)
Foreign Equities	30%	30%	S&P 500, MSCI EAFE
Fixed Income	32%	32%	SC Bond Universe
Cash Equivalents	3%	3%	SC 91-day T-bill
	100%	100%	

* Benchmarks include the following:

TSE 300—Toronto Stock Exchange 300 Composite Index

S&P TSX—Standard and Poor's TSX Composite Index

S&P 500—Standard and Poor's 500 Composite Index

MSCI EAFE—Morgan Stanley Capital International Index (Europe, Australia, Far East)

SC Bond Universe—Scotia Capital Bond Universe Index

SC 91-day T-bill—Scotia Capital 91-day Treasury Bill Index

Notes to Financial Statements

Year ended March 31, 2003

4. Investments (continued):

(c) Foreign currency exposure:

The Plan's investments are exposed to currency risk through holdings of units in pooled funds of non-Canadian equities where investment values will fluctuate due to changes in foreign exchange rates. The underlying foreign currency exposure by currency as at March 31, is as follows:

Currency	2003		2002	
	Fair value (\$ millions)	% of total	Fair value (\$ millions)	% of total
US dollars	870	58.9%	683	57.4%
Euro	224	15.2	190	16.0
British pound	141	9.5	126	10.6
Yen	126	8.5	104	8.7
Others	117	7.9	87	7.3
	1,478	100.0%	1,190	100.0%

The fair value of the PSP Foreign Equities Fund includes \$1 million Canadian dollars (2002—nil) which are not included in the above foreign currency exposure. At March 31, 2003, the foreign currency exposure is not hedged. Effective April 2003, PSP Investments has initiated a program to hedge up to 50 per cent of the fair value of all US-dollar-denominated investments under its management.

(d) Investment income (loss):

	2003	2002
	(\$ millions)	
Interest and dividend income	146	94
Realized gains (losses)	1	(258)
	147	(164)

Notes to Financial Statements

Year ended March 31, 2003

4. Investments (continued):

(e) Investment Performance:

Portfolio and benchmark returns for the year were as follows:

	2003		2002	
	Portfolio Returns	Benchmark Returns	Portfolio Returns	Benchmark Returns
Canadian Equities	(18.6)%	(17.6)%	4.7%	4.9%
Foreign Equities	(30.5)%	(29.9)%	(3.3)%	(2.6)%
Fixed Income	9.4%	9.2%	5.3%	5.1%
Cash Equivalents	3.2%	2.7%	4.0%	3.7%
Total Return	(13.5)%	(12.9)%	2.7%	2.8%

Returns are time-weighted. They have been calculated in accordance with the mandatory requirements set forth by the Association for Investment Management and Research (AIMR). Returns are presented gross of expenses.

5. Contributions receivable:

	2003	2002
	(\$ millions)	
Contributions receivable from employees for past service	415	399
Contributions receivable from employers for past service	586	473
Other contributions receivable	36	25
	1,037	897

Notes to Financial Statements

Year ended March 31, 2003

6. Other receivables:

The costs of operation of PSP Investments are charged to the three plans for which PSP Investments provides investment services, namely, the Public Service, the Canadian Forces, and the Royal Canadian Mounted Police Pension Plans. An allocation policy was developed by PSP Investments to allocate the direct costs of investment activities, such as external investment management fees and custodial fees to each Plan, and to allocate operating expenses excluding custodial fees, on a quarterly basis, based upon the asset value of each Plan's investments under management.

In 2003, 70.4 per cent of the operating expenses, excluding custodial fees, were allocated to the Public Service Pension Plan (70.6 per cent in 2002). PSP Investments initially charges all the expenses to the Public Service Pension Plan, which is reimbursed on a quarterly basis by the two other Plans. At year-end, the balance of the other receivables pertaining to these expenses is as follows:

	2003	2002
	(\$ millions)	
Share of expenses receivable from		
Canadian Forces Pension Plan	1.3	0.5
Royal Canadian Mounted Police Pension Plan	0.4	0.2
	1.7	0.7

7. Accrued pension benefits:

(a) Present value of accrued pension benefits:

