



JAN 14 2013

Mr. Kevin Page  
Parliamentary Budget Officer  
Library of Parliament  
Parliament Buildings  
Ottawa, Ontario  
K1A 0A9

Dear Mr. Page:

Thank you for your letter and enclosure, dated November 30, 2012, regarding Information Request IR0095A – Revised Expenditure Review of Federal Public Sector Compensation Policy and Comparability.

The following is in reply to your request for information and data regarding the expected savings from:

- (1) “Changes to federal employee pension plans included in the *Jobs and Growth Act, 2012*”; and,
- (2) “Changes to the Members of Parliament pension plan included in the *Members of Parliament Retiring Allowances Act*”.

**Estimated Pension Savings for the Government in 2017-2018 (\$ millions)**

<b>Fiscal year</b>	<b>Public Service Pension Plan</b>	<b>Canadian Forces Pension Plan</b>	<b>Royal Canadian Mounted Police Pension Plan</b>	<b>Members of Parliament Pension Plan</b>	<b>Total savings</b>
<b>2017 - 2018</b>	737.0	137.7	56.6	13.1	944.4

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Budget 2012 announced the federal government's intention to make changes to the three major public sector pension plans (Public Service, Canadian Forces-Regular Force, and Royal Canadian Mounted Police), as well as to the pension plan for Members of Parliament.

Legislative amendments will allow Public Service pension plan member contribution rates to gradually increase over an expected period of five years to reach an employer/employee current service cost-sharing ratio of 50:50. The contribution rates for members of the Canadian Forces-Regular Force and the Royal Canadian Mounted Police pension plans will also increase by comparable amounts. Beginning in January 2013, the retirement age for new public service pension plan members will be increased by five years.

Similar changes to member contribution rates and the cost-sharing ratio will be made to the pension plan for Members of Parliament, starting in January 2013. Benefit provisions for Members of Parliament will also be adjusted, with these changes going into effect in 2016.

With member contribution rates for all public sector pension plans starting to increase in 2013, and with less costly benefits accruing for Public Service pension plan members (starting in 2013) and for Members of Parliament (starting in 2016), the annual savings for the government is expected to reach \$944 million by 2017-2018 when the 50:50 cost sharing ratio is achieved.

Yours sincerely,



Yaprak Baltacıoğlu

c.c.: Mr. Michael Horgan, Deputy Minister, Department of Finance Canada  
Mr. Rick Stewart, Assistant Secretary to the Cabinet, Privy Council Office,  
Liaison Secretariat for Macroeconomic Policy