MEMBERS OF THE HOUSE OF ASSEMBLY RETIRING ALLOWANCES ACT – REGISTERED PENSION PLAN

REPORT ON THE ACTUARIAL VALUATION AS AT DECEMBER 31, 2024

CRA REGISTRATION NO. 0285940

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SUMMARY OF RESULTS

Going Concern Financial Position	December 31, 2024	December 31, 2021
Going concern value of assets	$49,884,000	$41,977,000
Going concern liability	35,855,000	32,428,000
Going concern excess / (unfunded liability)	$14,029,000	$9,549,000

Solvency Financial Position and Hypothetical Wind-Up Financial Position	December 31, 2024	December 31, 2021
Solvency assets	$49,704,000	$41,797,000
Solvency liabilities	39,025,000	45,725,000
Solvency excess / (deficit)	$10,679,000	($3,928,000)

Funding Requirements (Annualized)		Year Following December 31, 2024
	% of Payroll	$
Estimated contributory payroll		$3,736,000
Estimated total current service cost	21.3%	794,000
Estimated member required contributions	(9.0%)	(336,000)
Estimated Government's current service cost	12.3%	458,000
Application of available actuarial surplus		(458,000)
Total minimum required Government contributions		$0
Total maximum eligible Government contributions		$0

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SECTION I INTRODUCTION AND PURPOSE OF VALUATION

At the request of the Government of Newfoundland and Labrador (the "Government"), we have completed an actuarial valuation of the *Members of the House of Assembly Retiring Allowances Act* – Registered Pension Plan (the "Plan") as of December 31, 2024. The last actuarial valuation was performed as at December 31, 2021.

The purposes of this actuarial valuation are as follows:

- to determine the financial position of the Plan on going concern, solvency, and hypothetical wind-up bases;
- to establish the minimum and maximum contributions to the Plan until the next valuation; and
- to meet the statutory filing requirements under the Newfoundland and Labrador *Pension Benefits Act, 1997* (the "PBA") and the Income Tax Act (Canada) (the "ITA").

The *Members of the House of Assembly Retiring Allowances Act* consists of a registered pension plan ("RPP") under the ITA and a supplementary employee retirement plan ("SERP" or "Supplementary Plan"), which provides benefits that may exceed the restrictions under the ITA. This report focuses only on the RPP. It does not include the liabilities regarding the SERP.

In this report, we provide the valuation results, along with an actuarial opinion with funding levels for use until the next valuation. The data, actuarial assumptions and methodology used in valuing both the assets and the liabilities of this pension plan is provided by way of appendices for ease of reference.

The intended users of this report are the Government, the Newfoundland and Labrador Office of the Superintendent of Pensions and the Canada Revenue Agency. This report is not intended or necessarily suitable for purposes other than those listed above. Any party reviewing this report for other purposes should have their own actuary or other qualified professional assist in their review to ensure that the party understands the assumptions, results and uncertainties inherent in our estimates. This report and any opinions within may not be modified or otherwise provided, in whole or in part, to any other person or entity without the express permission of Eckler Ltd. (unless required by applicable legislation). Eckler takes no responsibility for the consequences of any other use of this report.

The next valuation of the Plan must be completed as at a date no later than December 31, 2027.

Reliance

We have relied on the asset information as provided in the Plan's financial statements provided by the Treasury Board Secretariat. We have also relied on the Treasury Board Secretariat to provide all relevant data and to confirm the pertinent Plan terms.

Report Format

In this report, we have first provided the valuation results. The data, actuarial assumptions and methodology used in valuing both the assets and the liabilities of the Plan are provided by way of Appendices for ease of reference.

Terms of Engagement

For the purposes of this actuarial valuation report, the significant terms of engagement are:

- For the going concern valuation, hypothetical wind-up and solvency valuations, we have been directed to use the market value of assets adjusting for amounts in transit and amounts payable (if applicable);
- A margin for adverse deviations has been included in the economic assumptions, as requested; and
- Plausible adverse scenarios are being applied to the going concern valuation.

The terms of our engagement are in accordance with applicable pension regulations and accepted actuarial practice in Canada.

SECTION II PLAN CHANGES AND SUBSEQUENT EVENTS

The current pension plan for the Members of the House of Assembly has been in effect since 1976 and was established for individuals who have been elected to the House of Assembly of the province of Newfoundland and Labrador.

There were no Plan changes since the last valuation as at December 31, 2021. A summary of the Plan provisions is provided in Appendix E, at the end of this report.

Actuarial Assumptions

There have been changes to the going concern assumptions since the last valuation. The going concern discount rate has changed from 5.75% per annum to 5.60% per annum.

The change in the going concern discount rate has increased going concern liabilities by $574,000 and increased the current service cost by $19,000.

