



# Actuarial Valuation

Legislative Assembly of Nunavut

Retiring Allowances Act

Canada Revenue Agency Registration Number: 1054915

As at April 1, 2022

April 2023





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## Executive Summary

An actuarial valuation has been prepared for the Legislative Assembly of Nunavut Retiring Allowances Act (the "Plan") as at April 1, 2022 for the primary purpose of establishing a funding recommendation for the Plan until the next actuarial valuation is performed. This section provides an overview of the important results and the key valuation assumptions which have had a bearing on these results.

## Summary of Principal Results

	April 1, 2022	April 1, 2018
<b>Target Margin Basis</b>		
Assets	\$ 15,796,400	\$ 12,406,100
Liabilities	13,294,400	10,553,400
<b>Surplus / (Unfunded Liability)</b>	<b>\$ 2,502,000</b>	<b>\$ 1,852,700</b>

## Contribution Requirements

Considering the funding status of the Plan, the contributions for the Legislative Assembly of Nunavut (the "Assembly") recommended in this report with effect for the first plan year following April 1, 2022, and those recommended at April 1, 2018, are as follows:

	April 1, 2022	April 1, 2018
Assembly Current Service Cost	\$ 1,077,300	\$ 845,600
Special Payments	0	0
Application of Surplus	(223,500)	(162,600)
<b>Total Assembly Contribution</b>	<b>\$ 853,800</b>	<b>\$ 683,000</b>



## Key Assumptions

The principal assumptions to which the valuation results are most sensitive are outlined in the following table.

	April 1, 2022	April 1, 2018
Discount rate		
(Target Margin)	3.90%	3.65%
(Best Estimate)	5.10%	5.00%
Inflation rate	2.00%	2.00%
Pensionable earnings	2.50%	2.50%
Mortality table	CPM2014_MI-2017 generational	CPM2014_MI-2017 generational
Retirement rates	Active: Later of age 50, 4 years of service or end of current session	Active: Later of age 50, 4 years of service or end of current session
	Deferred: Age 50	Deferred: Age 50



# Section 1: Introduction

## Purpose and Terms of Engagement

We have been engaged by the Management and Services Board of the Legislative Assembly of Nunavut, (hereafter referred to as the “Board”), to conduct an actuarial valuation of the Plan as at April 1, 2022 for the general purpose of determining the minimum and maximum funding contributions, based on the actuarial assumptions and methods summarized herein. More specifically, the purposes of the valuation are to:

- Determine the financial position of the Plan on both a best estimate and target margin basis as at April 1, 2022;
- Determine the funding requirements of the Plan as at April 1, 2022; and
- Provide the necessary actuarial certification required under the Income Tax Act.

The terms of engagement specifically instruct Aon to exclude a hypothetical wind-up valuation from the valuation. We note that this is a deviation from accepted actuarial practice, which, with limited exemptions, requires that an actuarial valuation report include information with respect to a hypothetical wind-up valuation.

The results of this report may not be appropriate for accounting purposes or any other purposes not listed above.

The next valuation will be performed as at April 1, 2026 to reflect the results of the general election held on October 27, 2025.

## Summary of Changes Since the Last Valuation

The last such actuarial valuation in respect of the Plan was performed as at April 1, 2018. Since the time of the last valuation, we note that the following events have occurred:

- A general election was held on October 25, 2021 resulting in the turnover of half of the active Plan membership. Members who did not return to the Assembly were provided options to commence or defer their pension or receive their entitlement as a lump sum.
- Actuarial assumptions have been revised. The changes to key assumptions are summarized on the previous page and more details are contained in Appendix D.

## Information and Inputs

In order to prepare our valuation, we have relied upon the following information:

- A copy of the previous valuation report as at April 1, 2018;
- Membership data compiled as at April 1, 2022 by the Assembly;



- Asset data taken from the Plan's unaudited financial statements from April 1, 2018 to March 31, 2022 prepared by RBC Investor and Treasury Services; and
- A copy of the latest Retiring Allowances Act and Regulations.

Furthermore, our actuarial assumptions and methods have been chosen to reflect our understanding of the Assembly's desired funding objectives, as set out in the Funding Policy, with due respect to accepted actuarial practice and regulatory constraints.

## Subsequent Events

As of the date of this report, we have not been made aware of any subsequent events which would have an effect on the results of this valuation. However, the following points should be noted in this regard:

- Actual experience deviating from expected after April 1, 2022 will result in gains or losses which will be reflected in the next actuarial valuation report; and
- To the best of our knowledge, the results contained in this report are based on the regulatory and legal environment in effect at the date of this report and do not take into consideration any potential changes that may be currently under review. To the extent that actual changes in the regulatory and legal environment transpire, any financial impact on the Plan as a result of such changes will be reflected in future valuations.



## Section 2: Target Margin Valuation Results

### Target Margin Financial Position of the Plan

The target margin valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan continues indefinitely.

The selection of the applicable actuarial assumptions and methods reflect the Plan's Funding Policy, actuarial standards of practice, and pension standards.

Based on the Plan provisions, membership data, target margin assumptions and methods, and asset information described in the Appendices, the target margin financial position and current service cost of the Plan as at April 1, 2022 is shown in the following tables. The results as at April 1, 2018 are also shown for comparison purposes.

