

# Appendix D3 – Actuarial Method and Assumptions

## Public Service Defined Benefit Pension Plans Reciprocal Transfer Agreement

**Name of Public Authority:** Province of Prince Edward Island

**Registered Pension Plan Name:** Public Sector Pension Plan

1. **Actuarial Method** (describe): The actuarial liability of base benefits (i.e. all benefits excluding future contingent indexation) will be calculated using the Projected Unit Credit cost method prorated on service. The actuarial liability of base benefits will then be adjusted for future contingent indexation by multiplying by the ratio of plan assets to the base benefit liability as per the most recent actuarial valuation. This ratio will not be less than 1.

2. **Assumptions:** Effective date: January 1, 2025

**a. Economic Assumptions**

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|--|----------------|
| (1) Interest rate:   | 6.40%          |
| (2) Inflation rate:  | 2.00%          |
| (3) YMPE Growth Rate:  | 2.50%          |
| (4) Salary Growth Rate:  | 2.50%          |
| (5) Rate of Increase of Maximum Benefits under Income Tax Act: | 2.50%          |
| (6) Cost of living escalation for active members:              | 3.14% for 2024 |
| (7) Indexing of pension in pay:                                | 6.86% for 2024 |

**b. Demographic Assumptions**

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|-------------------------------------|---|
| (1) Mortality Table:                | CPM 2014 Public, Scale CPM-B, adjustment of 1.20 for males and 1.10 for females   |
| (2) Gender:                         | Gender distinct   |
| (3) Proportion With Spouse:         | Male – 80%<br>Female – 75%  |
| (4) Age Difference Between Spouses: | 2 years   |
| (5) Retirement Age:                 | Based on age at January 1, 2019. For age >=55, retirement Table based per April 1, 2022 valuation report at age 59. For age 45 to 55 retirement age 60 and for under age 45 retirement age of 61. |
| (6) Withdrawal rates:               | Nil   |
| (7) Disability rates:               | Nil   |