There have been no other changes to the going concern assumptions since the last valuation.

The hypothetical wind-up and solvency economic assumptions have been changed to reflect market conditions at the valuation date in accordance with the Canadian Institute of Actuaries' (CIA's) Standards of Practice and the CIA's Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-up and Solvency Valuations Update – Effective December 31, 2024, and Applicable to Valuations with Effective Dates on or after December 31, 2024, and no later than June 29, 2025.

The details of the actuarial assumptions used in the valuation and the rationale employed in setting these assumptions are provided in Appendix B.

Subsequent Events

We are not aware of any events that occurred between the valuation date and the report date that would have a material impact on the results of this valuation.

SECTION III FINANCIAL POSITION OF THE PLAN

A. Going Concern Basis: Financial Position as at December 31, 2024

The following is the going concern valuation balance sheet as at December 31, 2024 based on:

- the actuarial value of assets (summarized in Appendix A);
- the going concern actuarial assumptions (described in Appendix B);
- the membership data (summarized in Appendix C); and
- the Plan provisions (summarized in Appendix E),

with comparative figures from the valuation at December 31, 2021.

FINANCIAL POSITION – GOING CONCERN BASIS

	December 31, 2024	December 31, 2021
Going concern assets		
Market value of assets	$49,481,000	$41,977,000
Receivables / (payables)	403,000	0
Total going concern assets	$49,884,000	$41,977,000
Going concern liabilities		
Actives	$7,676,000	$5,948,000
Retirees and survivors	23,045,000	20,730,000
Deferred vested members	5,071,000	5,691,000
Non-vested terminated members	63,000	59,000
Total going concern liabilities	$35,855,000	$32,428,000
Going concern excess / (unfunded liability)	**$14,029,000**	**$9,549,000**
Going concern funding ratio	**139.1%**	**129.4%**

As shown above, the December 31, 2024 actuarial valuation has revealed a going concern excess of $14,029,000. This compares to a going concern excess at the previous valuation of $9,549,000. The Plan has a going concern funded ratio of 139.1%.

Sensitivity Analysis

Below we show the impact on the going concern actuarial liability as at December 31, 2024 of a one percentage point drop in the discount rate assumption (i.e., from 5.60% per annum to 4.60% per annum). All other assumptions were unchanged.

GOING CONCERN SENSITIVITY

	Impact 1% Drop
Total Going Concern Actuarial Liability	$40,137,000

The change in the discount rate would have the impact of increasing the liability by $4,282,000 or 11.9% as at December 31, 2024.

Reconciliation of Going Concern Financial Position

The reconciliation provides an independent cross-check of the calculations performed and determines the main reasons for the change in the going concern financial position that have occurred since the previous valuation date.

Although a complete analysis down to the final dollar can be made, such an analysis requires the processing of a considerable amount of detailed data relating to the Plan, the expense of which would not normally be justified unless there were special circumstances.

However, it is possible to make an approximate analysis along broader lines and under normal circumstances this type of analysis will produce meaningful results.

The table below summarizes the results of our reconciliation of change in financial position since the previous valuation.

RECONCILIATION OF GOING CONCERN FINANCIAL POSITION

Going concern excess / (unfunded liability) as at December 31, 2021	**$9,549,000**
Interest on going concern excess at 5.75%	1,744,000
Contributions less than benefits accrued	(216,000)
Investment experience	3,502,000
Retirement experience	227,000
Termination experience	(7,000)
Mortality experience	(31,000)
Salary experience	(147,000)
Change in discount rate assumption	(574,000)
Other gain and loss items	(18,000)
Going concern excess / (unfunded liability) as at December 31, 2024	**$14,029,000**

B. Solvency Basis: Financial Position as at December 31, 2024

The "solvency basis" is a hypothetical construct intended to portray the funded status of the Plan had it terminated or wound-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits were provided and all members were paid their entitlements as an annuity, a deferred annuity, or as a commuted value.

The financial position of the Plan on a solvency basis as at December 31, 2024 and as at December 31, 2021 for comparison purposes is as follows:

FINANCIAL POSITION – SOLVENCY BASIS

	December 31, 2024	December 31, 2021
Solvency assets		
Market value of assets	$49,481,000	$41,977,000
Receivables / (payables)	403,000	0
Termination expense provision	(180,000)	(180,000)
Total solvency assets	$49,704,000	$41,797,000
Solvency liabilities		
Active members	$8,832,000	$9,251,000
Retirees and survivors	24,465,000	27,160,000
Deferred vested members	5,665,000	9,255,000
Terminated members – pending payment	63,000	59,000
Total solvency liabilities	$39,025,000	$45,725,000
Solvency excess / (deficiency)	**$10,679,000**	**($3,928,000)**
Solvency ratio	**127.4%**	**91.4%**

As shown above, the solvency valuation has revealed a solvency excess of $10,679,000 as at December 31, 2024. This compares to a solvency deficiency of $3,928,000 as at the previous valuation.