#### Target Margin Financial Position

	April 1, 2022	April 1, 2018
<b>Actuarial Value of Assets</b>	<b>\$ 15,796,400</b>	<b>\$ 12,406,100</b>
<b>Target Margin Liabilities</b>		
• Active Members	\$ 4,148,300	\$ 2,754,200
• Deferred Vested Members	2,044,400	965,600
• Retired Members and Beneficiaries	7,101,700	6,833,600
<b>Total Liabilities</b>	<b>\$ 13,294,400</b>	<b>\$ 10,553,400</b>
<b>Surplus / (Unfunded Liability)</b>	<b>\$ 2,502,000</b>	<b>\$ 1,852,700</b>
<b>Funded Ratio</b>	<b>118.8%</b>	<b>117.6%</b>

#### Target Margin Current Service Cost

	April 1, 2022	April 1, 2018
<b>Current Service Cost</b>		
Total Current Service Cost	\$ 1,387,100	\$ 1,093,000
Required Member Contributions	(309,800)	(247,400)
<b>Assembly Current Service Cost</b>	<b>\$ 1,077,300</b>	<b>\$ 845,600</b>
Total pensionable earnings (in year following valuation date)	\$ 3,417,800	\$ 2,729,200
As a % of total pensionable earnings	31.5%	31.0%



## Change in Financial Position

During the period from April 1, 2018 to April 1, 2022, the target margin financial position of the Plan changed from a surplus of \$1,852,700 to a surplus of \$2,502,000. The major components of this change are summarized in the following table.

### Reconciliation of the Target Margin Financial Position for the Period from April 1, 2018 to April 1, 2022

<b>Surplus / (Unfunded Liability) as at April 1, 2018</b>	\$	1,852,700
Expected interest on surplus / (unfunded liability)		285,700
Application of surplus		(696,200)
<b>Expected Surplus / (Unfunded Liability) as at April 1, 2022</b>	<b>\$</b>	<b>1,442,200</b>
Change in liabilities due to experience gains/(losses)		
Gain/(loss) due to investment experience		1,210,900
Gain/(loss) due to retirement experience		(191,600)
Gain/(loss) due to salary experience		(558,800)
Gain/(loss) due to termination experience		105,500
Gain/(loss) due to mortality experience		(142,700)
Gain/(loss) due to indexing experience		28,900
Gain/(loss) due to contribution experience		158,100
Gain/(loss) due to ITA maximum increases		(81,500)
Net gain/(loss) due to other experience and miscellaneous items		(25,800)
<b>Surplus / (Unfunded Liability) after experience gains/(losses) as at April 1, 2022</b>	<b>\$</b>	<b>1,945,200</b>
Change in liabilities due to change in economic assumptions		556,800
<b>Surplus / (Unfunded Liability) as at April 1, 2022</b>	<b>\$</b>	<b>2,502,000</b>





## Discussion of Experience

### Investment Earnings

The annualized rate of return earned by the pension fund based on the Actuarial Value of Assets for the valuation period from April 1, 2018 to April 1, 2022 was 6.15% per year. The assumed rate of return for going concern valuation purposes was 3.65% per year. An actual rate of return higher than the assumed rate resulted in a net actuarial gain of \$1,210,900.

### Salary Experience

The actual pensionable salaries paid to members of the Plan was greater than assumed, due to the constituency work indemnity being included pensionable earnings, and members changing positions during the inter-valuation period, resulting in a net actuarial loss of \$558,800.

### Application of Surplus

As per the plan's funding policy, the Assembly's current service costs were offset by the amortization of surplus above the target funding level (on a target margin basis) over 15-years, reducing the plan's surplus by \$696,200.

## Discussion of Changes in Assumptions

Effective April 1, 2022, the interest rate assumption was changed from 3.65% per annum to 3.90% per annum. This assumption change decreased the target margin liabilities by \$556,800 and the Assembly current service cost by \$81,800.



## Target Margin Valuation Sensitivity Results

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, the table below presents the sensitivity of the target margin liabilities and the total current service cost of using a discount rate 1% lower than that used for the target margin valuation.

	Valuation Basis April 1, 2022	Based on Rate of 1% Lower	Effect	
			\$	%
Target Margin Liabilities	\$ 13,294,400	\$ 15,759,700	2,465,300	18.5
Current Service Cost	1,387,100	1,757,600	370,500	26.7

Note that using a discount rate 1% higher than that assumed would result in a comparable reduction in the Plan's target margin liabilities and current service cost.



## Plausible Adverse Scenarios

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, below is summarized scenarios of adverse but plausible assumptions, relative to the target margin assumptions otherwise selected for the valuation.

### Interest Rate Sensitivity

The table below presents the sensitivity of the target margin position of using interest rates 1% lower than the current level. In order to calculate the impact on the Actuarial Value of Assets, the decrease in interest rates only impacts fixed income assets (31.6% of total assets) and a duration of 6.6 was considered. Due to asset smoothing, the full impact of the changes in assets would be reflected over a four-year period.

	Base Scenario	Adverse Scenario	Impact (\$)
<b>Actuarial value of assets</b>	\$ 15,796,400	\$ 15,893,200	\$ 96,800
<b>Target margin liabilities</b>	13,294,400	15,759,700	2,465,300
<b>Surplus / (Unfunded Liability)</b>	<b>\$ 2,502,000</b>	<b>\$ 133,500</b>	<b>\$ (2,368,500)</b>
<b>Total Current Service Cost</b>	\$ 1,387,100	\$ 1,757,600	\$ 370,500

### Deterioration in Asset Value

In assessing the risk related to the deterioration in asset value we have chosen an adverse scenario equal to a 20% reduction in the non-fixed income asset values and assume no change in future return expectations.

The table below presents the sensitivity of the target margin position of using the assets with a 20% reduction in non-fixed income asset values. Due to asset smoothing, the full impact of the changes in assets would be reflected over a four-year period.

	Base Scenario	Adverse Scenario	Impact (\$)
Actuarial value of assets	\$ 15,796,400	\$ 15,202,400	\$ (594,000)
Target margin liabilities	13,294,400	13,294,400	-
<b>Surplus / (Unfunded Liability)</b>	<b>\$ 2,502,000</b>	<b>\$ 1,908,000</b>	<b>\$ (594,000)</b>
Total Current Service Cost	\$ 1,387,100	\$ 1,387,100	\$ -



## Mortality Sensitivity

The table below presents the sensitivity of the target margin position of the Plan to using a mortality assumption with a 10% improvement to the base mortality rates. For the purposes of this analysis, we have used 90% of the rates of the base table used in the target margin valuation.