The present value of accrued pension benefits is determined using the projected benefit method pro-rated on service. Actuarial valuations are performed triennially for funding purposes and are updated annually for accounting purposes, using the government's best estimate assumptions. The information in these financial statements is based on this annual valuation. The most recent actuarial valuation for funding purposes was made as of March 31, 2002, by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Notes to Financial Statements

Year ended March 31, 2003

7. Accrued pension benefits (continued):

(a) Present value of accrued pension benefits (continued):

The assumptions used in determining the actuarial value of accrued pension benefits were developed with reference to short-term forecast and expected long-term market conditions. Many assumptions are required in the actuarial valuation process, including estimates of future inflation, interest rates, expected return on investments, general wage increases, workforce composition, retirement rates, and mortality rates. The assumptions for the long-term rate of inflation and long-term general wage increase used in the accounting valuation are 2 per cent and 3 per cent respectively (2 per cent and 3 per cent in 2002). As at March 31, 2003, the assumptions for the rate of return on investments and on the Public Service Superannuation Account are 6.25 per cent (6.25 per cent in 2002) and 7.8 per cent (8.0 per cent in 2002) respectively.

(b) Actuarial asset value adjustment:

The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends consistent with assumptions underlying the valuation of the accrued pension benefits. The actuarial asset value adjustment represents the difference between investments valued at fair value and investments valued at market-related values, whereby the fluctuations between the market and expected market value are averaged over a five-year period, within a ceiling of plus or minus 10 per cent of the market value.

The market-related value is the value of an investment based on average market values over a number of years, which is used to mitigate the impact of large fluctuations in the market value of plan investments.

Notes to Financial Statements

Year ended March 31, 2003

8. Excess of actuarial value of net assets over accrued pension benefits:

For funding purposes, the pre-April 1, 2000, and post-March 31, 2000, excess of actuarial value of net assets over the accrued pension benefits is determined separately. Based on the accounting assumptions used for these financial statements, the breakdown as at March 31, 2003, is as follows:

	Pre- April 1, 2000	Post- March 31, 2000	Total
			(\$ millions)
Net assets available for benefits	82,432	6,338	88,770
Actuarial asset value adjustment	–	576	576
Actuarial value of net assets available for benefits	82,432	6,914	89,346
Accrued pension benefits	(73,857)	(7,467)	(81,324)
Excess of actuarial value of net assets over accrued pension benefits	8,575	(553)	8,022

9. Contributions:

	2003	2002
		(\$ millions)
From employees	817	702
From employers	2,039	1,690
	2,856	2,392

During the period, employees contributed approximately 28 per cent (28 per cent in 2002) of the total contributions made in respect of current service.

Notes to Financial Statements

Year ended March 31, 2003

10. Refunds and transfers:

	2003	2002
	(\$ millions)	
Pension division payments	28	38
Returns of contributions and transfer value payments	103	159
Transfers to other pension funds	1,891	4,549
	2,022	4,746

During the year ended March 31, 2001, Canada Post Corporation and three other corporations implemented their own pension plans and their employees ceased to be members of the Public Service Pension Plan. In conclusion of these settlements, amounts totalling approximately \$1,800 million (\$4,500 million in 2002) were transferred to the pension plans of these corporations. Until their transfer, these amounts remained part of the Public Service Superannuation Account and of the accrued pension benefits.

11. Administrative expenses:

Administrative expenses consist of the following:

	2003	2002
	(\$ millions)	
PWGSC administrative expenses	49	47
Treasury Board of Canada Secretariat administrative expenses	1	2
PSP Investments administrative expenses	9	5
Office of the Superintendent of Financial Institutions	1	–
	60	54

The legislation provides for administrative expenses to be charged to the Plan. PWGSC, as the administrator, recovers from the Plan administrative expenses for the activities directly attributable to its administration. These costs include salaries and benefits, systems maintenance and development, accommodation, and other operating costs of administering the Plan within the department.