Sensitivity Analysis

Below we show the impact on the solvency actuarial liability as at December 31, 2024 of a one percentage point drop in the discount rate assumption. All other assumptions were unchanged.

SOLVENCY SENSITIVITY

	Impact 1% Drop
Total Solvency Actuarial Liability	$43,963,000

The change in the discount rate would have the impact of increasing the liability by $4,938,000 or 12.7% as at December 31, 2024.

Incremental Cost

The incremental cost is the present value, at the valuation date, of the expected aggregate change in the hypothetical wind-up or solvency liability between the valuation date and the next valuation date. It also reflects expected benefit payments between the valuation date and the next valuation date.

In our report, we have determined the incremental cost on a solvency basis. The incremental cost was determined as the sum of (a) and (b) minus (c):

a) the projected solvency liability at the next valuation date for those members at the current valuation date, allowing for expected decrements and change in membership status, service accrual and increase in earnings between the current valuation date and the next valuation date. No adjustment was made for new entrants between the two valuation dates. The resulting projected solvency liability was then discounted to the current valuation date;

b) the present value of the benefit payments expected to be paid between the current valuation date and the next valuation date, discounted to the current valuation date; and

c) the solvency liability as at the current valuation date.

For purposes of calculating the solvency incremental cost, the expected decrements, as well as the expected benefit payments between the current valuation date and the next valuation date, were determined using the going concern demographic assumptions. The projected solvency liability at the next valuation date was determined using the same methods and assumptions as disclosed in Appendix B of this report. In particular, we have assumed that the discount rates will remain the same throughout the projection period and the Standards of Practice for determining Pension Commuted Values in effect at the valuation date will remain unchanged, as will the current educational guidance on the estimation of annuity purchase costs.

The estimated incremental cost for the period December 31, 2024 to December 31, 2027 is $2,589,000.

The estimated incremental cost does not impact the funding requirements of the Plan under the PBA and is for information purposes only.

C. Hypothetical Wind-up Basis: Financial Position as at December 31, 2024

The hypothetical wind-up financial position of the Plan as at December 31, 2024 would be the same as the solvency financial position. Therefore, if the Plan were to wind-up as at December 31, 2024, there would be an estimated wind-up excess of $10,679,000.

SECTION IV FUNDING REQUIREMENTS

A. Current Service Cost

The Plan's current service cost is the value of the benefits accruing to members in the year following the valuation determined on a going concern basis.

The table below summarizes the results of the Plan's current service cost for the 12-month period following December 31, 2024 and the comparison with the required member contributions over this period.

CURRENT SERVICE COST

	% of Payroll	$
Estimated contributory payroll for 2025 service		$3,736,000
Estimated total current service cost	21.3%	794,000
Estimated member required contributions	(9.0%)	(336,000)
Estimated Government current service cost	**12.3%**	**$458,000**

The total current service cost in respect of the year following the valuation date is $794,000, or 21.3% of contributory payroll. This compares to the total current service cost of 19.4% of contributory payroll as at the previous valuation.

CURRENT SERVICE COST RECONCILIATION

	% of Payroll
Total current service cost as at January 1, 2022	19.4%
Changes in Plan demographics	1.3%
Change in discount rate assumption	0.6%
Total current service cost as at January 1, 2025	21.3%

Sensitivity Analysis

Below we show the impact on the current service cost as at December 31, 2024 of a one percentage point drop in the discount rate assumption. All other assumptions were unchanged.

CURRENT SERVICE COST SENSITIVITY

	Impact 1% Drop
Total Current Service Cost	$942,000

The change in the discount rate would have the impact of increasing the current service cost by $148,000 or 18.6% as at December 31, 2024.

B. Special Payments

Since the Plan has a going concern excess and a solvency excess, no special payments are required.

C. Eligible Contributions

Excess Surplus

Subsection 147.2(2) of the ITA prohibits employer contribution to a registered pension plan if the actuarial surplus exceeds a stated threshold. If an *excess surplus* exists, no employer contributions are required under applicable provincial legislation, and there is a hypothetical wind-up excess, employer contributions must be suspended, to the extent permitted under applicable provincial legislation, until the excess surplus is eliminated.

An *excess surplus* is defined by paragraph 147.2(2)(d) of the ITA as the amount by which a Plan's going concern funding excess exceeds 25% of the actuarial liabilities. Based on this formula, the Plan has an excess surplus of $5,065,000 as at December 31, 2024.