	<b>Base Scenario</b>	<b>Adverse Scenario</b>	<b>Impact (\$)</b>
Actuarial value of assets	\$ 15,796,400	\$ 15,796,400	\$ -
Target margin liabilities	13,294,400	13,564,400	270,000
<b>Surplus / (Unfunded Liability)</b>	<b>\$ 2,502,000</b>	<b>\$ 2,232,000</b>	<b>\$ (270,000)</b>
Total Current Service Cost	\$ 1,387,100	\$ 1,410,100	\$ 23,000



## Section 3: Best Estimate Valuation Results

### Financial Position of the Plan – Best Estimate Basis

The best estimate valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan continues indefinitely. This basis contains no margin for adverse experience.

Based on the plan provisions, membership data, best estimate assumptions and methods, and asset information described in the Appendices, the best estimate financial position and current service cost of the Plan as at April 1, 2022 is shown in the following tables. The results at April 1, 2018 are also shown for comparison purposes.

#### Best Estimate Financial Position

	April 1, 2022		April 1, 2018	
<b>Actuarial Value of Assets</b>	\$	<b>15,796,400</b>	\$	<b>12,406,100</b>
<b>Best Estimate Liabilities</b>				
• Active Members	\$	3,247,100	\$	2,135,200
• Deferred Vested Members		1,706,300		789,400
• Retired Members and Beneficiaries		6,104,700		5,735,200
<b>Total Liabilities</b>	\$	<b>11,058,100</b>	\$	<b>8,659,800</b>
<b>Surplus / (Unfunded Liability)</b>	\$	4,738,300	\$	3,746,300
<b>Funded Ratio</b>		142.8%		143.3%

#### Best Estimate Current Service Cost

	April 1, 2022		April 1, 2018	
<b>Current Service Cost</b>				
Total Current Service Cost	\$	1,070,200	\$	832,200
Required Member Contributions		(309,800)		(247,400)
<b>Assembly Current Service Cost</b>	\$	<b>760,400</b>	\$	<b>584,800</b>
Total pensionable earnings (in year following valuation date)	\$	3,417,800	\$	2,729,200
As a % of total pensionable earnings		22.3%		21.4%

## Section 4: Contribution Requirements

### Funding Policy

The Board's Funding Policy outlines the contribution strategy the Assembly intends to follow to reach and maintain the target funding level. The Board has decided on a target funding level of 120% of best estimate liabilities.

The contribution strategy that the Assembly will follow in a given year must be greater than the minimum funding requirements set out in the Retiring Allowances Act and be no more than the maximum contributions allowed under the Income Tax Act. In meeting these requirements, and balancing the various interests of the Plan's stakeholders, the Plan's Funding policy sets out that the Assembly will contribute within the following range:

- A minimum contribution of the current service cost (on a best estimate basis), plus special payments to eliminate any deficit (on a best estimate basis) over a period of no more than 15 years, less any surplus (on a best estimate basis).
- A maximum contribution of the current service cost (on a target margin basis), plus any unfunded liability (on a target margin basis) less any excess surplus (on a target margin basis).

With that said, the Board will consider a target contribution of the current service cost (on a target margin basis), plus special payments to eliminate any deficit (on a target margin basis) over 15-years, less the amortization of any surplus above the target funding level (on a target margin basis) over 15-years.



## Development of Minimum Contributions

The table below presents the development of the minimum Assembly contributions for the Plan year commencing April 1, 2022. While we have shown a fixed Assembly current service cost in the table below, the Assembly may fund the current service cost as a percentage of pensionable earnings.

Plan Year Commencing	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
<b>Current Service Cost (Best Estimate Basis)</b>				
Total Current Service Cost	\$ 1,070,200	\$ 1,097,000	\$ 1,124,400	\$ 1,152,500
Required Member Contributions	\$ (309,800)	\$ (317,500)	\$ (325,400)	\$ (333,500)
<b>Assembly Current Service Cost</b>	<b>\$ 760,400</b>	<b>\$ 779,500</b>	<b>\$ 799,000</b>	<b>\$ 819,000</b>
<b>Surplus (Best Estimate Basis)</b>	<b>\$ 4,738,300</b>	<b>\$ 4,180,800</b>	<b>\$ 3,574,800</b>	<b>\$ 2,917,400</b>
<b>Minimum Contributions</b>				
Assembly Current Service Cost	\$ 760,400	\$ 779,500	\$ 799,000	\$ 819,000
Less: Application of Surplus	\$ 4,738,300	\$ 4,180,800	\$ 3,574,800	\$ 2,917,400
<b>Minimum Assembly Contributions (cannot be less than zero)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Development of Maximum Permissible Assembly Contribution

The Income Tax Act requires that any excess surplus first be applied to reduce or eliminate the Assembly contribution requirements. Excess surplus is defined in Section 147.2(2)(d) of the Income Tax Act, as the portion of surplus (if any) that exceeds 25% of the target margin liabilities.

Since the surplus of \$2,502,000 is less than 25% of the target margin liabilities of \$13,294,400, there is no excess surplus and therefore it does not impact the development of the Assembly contribution requirements.

The table below presents the development of the maximum permissible Assembly contribution for the Plan year commencing April 1, 2022. While we have shown a fixed Assembly current service cost in the table below, the Assembly may fund the current service cost as a percentage of pensionable earnings.

Plan Year Commencing	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
Assembly Current Service Cost	\$ 1,077,300	\$ 1,104,300	\$ 1,131,900	\$ 1,160,200
Special payments toward amortizing unfunded liability	0	0	0	0
Required application of excess surplus	0	0	0	0
<b>Maximum Permissible Assembly Contribution</b>	<b>\$ 1,077,300</b>	<b>\$ 1,104,300</b>	<b>\$ 1,131,900</b>	<b>\$ 1,160,200</b>



## Development of Funding Policy Recommended Contributions

The table below presents the development of the recommended Assembly contributions for the Plan year commencing April 1, 2022. While we have shown a fixed Assembly current service cost in the table below, the Assembly may fund the current service cost as a percentage of pensionable earnings.