Notes to Financial Statements

Year ended March 31, 2003

11. Administrative expenses (continued):

The Treasury Board of Canada Secretariat, as the program manager of the Plan, provides program advice to the members and charges its administrative costs to the Plan.

PSP Investments, as the manager of the investment funds of the Plan, charges its operating expenses, salaries, and benefits, as well as other operating and investment expenses to the Plan.

The Office of the Superintendent of Financial Institutions provides actuarial valuation services and charges these costs to the Plan.

12. Public Service Superannuation Account actuarial adjustment:

In accordance with the legislation governing the Plan, the President of the Treasury Board is required to direct that any actuarial deficiency found in either the Public Service Superannuation Account or the Pension Fund be credited to the Plan in equal installments over a period not exceeding fifteen years, commencing in the year in which the actuarial report is laid before Parliament.

The legislation also contains comparable provisions, which grant authority to deal with surpluses in the Public Service Superannuation Account by reducing the Account over a period of up to fifteen years. Surpluses in the Pension Fund may be dealt with by a reduction of government and/or plan member contributions or by withdrawing amounts from the Fund. As a result of the triennial actuarial valuation of the Public Service Pension Plan, which was tabled in Parliament in 2001, there were no adjustments in 2002 and 2003.

The triennial actuarial valuation of the Public Service Pension Plan as at March 31, 2002, was tabled in Parliament on October 30, 2003. The triennial actuarial valuation indicates that the actuarial surplus of the Public Service Superannuation Account exceeds 10 per cent of the corresponding liabilities by \$1,899 million. A decision on the timing of any consequential adjustment to the Account has not been made.

13. Contingency:

The *Public Sector Pension Investment Board Act*, which received Royal Assent in September 1999, amended the PSSA to enable the federal government to deal with surpluses in the Public Service Superannuation Account and the Public Service Pension Fund. The legal validity of these provisions has been challenged in the courts. The outcome of these lawsuits is not determinable at this time.

Glossary of Terms for the Financial Statements

A

Accrued Pension Benefits — the present value of benefits earned by members under the plan for services to date

Actuarial Assumptions — estimates made by actuaries of rates of return on plan assets, retirement age, mortality rates, future salary levels, and other factors

Actuarial Valuation — provides a “snapshot” of the financial status of a pension plan

B

Benefits Earned — the cost of benefits for services provided by members during the fiscal year

C

Contributions Receivable — amount owing to the plan in respect of services provided by members up to the date of the financial statements

Currency Risk — the risk that the value of investments purchased in foreign currency will fluctuate due to changes in exchange rates

D

Defined Benefit Pension Plan — a pension plan that specifies the formula for determining the benefits that the employee will receive at the time of retirement

E

Excess of actuarial value of net assets over accrued pension benefits — the funded status of the plan; a positive amount indicates that plan net assets exceed accrued pension benefits, while a negative amount means that accrued pension benefits exceed net assets

Experience gains and losses — the difference between what has occurred and what was anticipated in the actuarial evaluations

F

Foreign Currency Exposure — the amount by which the plan’s investments are exposed to currency risk

M

Market-related Value — the value of an investment based on average market values over a number of years; it is used to reduce the impact of large fluctuations in the market value of plan investments

N

Net Assets Available for Benefits — the cash, receivables, and investments net of liabilities available for pension benefits expected to be paid in the future; for the purposes of this definition, a plan’s liabilities do not include accrued pension benefits

P

Past Service — service provided by members prior to the start of the current fiscal year

Public Service Pension Plan Account — an account established by the *Public Service Superannuation Act* to record transactions relating to service provided by members on or after April 1, 2000; the account is a flow through account used to transfer funds to and from PSP Investments

Public Service Superannuation Account — an account established by the *Public Service Superannuation Act* to record transactions relating to service provided by members before April 1, 2000

R

Return or (Rate of Return) — the percentage change in assets in a particular period, resulting from income earned (such as interest, dividends, or rent) plus realized and unrealized capital gains or capital losses

S

S&P/TSX Composite Index — the most diversified Canadian market index representing almost 90 per cent of the capitalization of Canadian-based companies listed on the TSX; a committee of the Toronto Stock Exchange and Standard and Poor's selects companies for inclusion in the S&P/TSX Composite Index