Available Actuarial Surplus

Because the Plan has a going concern excess and solvency excess, available actuarial surplus (AAS) is equal to the lesser of:

1. the amount by which the value of assets determined on a going concern basis exceeds the sum of the Plan's going concern liabilities; and
2. the amount, that if deducted from the Plan's solvency assets, would reduce the solvency ratio to 110%.

Going Concern Basis	
a. Total assets	$49,884,000
b. Total liabilities	$35,855,000
c. Available surplus: maximum (a.-b.,0)	$14,029,000
Solvency Basis	
d. Assets in excess of a transfer ratio of 110%	$6,777,000
Available Actuarial Surplus at the valuation date: minimum (c., d.)	$6,777,000

Because the Plan has a going concern excess surplus, a hypothetical wind-up excess and available actuarial surplus, no employer contributions should be made until the excess surplus has been eliminated and while the Plan continues to have available actuarial surplus (as defined above). The amount of available actuarial surplus that must be applied to reduce employer contributions in Year 2 and Year 3 is equal to the available actuarial surplus at December 31, 2024 reduced by prior use of the surplus.

Minimum Contributions

In the absence of the available actuarial surplus, the Government is required to make annual current service cost contributions equal to 12.3% of pensionable earnings for those accruing credited service.

Based on estimated 2025 pensionable earnings of $3,736,000 for those accruing credited service, and assuming pensionable earnings increase by 2.50% per annum in 2026 and 2027, the minimum annual required Government contributions for 2025 to 2027, assuming the maximum possible use of the available actuarial surplus would be as follows:

	2025	2026	2027
Current service cost in respect of benefits	$794,000	$816,000	$836,000
Less expected member contributions	($336,000)	($345,000)	($353,000)
Special payments:			
Unfunded actuarial liability	$0	$0	$0
Application of available actuarial surplus	(458,000)	(471,000)	(483,000)
Total required Government contributions	$0	$0	$0

Maximum Contributions

In the absence of the excess surplus on a going concern basis, the maximum tax-deductible contributions the Government could make is equal to the annual current service contributions equal to 12.3% of pensionable earnings per annum for those accruing credited service until the date of the next valuation.

Notwithstanding the above, under the ITA, the existence of an excess surplus of $5,065,000 requires that the Government suspend all contributions to the Plan until such time that the excess surplus has been eliminated or until such time that contributions are required to be made to comply with applicable provincial pension legislation.

D. Timing of Contributions

Government contributions for current service and special payments (if required) must be made no less frequently than quarterly and must be made no later than 30 days following the end of the quarter for which the contributions are payable.

SECTION V ACTUARIAL OPINION

The following represent our primary conclusions as a result of our actuarial valuation as at December 31, 2024:

1. As at December 31, 2024 the Plan has a going concern excess of $14,029,000.

2. The Plan has a solvency excess of $10,679,000.

3. At the valuation date, no special payments are required to be made.

4. The current service cost in respect of the year following the valuation date is $794,000 which amounts to 21.3% of active contributory payroll. Member required contributions are estimated to be $336,000, or 9.0% of active contributory payroll.

5. The adequacy and appropriateness of the funding levels should be reviewed at the next actuarial valuation of the Plan, which must be completed as at a date no later than December 31, 2027.

6. If the Plan were to be wound up on the valuation date, of the value of Plan assets would be greater than actuarial liabilities by an estimated $10,679,000.

7. The maximum Government contribution permitted in the period covered by this valuation report is $0.

8. The solvency ratio of the Plan is 127.4%.

9. Pursuant to the ITA, the excess surplus is equal to $5,065,000 as of the valuation date. Consequently, Government contributions are not eligible under the ITA until the surplus is within the ITA limit.

10. We are not aware of any events that occurred between the valuation date and the date this report was completed that would have a material impact on the results of this valuation.

In our opinion,

a. the membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation as described in Section I;

b. the assumptions described herein are appropriate for the purposes of the valuation; and

c. the methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Notwithstanding the foregoing opinion, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

This report has been prepared in accordance with applicable legislation.

Respectfully submitted,

Philip Churchill, FSA, FCIA

Colleen Glenn, FSA, FCIA, CERA

APPENDIX A PLAN ASSETS

The pension fund is held in trust by CIBC Mellon Global Securities Services. We have relied upon financial statements of the Plan for 2022, 2023, and 2024 as provided by the Treasury Board Secretariat.