Plan Year Commencing	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
<b>Current Service Cost (Target Margin Basis)</b>				
Total Current Service Cost	\$ 1,387,100	\$ 1,421,800	\$ 1,457,300	\$ 1,493,700
Required Member Contributions	\$ (309,800)	\$ (317,500)	\$ (325,400)	\$ (333,500)
<b>Assembly Current Service Cost</b>	<b>\$ 1,077,300</b>	<b>\$ 1,104,300</b>	<b>\$ 1,131,900</b>	<b>\$ 1,160,200</b>
<b>Surplus (Target Margin Basis)</b>	<b>\$ 2,502,000</b>	<b>\$ 2,367,400</b>	<b>\$ 2,227,500</b>	<b>\$ 2,082,200</b>
<b>Application of Surplus</b>	<b>\$ (223,500)</b>	<b>\$ (223,500)</b>	<b>\$ (223,500)</b>	<b>\$ (223,500)</b>
<b>Funding Policy Recommended Contributions</b>				
Assembly Current Service Cost	\$ 1,077,300	\$ 1,104,300	\$ 1,131,900	\$ 1,160,200
Less: Application of Surplus	\$ (223,500)	\$ (223,500)	\$ (223,500)	\$ (223,500)
<b>Funding Policy Recommended Assembly Contributions</b>	<b>\$ 853,800</b>	<b>\$ 880,800</b>	<b>\$ 908,400</b>	<b>\$ 936,700</b>

In the event an updated funding recommendation is not certified before April 1, 2026, the rule for determining the Assembly contributions recommended in the above tables will continue to be appropriate for the plan year commencing on the next valuation date of April 1, 2026. Adjustment to the Assembly contributions (retroactive to April 1, 2026) may be required once the next actuarial funding recommendations are certified.



## Section 5: Actuarial Certificate

### Actuarial Opinion, Advice and Certification for the Legislative Assembly of Nunavut Retiring Allowances Act

Canada Revenue Agency Registration Number: 1054915

#### Opinion

This actuarial certification forms an integral part of the actuarial valuation report for the Plan as at April 1, 2022. I confirm that I have prepared an actuarial valuation of the Plan as at April 1, 2022 for the purposes outlined in the Introduction section to this report and consequently:

My advice on funding is the following:

- The Assembly should contribute the amounts within the range of minimum and maximum contribution levels outlined in Section 4 of this report.
- The next actuarial valuation for the purpose of developing funding requirements should be performed no later than as at April 1, 2026.

I hereby certify that, in my opinion:

- The contribution range as outlined in this report is expected to be sufficient to satisfy the Plan's funding requirements.
- The Assembly contributions recommended in this report are eligible contributions under Section 147.2(2) of the Income Tax Act.
- For the purposes of the valuation:
  - The data on which this valuation is based are sufficient and reliable;
  - The assumptions used are appropriate; and
  - The actuarial cost methods and the asset valuation methods used are appropriate.
  - This report and its associated work have been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada and in compliance with the requirements outlined in subparagraphs 147.2(2)(a)(iii) and (iv) of the Income Tax Act.



- Notwithstanding the above certifications, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent valuations.

Stephen P. Windsor  
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April 2023

## Appendix A: Glossary of Terms

- The **actuarial value of assets** is the asset value used for target margin valuation purposes. Smoothing methods are sometimes used to smooth investment gains and losses over a certain period.
- The **best estimate liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date. The best estimate liabilities are calculated using the best estimate assumptions and methods summarized in Appendix D of this report, which includes no margin for adverse experience.
- The **target margin liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date. The target margin liabilities are calculated using the target margin assumptions and methods summarized in Appendix D of this report, which include a margin (contained fully within the discount) equal to approximately 20% of liabilities calculated on a best estimate basis.
- The **maximum deductible Assembly contribution** refers to an eligible contribution pursuant to Section 147.2(2) of the Income Tax Act. Under Subsection 8502(b) of the Regulations to the Income Tax Act, each Assembly contribution made after 1991 in respect of a defined benefit provision of a registered pension plan must be such eligible contribution.

In an assembly's fiscal year, the following contributions are eligible under Section 147.2 of the Income Tax Act.

- The Assembly current service cost on a target margin basis, eligible under Section 147.2(2) subject to certification by the actuary and approval by the Canada Revenue Agency; plus
- Special payments eligible under Section 147.2(2) up to the amount of the unfunded liability on a target margin basis, subject to certification by the actuary and approval by the Canada Revenue Agency; less
- Required application of excess surplus on a target margin basis.

The Assembly current service cost and special payments for this Plan will be deductible under Section 147.2(2) of the Income Tax Act, subject to the approval of the Canada Revenue Agency.

In order to be deductible in a given fiscal year, Assembly contributions must be made not later than 120 days after the end of the fiscal year.

- The **minimum required Assembly contribution** for each Plan year is equal to:
  - The Assembly current service cost on a best estimate basis; plus
  - Special payments toward amortizing any unfunded liability, determined on a best estimate basis, over 15 years from the date on which the unfunded liability was established; less
  - Required application of excess surplus; less
  - Permitted application of surplus.

- The **special payments** are payments required to liquidate the unfunded liability:
  - The target margin special payments are payments required to liquidate the unfunded liability, with interest at the target margin valuation discount rate, by equal monthly instalments over a period of 15 years beginning on the valuation date of the report in which the target margin unfunded liability was determined;
- The **surplus/(unfunded liability)** is the difference between the actuarial value of assets and the sum of the target margin and best estimate liabilities.
- The **total current service cost** is the actuarial present value of benefits expected to be earned in respect of service for each year starting on the valuation date. Required Member contributions (if any) are deducted from the total current service cost to determine the Assembly current service cost. The total current service cost is calculated using both the target margin and best estimate valuation assumptions and methods summarized in Appendix D of this report.

## Appendix B: Assets

### Asset Data

The Plan assets are held by RBC Investor and Treasury Services and invested by Beutel-Goodman Investment Counsel. The asset information presented in this report is based on the unaudited financial statements of the pension fund from April 1, 2018 to April 1, 2022 prepared by RBC Investor and Treasury Services.