Standard and Poor's 500 Composite

Index (S&P 500 Index) — a U.S. index consisting of 500 stocks chosen for market size, liquidity, and industry group representation; it is a market-value-weighted index (stock price times number of shares outstanding), with each stock's weight in the index proportionate to its market value; the Standard and Poor's Company selects stocks for inclusion in the index

T

Time-weighted Rate of Return — a return calculation methodology that eliminates the impact of cash flows into (or out of) a portfolio; this methodology recognizes the fact that managers have no control over the size and timing of cash flows

Transfer Value — a calculated lump-sum value of future pension benefits

Account Transaction Statements

Public Service Superannuation Account and Public Service Pension Fund

The Public Service Superannuation Account is used to record all transactions (contributions, benefit payments, and interest credits) with respect to pensionable service accrued by Plan members up to March 31, 2000.

The Superannuation Account earns interest at rates that are based on Government of Canada long-term bond rates. The interest credited to this Account changes every three months.

All contributions made by Plan members, the government, and participating employers in respect of service accrued on or after April 1, 2000, are credited to the Public Service Pension Fund. The contributions to the Pension Fund, net of benefits and other payments, are transferred to the Public Sector Pension Investment Board (PSP Investments) to be invested in financial markets. The contributions and benefits are recorded in an internal government account—the Public Service Pension Fund Account. The balance in this account at year-end represents impending amounts to be transferred to PSP Investments.

Public Service Superannuation Account Statement

(for the year ended March 31, 2003,
with comparative figures for the year ended March 31, 2002)

	2002-03	2001-02
	(in dollars)	
Opening Balance	80,550,373,546	81,574,680,376
Receipts and Other Credits		
Contributions		
Government employees	17,632,790	21,416,935
Retired employees	41,077,616	43,513,583
Public service corporation employees	1,595,739	1,645,455
Employer contributions		
Government	45,920,524	51,145,083
Public service corporations	1,699,657	1,056,601
Transfers from other pension funds	10,245,616	30,199,675
Interest	6,635,602,779	6,887,142,785
Total	6,753,774,719	7,036,120,117
Payments and Other Charges		
Annuities	3,468,623,384	3,433,214,119
Minimum benefits	10,355,592	12,258,850
Pension divisions payments	27,984,681	38,377,896
Pension transfer value payments	77,445,358	139,493,717
Returns of contributions		
Government employees	1,535,697	2,132,695
Public service corporation employees	194,386	701,138
Transfers to other pension funds	75,253,877	205,715,794
Transfers to Canada Post Corporation pension plan	1,736,683,000	4,181,784,000
Administrative expenses	48,202,419	46,748,738
Total	5,446,278,395	8,060,426,947
Receipt less Payments	1,307,496,324	(1,024,306,830)
Closing Balance	81,857,869,870	80,550,373,546

Public Service Pension Fund Account Statement

(for the year ended March 31, 2003,
with comparative figures for the year ended March 31, 2002)

	2002-03	2001-02
	(in dollars)	
Opening Balance	67,428,155	96,391,625
Receipts and Other Credits		
Contributions		
Government employees	674,395,559	577,865,100
Retired employees	4,653,947	2,985,847
Public service corporation employees	59,408,249	51,959,786
Employer contributions		
Government	1,745,268,882	1,499,118,490
Public service corporations	123,103,837	109,148,635
Transfers from other pension funds	7,616,086	1,967,666
Transfer value election	183,426	
Total	2,614,629,987	2,243,045,525
Payments and Other Charges		
Annuities	14,666,690	5,275,333
Minimum benefits	736,676	333,339
Pension divisions payments	175,744	142,459
Pension transfer value payments	15,838,552	10,116,112
Returns of contributions		
Government employees	6,551,456	5,128,183
Public service corporation employees	1,739,022	1,196,630
Transfers to other pension funds	713,258	1,506,759
Transfers to Canada Post Corporation pension plan	77,976,000	160,000,000
Administrative expenses	2,989,615	1,978,318
Total	121,387,014	185,677,133
Receipt less Payments	2,493,242,973	2,057,368,392
Transfers to Public Sector Pension Investment Board	2,442,871,189	2,086,331,862
Closing Balance	117,799,938	67,428,155