The following is a summary of the market value of Plan assets by category as at December 31, 2024:

PLAN ASSETS AS AT DECEMBER 31, 2024

December 31, 2024	% actual	% target
Cash & cash equivalents	1	0
Fixed income	30	30
Canadian equity	17	18
Global equity	42	42
Infrastructure	10	10
Total	**100**	**100**

Reconciliation of Plan Assets

A summary of pension fund transactions for the period January 1, 2022 to December 31, 2024 is summarized below:

RECONCILIATION OF ASSETS

Year Ending December 31	2022	2023	2024
Opening balance	**$41,977,000**	**$36,632,000**	**$42,121,000**
Plus:			
Member required contributions	417,000	417,000	421,000
Member past service contributions	10,000	0	0
Government contributions	417,000	417,000	418,000
Investment income	(4,287,000)	6,555,000	9,375,000
Less:			
Retirement benefits	1,673,000	1,676,000	1,822,000
Lump sum refunds	0	0	762,000
Administrative costs	229,000	224,000	270,000
Closing Balance	**$36,632,000**	**$42,121,000**	**$49,481,000**
Payables/receivables*:			403,000
Going concern assets			**$49,884,000**

* *A portion of the lump sum refund of $762,000 made in 2024 should have been paid from the Supplementary Plan. The amount to be refunded back to the RPP, with interest to December 31, 2024 is $403,000, and is included as a receivable.*

Performance of Plan Assets

The rate of return on the pension fund's assets since the last valuation is shown below:

ANNUALIZED RATES OF RETURN

Year Ending	Gross Rate of Return	Return Net of Expenses
December 31, 2022	(10.34%)	(10.87%)
December 31, 2023	18.16%	17.48%
December 31, 2024	22.80%	22.07%

The average rate of return since the last valuation was 9.17% per year, or 8.53% net of expenses.

APPENDIX B ACTUARIAL METHODS AND ASSUMPTIONS

A. Going Concern Valuation

Asset Valuation Method

For the going concern valuation, we have continued to use the market value of assets, adjusting for amounts in transit and amounts receivable/(payable), as the actuarial value of assets.

Actuarial Cost Method

For the purposes of the going concern valuation, we have used the Projected Unit Credit actuarial cost method in the determination of current service cost as well as the accrued liabilities.

In using the Projected Unit Credit method, as a first step, a calculation is made of the liability in respect of all benefits that have accrued to members for service up to and including the valuation date based on projected final average earnings. This represents the "accrued liability".

As a separate process, the current service cost has been calculated. This represents the cost of providing the benefits that will accrue in respect of the 12-month period following the valuation date. This is compared with the amount of required member contributions over that period. The difference represents the required additional contribution necessary for those benefits to be properly funded.

Under this funding method, the cost of a dollar per year of deferred pension commencing at retirement age increases with the age of a member. Thus, the dollar cost rises steadily over an individual's working life. However, for the group as a whole, if the average age remains reasonably constant (which can occur through the retirement of older members and the addition of new, young members), the recommended contribution rate will remain relatively stable. If the Plan membership's average age increases, on the other hand, the current service costs will also increase. Such increases would be revealed in future valuations.

Actuarial Assumptions

For the purposes of the going concern valuation, we select actuarial assumptions with a long-term focus. That is, we anticipate that the Plan will continue indefinitely into the future. Actuarial assumptions are selected considering historical trends, future expectations and Plan specific experience, where possible. The assumptions chosen are expected to produce a stable pattern of funding and meet the Plan sponsor's desire to minimize potential for significant shortfalls or deficits in the future.

The purpose of this part of our analysis is to determine an appropriate method and series of assumptions to make proper allowance for the Plan's future liabilities including the payment of pensions and other benefits. In making these calculations, assumptions must be made:

1. as to the probability that a particular payment will be made at a certain time (for example, depending upon whether the individual concerned survives to that date); and
2. the expected amount of such payment.

In order to do this, the actuary must make a series of assumptions in connection with the many factors which will have a bearing upon the future financial operation of the plan. These include the following:

(a) future salary increases;

(b) future rates of mortality (and the corresponding life expectancies of the Plan members);

(c) future rates of employee turnover (withdrawal from the Plan);

(d) retirement experience.

Finally, the actuary must consider the rate of interest that will be earned on the assets of the pension fund in future years.

As part of our process of analysis, all of these factors have received consideration. It should be noted that, from a statistical point of view, actual experience data developed from a single pension plan has limited validity unless the number of plan members is very large. Therefore, it becomes necessary to use statistics developed from many other pension plans.

Going Concern Discount Rate Assumption

The discount rate has decreased from 5.75% used in the previous valuation to 5.60% in this valuation. The selection of the discount rate for this valuation was based on reasonable expectations for the relationships between key economic variables over the long term, as well as the expected impact of those economic variables on the investment performance of the pension fund given the fund's investment policy.

Based on the terms of engagement, a margin for adverse deviations has been included in the economic assumptions, as requested.

The going concern discount rate is determined based on expected long-term capital market returns, standard deviations and correlations for each major asset class in the Plan's target asset mix as shown in Appendix A. These long-term expectations are determined using a stochastic model which projects rates of inflation, bond yields and asset class returns for 5,000 paths over a long-term projection horizon. Based on the plan's target asset mix, and assuming annual rebalancing, the simulated going concern discount rate is determined as the annualized median return over the projection horizon.