Tests of the sufficiency and reliability of the asset data were performed, and the results were satisfactory. The tests included:

- A reconciliation of actual cash flow with expected cash flow from the previous actuarial report; and
- A reconciliation of any anticipated benefit payments from April 1, 2018 to April 1, 2022 (for retirees, terminated or deceased members) against the financial statements of the pension fund for confirmation of payments.

### Market Value of Assets

The following is a summary of the composition of the Plan's assets by asset type as reported by RBC Investor and Treasury Services as at April 1, 2022. For comparison purposes, the composition at the previous valuation date of April 1, 2018 is also shown.

	April 1, 2022		April 1, 2018	
	\$	%	\$	%
Cash and Short Term	266,400	1	234,800	2
Fixed Income	5,611,700	32	3,965,000	31
Canadian Equities	5,505,100	31	4,464,200	34
U.S Equities	3,498,400	20	1,780,200	14
Non-North American Equities	2,876,900	16	2,521,900	19
<b>Total Invested Assets</b>	<b>17,758,500</b>	<b>100</b>	<b>12,966,100</b>	<b>100</b>



## Target Asset Mix

The target asset mix of the Plan is contained in the Plan's Statement of Investment Policies and Procedures and is as follows:

	Minimum (%)	Target (%)	Maximum (%)
<b>Equities</b>			
Canadian Equities	25	30	55
Foreign Equities			
• U.S. Equities	7	12	20
• Non-North American Equities	8	13	20
<b>Total Foreign Equities</b>	<b>15</b>	<b>25</b>	<b>40</b>
<b>Total Equities</b>	<b>45</b>	<b>55</b>	<b>70</b>
<b>Fixed Income</b>	<b>30</b>	<b>40</b>	<b>55</b>
<b>Cash and Short Term</b>	<b>0</b>	<b>5</b>	<b>15</b>
<b>Total Fund</b>		<b>100</b>	



## Reconciliation of Changes in Market Value of Assets

The table below reconciles changes in the market value of assets between April 1, 2018 and April 1, 2022

Plan Year Commencing April 1	2018	2019	2020	2021
<b>Market Value of Assets, Beginning of Plan Year</b>	\$ 12,966,100	\$ 16,227,100	\$ 13,817,800	\$ 17,902,700
<b>Contributions During Plan Year</b>				
Member	248,300	277,300	274,000	319,200
Assembly Current Service Cost	2,663,400 <sup>1</sup>	456,700	766,000	849,800
Assembly Special Payments	-	-	-	-
<b>Total</b>	\$ 2,911,700	\$ 734,000	\$ 1,040,000	\$ 1,169,000
<b>Transfers During Plan Year</b>				
Into Plan	\$ -	\$ -	\$ -	\$ -
Out of Plan	-	(1,699,900)	-	-
<b>Total</b>	\$ -	\$ (1,699,900)	\$ -	\$ -
<b>Benefit Payments During Plan Year</b>				
Non-Retired Members	\$ -	\$ -	\$ (397,000)	\$ (1,600,700)
Retired Members	(329,400)	(355,500)	(340,600)	(346,900)
<b>Total</b>	\$ (329,400)	\$ (355,500)	\$ (737,600)	\$ (1,947,600)
<b>Fees/Expenses</b>				
Investment	\$ (65,400)	\$ (69,700)	\$ (70,200)	\$ (81,800)
Non-Investment	(15,100)	(14,600)	(15,500)	(18,500)
<b>Total</b>	\$ (80,500)	\$ (84,300)	\$ (85,700)	\$ (100,300)
Investment Income	\$ 759,200	\$ (1,003,600)	\$ 3,868,200	\$ 734,700
<b>Market Value of Assets, End of Plan Year</b>	\$ 16,227,100	\$ 13,817,800	\$ 17,902,700	\$ 17,758,500
<b>Rate of Return, Net of Fees/Expenses</b>	4.76%	-6.99%	27.08%	3.62%

<sup>1</sup> Includes contributions intended for the Legislative Assembly of Nunavut Supplementary Retirement Allowances Act, made in error to this Plan. These contributions were reversed in the following Plan year, as a transfer out of the Plan.



## Development of Adjusted Market Value of Assets

The adjusted market value of assets is equal to the market value of assets adjusted to reflect any contributions, benefit payments, transfers and fees/expenses in-transit as of the valuation date. The development of the adjusted market value of assets is shown below.

		<b>April 1, 2022</b>
Market Value of Assets	\$	17,758,500
Contributions Receivable		-
Benefits Payable		(718,200)
Transfers (Payable)/Receivable		-
Fees/Expenses Payable		(25,200)
<b>Adjusted Market Value of Assets</b>	<b>\$</b>	<b>17,015,100</b>





## Development of Actuarial Value of Assets

The actuarial value of assets is determined by modifying the adjusted market value of assets to recognize asset gains (losses) (i.e., the difference between actual investment return and expected investment return based on the target margin discount rate assumption) over a 4-year period.

The development of the actuarial value of assets as of April 1, 2022 is shown below:

<b>Year Ending</b>	<b>Original Amount of (Gain) Loss</b>	<b>(Gain) Loss Admitted in Prior Years</b>	<b>(Gain) Loss Admitted in Current Year</b>	<b>(Gain) Loss to be Admitted in Future Years</b>
March 31, 2020	\$ 1,656,100	\$ 828,100	\$ 414,000	\$ 414,000
March 31, 2021	(3,272,700)	(818,200)	(818,200)	(1,636,300)
March 31, 2022	4,800	0	1,200	3,600
			<b>\$ (403,000)</b>	<b>\$ (1,218,700)</b>
<b>Adjusted market value of assets, April 1, 2022</b>				<b>\$ 17,015,100</b>
<b>Actuarial value of assets, April 1, 2022</b>				<b>\$ 15,796,400</b>