Retirement Compensation Arrangements Account

Supplementary benefits for public service employees are provided under the authority of Retirement Compensation Arrangements (RCA) Regulations No. 1, parts I and II (Public Service portion) and No. 2 (special Early Retirement Incentive Program). The *Special Retirement Arrangements Act* provided the authority for those regulations and established the RCA Account.

RCA No. 1

For tax purposes, financial transactions for plan members who earned more than \$100,100 in 2003 are recorded separately. As of March 31, 2003, there were 5,877 public service employees in this category and 925 retirees receiving benefits.

RCA No. 1 Statement

(Public Service Portion)

(for the year ended March 31, 2003,
with comparative figures for the year ended March 31, 2002)

	2002-03	2001-02
	(in dollars)	
Opening Balance	310,374,499	158,940,085
Receipts and Other Credits		
Contributions		
Government employees	12,470,219	7,052,166
Retired employees	449,304	373,851
Public service corporation employees	1,210,536	1,298,485
Employer contributions		
Government	190,034,492	106,719,013
Public service corporations	20,882,557	14,441,769
Interest	24,542,587	18,224,088
Actuarial liability adjustment	77,700,000	77,700,000
Transfers from other pension funds	511	
Total	327,290,207	225,809,372
Payments and Other Charges		
Annuities	1,637,986	1,125,174
Minimum benefits	32,974	3,174
Pension divisions payments	310,067	325,472
Pension transfer value payments	116,638	182,724
Returns of contributions		
Government employees	8,237	7,662
Public service corporation employees	3,409	9,063
Transfers to Canada Post Corporation pension plan	235,757,000	
Refundable tax	43,194,988	72,721,689
Total	281,061,298	74,374,958
Receipt less payments	46,228,908	151,434,414
Closing Balance	356,603,407	310,374,499

RCA No. 2

During the three-year period commencing on April 1, 1995, a number of employees between the ages of 50 and 54 left the Public Service under the Early Retirement Incentive Program, which waived the normal pension reduction for employees of departments and certain agencies who were declared surplus.

RCA No. 2 Statement

(for the year ended March 31, 2003,
with comparative figures for the year ended March 31, 2002)

	2002-03	2001-02
	(in dollars)	
Opening Balance	833,455,844	833,696,765
Receipts and Other Credits		
Government contributions and interest		
Contributions		
Interest	68,453,491	70,593,558
Actuarial liability adjustment	4,700,000	4,700,000
Total	73,153,491	75,293,558
Payments and Other Charges		
Annuities	74,737,998	75,375,028
Refundable tax	(1,053,046)	159, 451
Total	73,684,952	75,534,479
Receipt less Payments	(531,462)	(240,921)
Closing Balance	832,924,383	833,455,844

Supplementary Death Benefit

As at March 31, 2003, there were 266,620 participants employed in the Public Service and 120,221 retired elective participants in the Supplementary Death Benefit. During fiscal year 2002–03, 4,901 death benefits were paid.

Public Service Death Benefit Account Statement

(for the year ended March 31, 2003,
with comparative figures for the year ended March 31, 2002)

	2002–03	2001–02
	(in dollars)	
Opening Balance	1,897,231,807	1,799,147,082
Receipts and Other Credits		
Contributions		
Employees (government and public service corporations)	58,539,765	53,108,598
Government		
General	6,693,118	6,519,919
Single premium for \$10,000 ¹ benefit	1,152,985	1,150,570
Public service corporations	743,517	749,676
Interest	159,239,807	155,511,816
Total	226,369,192	217,040,579
Payments and Other Charges		
Benefit payments		
General ²	80,178,959	77,978,543
\$10,000 benefit ³	45,028,145	40,746,080
Other death benefit payments	116,800	231,231
Total	125,323,904	118,955,854
Receipt less Payments	101,045,288	98,084,725
Closing Balance	1,998,277,095	1,897,231,807

¹ Single premium for a \$5,000 benefit prior to September 14, 1999, and for a \$10,000 benefit effective September 14, 1999.