We have assumed that there will be no added-value returns from the active management strategy employed in excess of the associated additional investment management fees.

Based on the methodology described above, the going concern discount rate assumption was developed as follows:

GOING CONCERN DISCOUNT RATE

Discount Rate Components	
Simulated gross investment return	6.20%
Value added return from active management	0.20%
Provision for plan expenses	(0.65%)
Margin for adverse deviation	(0.15%)
Going concern discount rate assumption	**5.60%**

Inflation

The inflation assumption has a direct bearing on the assumption with respect to active member salary increases and increases in the Year's Maximum Pensionable Earnings (YMPE) and Defined Benefit Limit. The inflation assumption is unchanged from the previous valuation at 2.00% per annum, as it is in alignment with our overall economic outlook. This rate is also within the Bank of Canada's 1% - 3% inflation-control target range.

Committee Assumption

We have assumed that members who are currently not appointed to Secretarial / Committee positions will be appointed prior to death or retirement. For the purpose of calculating benefits, an additional $5,200 has been added to their 2025 salaries. This amount is consistent with the assumption used in the prior valuation.

YMPE and CRA Defined Benefit Limit Increase

We have assumed the YMPE would increase at a rate of 2.75% per annum from the current known level of $71,300 in 2025.

We have assumed the ITA defined benefit limit would also increase at a rate of 2.75% per annum from the current known level of $3,756.67 for 2025. In combination with a member's pensionable service and their year of retirement, this limit determines the maximum pension that may be payable from a registered defined benefit pension plan under the ITA.

These assumptions have not changed since the previous valuation.

Salary Increases

We have assumed salary increases of 2.50% effective January 1, 2026. This assumption reflects the expectation that salaries will increase in line with general wage inflation and is the same as used in the previous valuation.

Mortality

For this valuation, we have continued to use the CPM 2014 Public Sector Mortality Table (CPM2014Publ), and we have assumed mortality improvements in accordance with CPM Improvement Scale B (CPM-B). The CPM 2014 Public table represents the mortality patterns of Canadians participating in, or retired from, defined benefit pension plans in the public sector. Adjustment factors of 0.90 for males and 0.95 for females were applied to the mortality table. The mortality assumption has not changed from the previous actuarial valuation.

Retirement Age

We have assumed that 8% of members who achieve eligibility for unreduced retirement under the SERP will retire each year for members under 60, and 60% per year for members between 60 and 64. It is assumed that 100% of members retire upon reaching age 65.

Termination Rates

We have assumed that 8% of all members are assumed to terminate each year after vesting, until they reach eligibility for an unreduced pension under the SERP.

Marital Status

We have assumed that at the earlier of retirement or death, 90% of members will have an eligible spouse. Further, we have continued to assume that male spouses are 3 years older than female spouses.

The following table details the actuarial assumptions that have been used in the going concern valuation.

GOING CONCERN VALUATION ACTUARIAL ASSUMPTIONS

	December 31, 2024	December 31, 2021
Discount rate:	5.60% per annum	5.75% per annum
Salary increases:	2.50% per annum	2.50% per annum, beginning January 1, 2025
Maximum pension and YMPE:	2025: $3,756.67 and $71,300 2026+: Increase at 2.75% per annum	2022: $3,420.00 and $64,900 2023+: Increase at 2.75% per annum
Mortality:	Male: 90% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B Female: 95% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B	Male: 90% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B Female: 95% of CPM 2014 Public Sector Mortality Table projected generationally with CPM Improvement Scale B
Retirement age:	Upon reaching eligibility for an unreduced pension under the SERP, 8% per year for members under age 60; 60% per year for members between 60 to 64; 100% upon reaching age 65	Upon reaching eligibility for an unreduced pension under the SERP, 8% per year for members under age 60; 60% per year for members between 60 to 64; 100% upon reaching age 65
Marital status:	At retirement or death: 90% (male spouse is 3 years older)	At retirement or death: 90% (male spouse is 3 years older)
Termination rates:	For members with at least 5 years of service (i.e., vested), 8% per year, ceasing upon reaching eligibility for an unreduced pension under the SERP	For members with at least 5 years of service (i.e., vested), 8% per year, ceasing upon reaching eligibility for an unreduced pension under the SERP
Actuarial method:	Projected Unit Credit	Projected Unit Credit

B. Solvency Valuation

The PBA prescribes a solvency valuation. A solvency valuation permits the regulator to assess the solvency of the Plan should it terminate or wind-up effective on the valuation date. That is, an assessment is made as to whether the assets of the pension fund would be sufficient if no further benefits were provided and all Members were paid their entitlements. If solvency assets are not sufficient to fund solvency liabilities (i.e., the Plan has a solvency deficiency), then special payments are required to eliminate the deficiency, unless the Plan is subject to solvency relief in accordance with the Newfoundland and Labrador *Pension Benefits Act Regulations*. This Plan is not required to fund any solvency deficiency.