## Appendix C: Membership Data

### Source of Data

This funding valuation was based on Member data provided by the Assembly as of April 1, 2022. Tests of the sufficiency and reliability of the Member data were performed, and the results were satisfactory. The tests included:

- A reconciliation of membership status against the membership status at the last valuation. This test was performed to ensure that all Members were accounted for. A summary of this reconciliation follows on the next page;
- A reconciliation of birth, hire, and participation dates against the corresponding dates provided for the last valuation to ensure consistency of data;
- A reconciliation of credited service against the corresponding amount provided for the last valuation to ensure that no Member accrued more than four years of credited service from April 1, 2018. This test also revealed any Members who accrued less than four years of credited service;
- A reconciliation of pensionable earnings against the corresponding amounts provided for the last valuation to identify any unusual increases or decreases (more than 20%);
- A reconciliation of accrued benefits against the corresponding amounts provided for the last valuation to identify any unusual benefit accruals;
- A reconciliation of any stated benefit payments between April 1, 2018 and April 1, 2022 (for retired, terminated or deceased Members) against the financial statements of the pension fund for confirmation of the payments;
- A reconciliation of inactive Member benefit amounts against the corresponding amounts provided for the last valuation to ensure consistency of data.

A copy of the administrator certification certifying the accuracy and completeness of the Member data (and the plan provisions summarized in this report) is included in Appendix F of this report.



## Membership Summary

The table below reconciles the number of Members as of April 1, 2022 with the number of Members as of April 1, 2018 and the changes due to experience in the period.

	Active Members	Deferred Vested Members	Retired Members	Total
Members, April 1, 2018	22	2	24	48
Changes due to:				
New Entrants	14	-	-	14
Termination				
Non-Vested	(3)	1	-	(2)
Deferred Vested Pension	(2)	2	-	-
Lump Sum	(7)	-	-	(7)
Death				
Active Member	(1)	-	-	(1)
Pensioner	-	-	(3)	(3)
Surviving Beneficiary	-	-	3	3
Retirement				
Lifetime Pension	(1)	-	1	-
Temporary Pension	-	(1)	1	-
Expired Temporary Pension	-	-	(1)	(1)
Net Change	-	2	1	3
<b>Members, April 1, 2022</b>	<b>22</b>	<b>4</b>	<b>25</b>	<b>51</b>



## Active Members

April 1, 2022			
	Male	Female	Total
Number	16	6	22
Average Age	48.8	50.2	49.2
Average Credited Service			
MLA	3.8	1.1	3.0
Minister	2.0	0.9	1.8
Other	4.0	1.0	3.2
Average Earnings <sup>1</sup>			
MLA			\$137,400
Minister			\$90,400
Other			\$74,700

April 1, 2018			
	Male	Female	Total
Number	16	6	22
Average Age	52.4	50.2	51.8
Average Credited Service			
MLA	3.1	1.1	2.6
Minister	1.5	0.4	1.1
Other	3.8	0.9	3.3
Average Earnings <sup>1</sup>			
MLA			\$103,900
Minister			\$85,600
Other			\$33,700

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<sup>1</sup> Expected earnings in the year following the valuation date.



### Deferred Vested Members<sup>1</sup>

	April 1, 2022	April 1, 2018
Number	3	2
Average Age	56.9	55.0
Average Annual Pension	\$28,600	\$24,300
Proportion Female	33%	50%

### Retired Members

	April 1, 2022	April 1, 2018
Number	25	24
Average Age	66.1	64.7
Average Annual Pension	\$14,400	\$13,747
Proportion Female	32.0%	16.7%

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<sup>1</sup> Deferred vested members with defined benefits only. At April 1, 2022 there is also one former Member who terminated non-vested entitled to a return of contributions of \$13,800 at the valuation date.

## Appendix D: Assumptions and Methods

### Assumptions and Methods

A Member's entitlements under a pension plan are generally funded during the period over which service is accrued by the Member. The cost of each Member's benefits is allocated in some fashion over the Member's service. An actuarial valuation provides an assessment of the extent to which allocations relating to periods prior to a valuation date (often referred to as the actuarial liabilities) are covered by the plan's assets.

The target margin valuation provides an assessment of a pension plan on the premise that the plan continues indefinitely based on assumptions in respect of future events upon which a plan's benefits are contingent and methods that effectively determine the way in which a plan's costs will be allocated over the Members' service. The true cost of a plan, however, will emerge only as experience develops, investment earnings are received, and benefit payments are made.

This appendix summarizes the target margin assumptions and methods that have been used for the target margin valuation of the Plan at the valuation date. The target margin assumptions and methods have been chosen to reflect our understanding of the Plan's Funding Policy. For purposes of this valuation, the target margin methods and assumptions were reviewed, and changes as indicated were made.

The best estimate assumptions and methods are identical to those of the target margin basis, with the exception of the discount rate, which holds no margin for adverse experience.



## Assumptions and Methods

The actuarial assumptions and methods used in the current and previous valuations are summarized below and described on the following pages. With the exception of discount rates, the assumptions used in the target margin and best estimate basis have the same assumptions.

	April 1, 2022	April 1, 2018
<b>Economic Assumptions</b>		
Discount Rate		
(Target Margin)	3.90%	3.65%
(Best Estimate)	5.10%	5.00%
Inflation Rate	2.00%	Same
Increases in Pensionable Earnings	2.50%	Same
Increases in Maximum Pension Limit	In accordance with Income Tax Act, then 2.50%	Same
<b>Demographic Assumptions</b>		
Mortality	2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale MI-2017. No mortality assumed prior to retirement.	Same
Retirement	Actives: Later of age 50, 4 years of service or end of current session Deferred: Age 50 or current age if older	Same
Termination of Employment	None	Same
Proportion Married		
Non-Retired Proportion with Spouse	100%	Same
Non-Retired Spousal Age Differential	Males three years older	Same
Retired Members	Current actual marital status and spouse ages are used	Same



	April 1, 2022	April 1, 2018
<b>Demographic Assumptions</b>		
<b>Methods</b>		
Actuarial Cost Method	Projected Unit Credit Cost Method	Same
Asset Valuation Method	Smoothed market value of assets adjusted to recognize asset gains and losses over a four-year period and to reflect contributions and benefit payments in transit as of the valuation date.	Same





## Justification of Actuarial Assumptions and Methods

The Management Services Board of the Legislative Assembly of Nunavut adopted a formal funding policy in December 2011. The objective of the funding policy is to provide a reasonable level of benefit security to Plan beneficiaries at a cost level that is sustainable for the long term.

