



STAFF OF THE NON-PUBLIC FUNDS, CANADIAN FORCES
LE PERSONNEL DES FONDS NON PUBLICS, FORCES CANADIENNES

Glossary of Pension Terms

The following terms are used in the Pension Booklet and the Pension Board Annual Report.

Actuarial Valuation:

A report prepared by the actuary to determine the required contributions that must be paid into a defined benefit plan and to determine if the present fund is sufficient to cover the present accrued liabilities.

Actuary:

A professional responsible for, among other things, performing valuations of the assets and liabilities of pension plans and calculating the costs of providing pension benefits.

Annuity:

A series of regular payments made to the retiree.

Asset-Liability Study:

An analysis of the impact of the Pension Plan's investment strategy with the aim of determining the investment allocations needed to best align with the Plan's changing liabilities.

Average Year's Maximum Pensionable Earnings (AYMPE):

The calculated average of the YMPE in the year pensionable service ceases and the two (2) preceding years.

Beneficiary:

The individual designated to receive any benefits payable under the Pension Plan on the death of the Member. In accordance with federal law, your spouse or common-law partner is automatically the Beneficiary of any death benefits.

Canadian Association of Pension Supervisory Authorities (CAPSA):

A national association of pension regulators whose mission is to facilitate an efficient and effective pension regulatory system in Canada. It develops practical solutions to further the coordination and harmonization of pension regulators across Canada. The Office of the Superintendent of Financial Institutions (OSFI) expects federally-regulated private pension plans to operate in accordance with CAPSA's guidelines.

Deferred Pension:

Earned pension benefits that have been left in the Pension Plan when the Member terminates employment.

Defined Benefit Plan:

A plan where a specific formula defines the benefit each employee is to receive upon retirement.

Early Retirement Date:

The first day of the month following the date on which the Member's continuous employment ceases where such date is within ten (10) years of Pensionable Age but prior to attaining Pensionable Age.

Former Member:

A former employee who has either retired or deferred their pension benefit.

Going-Concern Valuation:

An actuarial valuation prepared to determine whether or not the present assets of the pension plan would cover the accrued benefits of the plan, assuming the plan is a continuing pension plan.

Highest Average Pensionable Earnings:

Means your average earnings as a Member during the three (3) highest-paid consecutive years in the ten (10) years before your pensionable service ceases. If you have less than three (3) years of Pensionable Earnings, then the actual average of pensionable earnings received will be used.

Indexation:

Refers to the periodic increase in pension benefit because of inflation. Increases are usually made in line with changes in the Consumer Price Index (CPI) as determined by Statistics Canada.

Liability-Driven Investing:

An investment approach that aims to align the Pension Fund's portfolio with the Pension Plan's liabilities.

Member:

An employee who has fulfilled the eligibility requirements and is enrolled in the Plan. An active member shall cease to be an active member of the Plan on termination of employment, retirement or death.

Normal Retirement Date:

The first day of the month following the Member's 65th birthday.

Office of the Superintendent of Financial Institutions (OSFI):

As an independent agency of the Government of Canada, OSFI's mandate is to supervise federally regulated financial institutions and pension plans to contribute to public confidence in the financial system. OSFI is a member of Canadian Association of Pension Supervisory Authorities (CAPSA). Our Pension Plan is registered with OSFI.

Pension Benefits Standards Act, 1985 (PBSA):

The federal legislation regulating private pension plans. It sets out the minimum standards of funding the plan, member benefits, administration, information to members, and investments.

Pension Estimator:

A retirement planning tool, available to active Plan members on our pension administrator's portal, that estimates future retirement income based on a set of parameters.

Pension Liabilities:

The expected cost of the promised benefits based on actuarial assumptions such as future salary levels, investment returns, when members will retire and when they will die.

Pensionable Age:

The earliest age at which a Member or former Member may begin to receive a pension benefit without reduction.

Pensionable Earnings:

Base salary or wages, excluding bonuses, special remuneration and gratuities, but including overtime pay, performance/incentive pay, acting pay, vacation payouts, commissions, and pay during working notice period, which has been earned or deemed to be earned during periods of pensionable service.

Pensionable Service:

Any period of service, recognized by the Staff of the Non-Public Funds, Canadian Forces as pensionable within the Pension Plan provisions, during which you have been a Member of and paid contributions to the Pension Plan, to a maximum of thirty-five (35) years. Pensionable service for part-time employees will be prorated to hours worked.

Solvency Valuation:

An actuarial valuation prepared to determine whether or not the present assets could cover the accrued benefits should the plan be discontinued on the date of the valuation.

Spouse:

A person who has resided with the Member or former Member in a conjugal relationship, for a continuous period of one (1) year or more; or a person who is legally married to the Member or former Member or who is party to a void or, in Quebec, null marriage with the Member or former Member.

Surplus:

The excess of the value of plan assets over the liabilities of the plan.

Transfer Value:

The lump sum amount, including bridge benefits where applicable, which is the actuarial present value of the benefits to which you have or may have a future entitlement to, calculated using rates of interest, actuarial tables and other assumptions, subject to the Pension Benefits Standards Act and the Income Tax Act.

Year's Maximum Pensionable Earnings (YMPE):

The maximum earnings set each year by the Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) on which you are required to make CPP/QPP contributions. The YMPE also determines the earnings amount that is used for calculating the Staff of the Non-Public Funds, Canadian Forces pension contributions each year.