² Benefits paid in respect of participants who, at the time of death, were employed in the Public Service or were in receipt of an immediate pension under the Act.

³ Benefits of \$10,000 (\$5,000 prior to September 14, 1999) in respect of participants who, at the time of death, were employed in the Public Service or were in receipt of an immediate annuity under the Act and on whose behalf a single premium for \$10,000 (\$5,000 prior to September 14, 1999) death-benefit coverage for life has been made.

Statistical Tables

Table 1

Annuities in Pay and Annuities that Became Payable
 April 1, 2002, to March 31, 2003

Fiscal Year	Annuities in Pay as at March 31			New Annuities ¹ that Became Payable to Contributors			
	Contributor Pensions	Survivor Allowances	Total	Men Retired	Women Retired	Total Annual Value ²	Average Annuity ²
2002-03	159,279	53,939	213,218	3,019	2,125	125,630,948	24,423

New Allowances that Became Payable to Survivors						
Men	Women	Children	Students	Total Value ²	Average Allowance per Payee ²	Average Allowance per Family ²
322	2,586	144	227	20,751,951	6,271	6,726

¹ Annuities include immediate annuities, deferred annuities and annual allowances that became payable.

² These amounts do not include indexation.

Table 2

Contributor Pensions and Survivor Allowances in Pay
April 1, 2002, to March 31, 2003

Fiscal Year	Description	Contributor Pensions			Survivor Allowances				
		Men	Women	Total	Men	Women	Total	Children	Students
2002-03	Average annuity in pay								
	– excluding indexing	\$16,877	\$9,924	\$14,510	\$4,619	\$4,681	\$4,677	\$1,018	\$1,814
	– including indexing	\$22,561	\$12,931	\$19,283	\$6,399	\$9,506	\$9,309	\$1,143	\$2,154
	Average age	70.01	69.25	69.75	69.06	76.33	75.87		
	Average pensionable service of contributors	24.76	20.27	23.23	16.89	21.54	21.24		

Table 3

Changes in the Number of Active Contributors
April 1, 2002, to March 31, 2003

	Men	Women	Total
Number of Active Contributors, April 1, 2002	120,386	135,129	255,515
Additions	11,023	14,790	25,813
Deletions			
Employees leaving the Public Service			
Full return of contribution entitlements:			
– 2 years and over of pensionable service ¹	2	5	7
– less than 2 years of pensionable service ¹	1,996	2,856	4,852
Transfer value	349	495	844
Immediate annuities and annual allowances paid	2,302	1,659	3,961
Deferred annuities chosen	9	28	37
Deferred annuities locked in ²	0	0	0
Options not yet made ³	1,772	2,168	3,940
Transfers out	3	3	6
Reversions to a non-contributory status ⁴	311	424	735
Deaths in the Public Service			
Full return of contribution entitlements	15	10	25
Benefits paid to survivors	180	121	301
Total Deletions	6,939	7,769	14,708
Number of Active Contributors, March 31, 2003	124,470	142,150	266,620

¹ This includes employees who transferred to other pension arrangements.

² Partial return of contributions and entitlement to an annuity based on locked-in service.

³ Employees with a choice of benefits have until one year after leaving the Public Service to make a decision as to the type of benefit they wish to receive.

⁴ Describes contributors who ceased contributions temporarily (e.g. part-time).