The funding policy provides the following guidance:

- When performing an actuarial valuation, the emphasis is on the going concern value of the Plan's liabilities.
- The risk of wind-up is negligible which makes solvency funding inappropriate for the Plan.
- The Board works with the Plan actuary to develop "best estimate" assumptions regarding future economic and demographic variables that affect Plan costs.
- The Board and the actuary may then add an explicit provision for adverse deviation (margin of conservatism) to the assumptions, typically the discount rate.
- The actual margin that is applied to the best estimate assumptions may change over time to allow for some smoothing of the contribution rates.
- The long-term funded ratio target is 120% of liabilities (best estimate).



## Economic Assumptions

### Discount Rate

We have used a discount rate of 3.90% per annum for the target margin valuation and 5.10% per annum for the best estimate valuation.

The overall expected return (“best estimate”) is 5.60% per annum. This best estimate rate of return was developed using best estimate returns for each major asset class in which the pension fund is invested and then using a building block approach, based on the Plan’s investment policy, to develop an overall best estimate rate of return for the entire pension fund. Any additional gains from rebalancing and diversification have been included above.

To set the discount rate, we have incorporated the following adjustments to the overall expected rate of return:

<b>Development of Discount Rate</b>	
Overall Expected Return	5.60%
Non-Investment Expenses	(0.10)%
Investment Expenses	(0.40)%
Margin for Adverse Experience	(1.20)%
<b>Discount Rate</b>	<b>3.90%</b>

Therefore, we have arrived at a discount rate of 3.90% per annum for the target margin valuation.

This assumption is changed from the previous valuation when a discount rate of 3.65% per annum was used.

The best estimate valuation used the same methodology to calculate the discount rate, however no margin was held for adverse experience. Therefore, a rate of 5.10% per annum was used.



## Inflation Rate

The inflation rate is assumed to be 2.00% per annum. This reflects our best estimate of future inflation considering current economic and financial market conditions.

## Increases in Pensionable Earnings

We have assumed future remuneration increases will be 2.50% per annum based on the assumed rate of inflation of 2.00% per annum, plus 0.50% per annum for the effect of productivity growth in the Canadian economy. This assumption is unchanged from the previous valuation.

## Increases in the Maximum Pension Limit

Pensions are limited to the maximum limits under the Income Tax Act. The maximum lifetime annual pension per year of pensionable service payable under the Income Tax Act is \$3,420 in 2022. It is assumed that the maximum limit will increase at 2.50% per year after 2022. This is comprised of an annual increase of 2.00% on account of inflation, plus 0.50% on account of productivity.

## Expenses

The discount rate has been estimated net of custodial and investment management expenses, which are paid from the plan. These generally average around 50bps per year. All other expenses are paid directly by the Assembly. This is unchanged from the previous valuation.

## Economic Margins for Adverse Deviations

Margins for conservatism or provisions for adverse experience have been built into the target margin assumptions, as outlined in the Funding Policy. The margin determined in the Funding Policy was chosen to balance the need for financial security for existing Plan Members against overly conservative contribution requirements that potentially result in intergenerational inequity among Members and unnecessary financial strain on the Assembly.

A margin for adverse deviations of 1.20% has been reflected in the interest rate assumption.

The plan's funding policy is reviewed and updated periodically, considering past experience and the Board's outlook, which is reflected in the current funding policy.

## Demographic Assumptions

### Mortality

During 2014, the CIA completed a study of Canadian pensioner mortality levels and trends. The 2014 study published mortality rates split by sector and included Public, Private and Combined tables, as well as possible pension size adjustment factors. A generational projection scale, CPM-B, was also developed to allow for improvements in mortality after 2014. This base table and projection scale were used at the previous valuation date.

During 2017, the CIA released a research paper and subsequently published an Educational note introducing a new Mortality Improvements Scale (MI-2017) to be used in conjunction with published mortality tables to reflect anticipated increases in life expectancy. No adjustment factor has been applied for pension size.

The incidence of preretirement mortality is assumed to be nil.

### Retirement

Members are assumed to retire at the later of age 50, four years of service or the end of current session. The benefit on early retirement is subject to a reduction of 3% per annum before the earliest of age 60, 30 years of service or 80 points. In order to be vested in pension benefits, Members must have 4 years of service or serve at least one full term as a member of the Assembly. Based on historical experience, most members remain in the Assembly for the entire session and very few members choose to defer their pension benefits when they leave the Assembly. This assumption includes a small margin of conservatism.

### Termination of Employment

No allowance has been made for termination of membership prior to retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results. Terminations after meeting the vesting requirement are treated as retirements, which are explained above. This is unchanged from the previous valuation.

### Proportion of Members with Spouses and Spousal Age Differential

These assumptions are relevant to the valuation of benefits since there is a subsidized joint and survivor benefit available for Members with a spouse. All non-retired Members are assumed to be married at retirement, which provides a small margin of conservatism. The spousal age difference was based on the observance of actual age differences in the group for Members where the spouse age is known. This is unchanged from the previous valuation.

## Other

### Actuarial Cost Method

An actuarial cost method is a technique used to allocate in a systematic and consistent manner the expected cost of a pension plan over the years of service during which plan Members earn benefits under the Plan. By funding the cost of a pension plan in an orderly and rational manner, the security of benefits provided under the terms of the plan in respect of service that has already been rendered is significantly enhanced.