Benefits are assumed to be settled through a lump sum transfer for 100% of active members who are not eligible to retire immediately at the date of valuation. Benefits are assumed to be settled through the purchase of annuities for members who are eligible for retirement at the date of valuation and for all pensioners and deferred pensioners.

For active members whose benefits are assumed to be settled through lump sum transfer, the interest rate used for calculating solvency liabilities was 3.90% per annum for 10 years and 4.50% per annum thereafter. These rates were determined in accordance with Section 3500 of the CIA Standards of Practice – Pension Commuted Values with rates in effect for the month of December 2024. The mortality assumption used was the CPM-2014 (Combined) mortality table projected with Scale CPM-B.

For those members whose benefits are assumed to be settled through purchase of annuities, the solvency liabilities were calculated using an interest rate of 4.72% per annum and mortality at CPM-2014 (Combined) mortality table projected with Scale CPM-B. These assumptions represent the estimated basis for settlement of the Plan's obligations for retired lives by the purchase of insured annuities on the valuation date and are in accordance with the CIA Educational Note Supplement entitled "Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective December 31, 2024, and Applicable to Valuations with Effective Dates on or After December 31, 2024, and No Later Than June 29, 2025".

The CIA's Standards of Practice for Pension Commuted Values, effective December 1, 2020 states that the retirement age assumption is to be a 50% probability the member retires at the age which maximizes the commuted value and a 50% probability that the member retires at the earliest unreduced retirement age. However, the Newfoundland and Labrador *Pension Benefits Act Regulations* require the retirement age assumption to be the age which maximizes the commuted value, which has been used in this valuation.

Note that the solvency valuation does not make any assumptions about future pay increases or future terminations of employment, since all members are assumed to terminate on the valuation date. In accordance with Directive #9 of the PBA, the commuted value payable to members who are assumed to elect a transfer on wind-up is calculated to be not less than the estimated cost to purchase an annuity equal to the accrued pension from an insurance company.

The actuarial assumptions for the solvency valuation are described in the following table:

SOLVENCY VALUATION ACTUARIAL ASSUMPTIONS

	December 31, 2024	December 31, 2021
Interest rates for benefits to be settled through annuity purchase:	4.72% per annum	2.86% per annum
Interest rates for benefits to be settled through lump sum transfer:	3.90% per annum for 10 years and 4.50% thereafter	2.30% per annum for 10 years and 3.40% thereafter
Pre-retirement mortality:	None	None
Post-retirement mortality:	CPM-2014 Combined mortality, projected with Scale CPM-B	CPM-2014 Combined mortality, projected with Scale CPM-B
Retirement age:	Age that maximizes the value of the pension. All members are assumed to retire at the earliest date that they are eligible.	Age that maximizes the value of the pension. All members are assumed to retire at the earliest date that they are eligible.
Salary scale:	None	None
Married assumption:	90% married (male spouse is 3 years older)	90% married (male spouse is 3 years older)
Actuarial cost method:	Termination Method	Termination Method
Wind-up expenses	$180,000	$180,000

C. Hypothetical Wind-Up Valuation

The hypothetical wind-up valuation assumptions are the same as those used in the solvency valuation.

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APPENDIX C MEMBERSHIP DATA

The membership data in respect of this Plan is maintained by the Treasury Board Secretariat.

We have reviewed the data as to accuracy and reasonableness and we are satisfied that the data are complete. In addition, we have performed various checks of reasonableness on dates of employment, plan membership and birth. We also compared lists of active members with lists of inactive and retired members to check for duplicates. In all cases, we found the data to be sufficient and reliable for the purposes of the valuation.

Appendix F contains confirmation by the Treasury Board Secretariat as to the accuracy and completeness of the data provided.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

MEMBERSHIP DATA

	December 31, 2024	December 31, 2021
Active Members		
Number	40	40
Average age	56.8	54.2
Total pensionable earnings	$4,736,613	$4,537,615
Average pensionable earnings	$118,415	$113,440
Average years of pensionable service		
▪ Member service	6.7	4.9
▪ Minister service	2.7	1.9
▪ Other service	0.2	0.8

MEMBERSHIP DATA (CONTINUED)