Table 4

Changes to the Number of Contributors on Pension
April 1, 2002, to March 31, 2003

Number of Contributors on Pension, April 1, 2002		159,315
Additions		
Retirements on pension	4,429	
Deferred annuities payable at age 60	349	
Deferred annuities payable due to disability	6	
Deferred annual allowances	359	
Locked-in deferred annuities—age 60	0	
Locked-in deferred annuities—disabled	0	
Annuities with normal reductions waived		
– age 50–54	4	
– age 55–59	<u>54</u>	
Total Additions		5,201
Deletions		
Death	5,097	
Re-employment	<u>126</u>	
Total Deletions		5,223
Number of Contributors on Pension, March 31, 2003		159,279

Table 5Changes in the Number of Survivors on Pension
April 1, 2002, to March 31, 2003

WIDOWS	
Number of Widows on Pension, April 1, 2002	47,708
Additions	
Members who died in service	150
Members who died after retirement	<u>2,425</u>
	2,575
Deletions	
Deaths	<u>1,960</u>
Number of Widows on Pension, March 31, 2003	48,323
WIDOWERS	
Number of Widowers on Pension, April 1, 2002	3,273
Additions	
Members who died in service	76
Members who died after retirement	<u>246</u>
	322
Deletions	
Deaths	<u>140</u>
Number of Widowers on Pension, March 31, 2003	3,455
CHILDREN	
Number of Children on Pension, April 1, 2002	1,051
Additions	
Members who died in service	119
Members who died after retirement	<u>25</u>
	144
Deletions	<u>57</u>
Number of Children on Pension, March 31, 2003	1,138
STUDENTS	
Number of Students on Pension, April 1, 2002	807
Additions—Age 18	227
Deletions	
Ceased attending school or reached age 25	<u>11</u>
Number of Students on Pension, March 31, 2003	1,023

Table 6

Types of Benefits to which Contributors Became Entitled
April 1, 2002, to March 31, 2003

Type of Benefits	Total Number	Men	Women	Total Amount of New Benefits \$	Average Benefits \$
Annuities and Annual Allowances					
Immediate annuities					
Age (60 and over)	1,733	1,043	690	38,506,192	22,219
Early retirements ¹	1,391	1,012	379	54,207,006	38,970
Disability	431	169	262	6,194,356	14,372
Deferred annuities					
Payable at age 60	349	211	138	2,934,230	9,716
Payable due to disability	6	2	4	25,748	4,291
Annual allowances					
Normal allowances	1,216	565	651	21,871,663	17,987
Annuities with normal reductions waived ²					
– age 50–54	1	1	0	12,197	12,197
– age 55–59	54	39	15	1,663,766	30,810
Deferred benefits to which contributors became entitled³	224	121	103	1,947,185	8,693
Total	5,405	3,163	2,242	127,362,343	23,771
Lump Sum Payments					
Cash termination allowances	0	0	0	0	0
Returns of contributions	4,859	1,998	2,861	10,020,561	2,052
Total	4,859	1,998	2,861	10,020,561	2,052

¹ These are employees age 55 with 30 or more years of pensionable service.

² These include annuities with normal reductions waived paid out of the Public Service Superannuation Account.

³ These include deferred annuities and deferred annual allowances.

Table 7

Supplementary Death Benefit Plan—Number of Participants and Death Benefits Paid
April 1, 2002, to March 31, 2003

Fiscal Year	Active Participants			Retired Participants			Death Benefits Paid			Amount Paid
	Total	Men	Women	Total	Men	Women	Total	Men	Women	\$
2002–03	266,620	124,470	142,150	120,219	82,558	37,661	4,901	3,674	1,227	125,323,904

Table 8

Supplementary Death Benefit Plan—Changes in the Number of Death Benefit Participants
April 1, 2002 to March 31, 2003

ACTIVE PARTICIPANTS			
	Men	Women	Total
Number of Active Participants, April 1, 2002	120,386	135,129	255,515
Additions	11,023	14,790	25,813
Deletions	6,939	7,769	14,708
Number of Active Participants, March 31, 2003	124,470	142,150	266,620
RETIRED PARTICIPANTS			
	Men	Women	Total
Number of Retired Participants, April 1, 2002	83,418	36,904	120,322
Additions			
– On annuities	2,679	1,945	4,624
Total	2,679	1,945	4,624
Deletions			
– Deaths	3,503	1,163	4,666
– Other	36	25	61
Total	3,539	1,188	4,727
Number of Retired Participants, March 31, 2003	82,558	37,661	120,219