The projected accrued benefit actuarial cost method has been used for this valuation. Under this method, the actuarial present value of benefits in respect of service prior to the valuation date, but based on pensionable earnings projected to retirement, is compared with the actuarial asset value, revealing either a surplus or an unfunded liability.

With respect to service after the valuation date, the expected value of benefits for service in the year following the valuation date (i.e., the current service cost) net of any required Member contributions is expressed as a percentage of the expected value of participating payroll for that year. The employer current service cost contributions are determined each year by applying this percentage to the actual participating payroll for the year.

When calculating the actuarial present value of benefits at the valuation date, the present value of all retirement, withdrawal and pre-retirement death benefits are included. For each Member, the retirement, withdrawal and pre-retirement death benefits for a particular period of service are first projected each year into the future taking into account future vesting, early retirement entitlements and minimum pension/value entitlements. These projected benefits for each future year are then capitalized, multiplied by the probability of the Member leaving the Plan in that year and discounted with interest and survivorship to the valuation date. The actuarial present value of benefits for the particular period of service is then determined by summing the present values of these projected benefits.

The pattern of future contributions necessary to pre-fund future benefit accruals for any one individual will increase gradually as a percentage of their pensionable earnings as the individual approaches retirement. For a stable population (i.e., one where the demographics of the group remain constant from year to year), the current service cost will remain relatively level as a percentage of payroll. The projected accrued benefit actuarial cost method therefore allocates contributions among different periods in an orderly and rational manner for a stable population group.

In the event of future adverse experience, contributions in addition to the current service cost calculated under the projected accrued benefit actuarial cost method may be required to ensure that the Plan assets are adequate to provide the benefits. Conversely, favourable experience may generate surplus which may serve to reduce future contribution requirements.



## Asset Valuation Method

The actuarial value of assets (AVA) methodology used described in Appendix A, was used to moderate fluctuations in contribution rates. The method used tracks market value and would asymptotically approach market value if rates of return matched target margin assumptions. The method chosen should not typically deviate materially from market value, and additionally, we have set a corridor for the method to produce actuarial values within plus or minus 10% of market value should the method produce an AVA outside of this range. The method is not unduly influenced by investment transactions, i.e., sale of an asset will not have an impact on the AVA. A 4-year period of averaging was chosen which is within the typical range of an economic cycle. There exists minimal bias in the method, due to the margin contained in the target margin assumption.

## Appendix E: Summary of Plan Provisions

This summary contains the main provisions of the Legislative Assembly of Nunavut Supplementary Retiring Allowances Act and Regulations (the “Plan”) as at April 1, 2018. For a complete description of the Plan, reference should be made to the Legislative Assembly Retiring Allowances Act and Regulations.

<b>Effective Date</b>	April 1, 1999.
<b>Eligibility</b>	All Members of the Legislative Assembly are Members of the Plan.
<b>Credited Service</b>	Service since April 1, 1999
<b>Member Contributions</b>	Members contribute 9.0% of earnings (up to a maximum which is the defined benefit limit divided by 2%) to the fund unless they do not participate in the Supplementary Retiring Allowances Act, in which case they contribute 6.5%.
<b>Pensionable Age</b>	The earliest of: <ul style="list-style-type: none"> <li>a) The age of 60 years</li> <li>b) 30 years of service</li> </ul> the aggregate of age and service equal to 80
<b>Late Retirement</b>	Up to age 71
<b>Retirement Pension at Pensionable Age</b>	2% of the average best earnings over any four years as an MLA multiplied by Credited Service as an MLA, plus  2% of the average best earnings over any four years in an eligible position multiplied by Credited Service in that position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

<b>Maximum Pension</b>	<p>The annual benefit for a Member cannot exceed the lesser of:</p> <ul style="list-style-type: none"><li>a) the defined benefit limit as prescribed in the Income Tax Act of Canada for the year in which the pension commences, times years of Credited Service</li><li>b) 2% of average annual pensionable remuneration adjusted with average wage increase to the year in which the pension commences, times years of Credited Service</li></ul> <p>The combined pension amount under the Nunavut Legislative Assembly Retiring Allowances Act and the Nunavut Legislative Assembly Supplementary Retiring Allowances Act shall not exceed 75% of the average best earnings over any four years.</p>
<b>Early Retirement</b>	<p>If a Member elects to retire prior to pensionable age, the benefit shall be reduced by 0.25% for each month preceding pensionable age. There is no reduction for early retirement at pensionable age.</p>
<b>Form of Pension</b>	<p>The normal form of pension is a joint and 66-2/3% survivor pension reducing on the death of the member with a guarantee of 5 years in any event.</p> <p>Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent. Pensions payable to a dependent cease when they no longer qualify as a dependent under the Plan.</p>
<b>Increases in Pension</b>	<p>Pensions in pay and deferred pensions are increased every January 1 based on increases in the Consumer Price Index up to the preceding September 30.</p>



## **Pre-Retirement Death Benefits**

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If the Member was eligible to receive a pension, the spouse will receive an annuity of 100% of the retirement pension for the first 5 years and 66-2/3% of the pension for the remaining lifetime.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent. Pensions payable to a dependent cease when they no longer qualify as a dependent under the Plan.

## **Withdrawal Benefits**

A Member who ceases to be a Member with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. The Member may elect to transfer the retirement pension to an RRSP, which must be locked-in if the Member is over age 55.

All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.



## Appendix F: Administrator Certification

With respect to the Legislative Assembly of Nunavut Retiring Allowances Act, forming part of the actuarial report as at April 1, 2022, I hereby certify that, to the best of my knowledge and belief:

- The asset data contained in Appendix B of this report is complete and accurate;
- The membership data summarized in Appendix C of this report form a complete and accurate description of all persons who are entitled to benefits under the terms of the plan in respect of service up to the date of the valuation;
- The summary of the Plan provisions contained in Appendix E is an accurate summary of the Plan provisions up to and including April 1, 2022; and
- The actuary has been notified of all relevant events subsequent to the valuation measurement date.

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Name (Print) of Authorized Signatory

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Title

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Signature

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Date



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