	December 31, 2024	December 31, 2021
Deferred Members in RPP and SERP		
Number	4	5
Average age	46.4	44.0
Total annual pension		
▪ total	$168,349	$232,842
▪ from RPP	$85,119	$111,774
▪ from SERP	$83,231	$121,068
Average annual pension		
▪ total	$42,087	$46,568
▪ from RPP	$21,280	$22,355
▪ from SERP	$20,808	$24,214
Total annual offset at age 65		
▪ total	$5,259	$8,584
▪ from RPP	$0	$359
▪ from SERP	$5,259	$8,225
Average annual offset at age 65[1]		
▪ total	$2,629	$2,861
▪ from RPP	$0	$359
▪ from SERP	$2,629	$2,742

[1] *Excludes members with no offset*

MEMBERSHIP DATA (CONTINUED)

	December 31, 2024	December 31, 2021
Deferred Members in RPP but retired in SERP		
Number	10	16
Average age	56.7	55.9
Total annual pension		
▪ total	$668,042	$856,614
▪ from RPP	$352,475	$436,384
▪ from SERP	$315,567	$420,230
Average annual pension		
▪ total	$66,804	$53,538
▪ from RPP	$35,247	$22,274
▪ from SERP	$31,557	$26,264
Total annual offset at age 65		
▪ total	$44,926	$53,428
▪ from RPP	$5,621	$8,177
▪ from SERP	$39,305	$45,251
Average annual offset at age 65[1]		
▪ total	$4,992	$4,110
▪ from RPP	$1,124	$1,022
▪ from SERP	$4,367	$3,481

[1] *Excludes members with no offset*

MEMBERSHIP DATA (CONTINUED)

	December 31, 2024	December 31, 2021
Pensioners and survivors		
Number in RPP	70	60
Number in SERP	152	145
Average age	76.2	74.7
Total annual pension		
▪ total	$6,806,938	$6,558,403
▪ from RPP	$1,891,054	$1,662,408
▪ from SERP	$4,915,884	$4,895,995
Average annual pension		
▪ total	$44,782	$45,230
▪ from RPP[1]	$27,015	$27,707
▪ from SERP	$32,341	$33,765
Total annual offset at age 65		
▪ total	$64,644	$43,757
▪ from RPP	$3,655	$1,977
▪ from SERP	$60,989	$41,780
Average annual offset at age 65[2]		
▪ total	$4,310	$3,978
▪ from RPP	$731	$659
▪ from SERP	$4,066	$3,798

[1] *Excludes members with no RPP pension*
[2] *Excludes members with no offset*

	December 31, 2024	December 31, 2021
Non-vested terminated members		
Number[1]	4	4
Average age	58.7	55.7
Accumulated contributions with interest	$115,481	$108,718

[1] *Includes one member with a lump sum payable from the SERP only*

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

RECONCILIATION OF MEMBERSHIP

	Active Members	Non-Vested Terminated Members	Deferred RPP / Deferred SERP	Deferred RPP / Retired SERP	Pensioners and Survivors	Total
Total at December 31, 2021	**40**	**4**	**5**	**16**	**145**	**210**
New members	4					4
Terminations paid out						0
Terminations to deferred						0
Terminations to non-vested						0
Return to active						0
Retirement in SERP			(1)	1		0
Retirement in RPP	(3)			(7)	10	0
New Survivor					7	7
Deaths (paid out)	(1)					(1)
Deaths (with survivor)					(7)	(7)
Deaths (no survivor)					(3)	(3)
Total at December 31, 2024	**40**	**4**	**4**	**10**	**152**	**210**

The distribution of the active members by age and pensionable service as at December 31, 2024, is summarized as follows

AGE / SERVICE DISTRIBUTION FOR ACTIVE MEMBERS

Age / Service:	<5	5-10	10-15	15-20	20+	Total
<25						
25-30						
30-35						
35-40	1	2				**3**
40-45		1				**1**
45-50	3	2	1			**6**
50-55	1	3	1			**5**
55-60	2	6	2			**10**
60-65		6	1			**7**
65>	4	3			1	**8**
Total	**11**	**23**	**5**	**0**	**1**	**40**

The distribution of deferred vested members as at December 31, 2024 is as follows:

DISTRIBUTION OF DEFERRED VESTED MEMBERS

Deferred in RPP & Deferred in SERP				
	Total Pension		Age 65 Offset	
Age	Number	Average Annual Pension	Number	Average Annual Pension
Under 35				
35-40	1	<>		
40-45				
45-50	2	<>	2	<>
50-55	1	<>		
55-60				
Total	**4**	**$42,087**	**2**	**<>**

Deferred in RPP & Retired in SERP				
	Total Pension		Age 65 Offset	
Age	Number	Average Annual Pension	Number	Average Annual Pension
Under 45				
45-50	1	<>	1	<>
50-55	2	<>	1	<>
55-60	7	$76,693	7	$5,381
60+				
Total	**10**	**$66,804**	**9**	**$4,992**

<> Data with only one or two people has been suppressed for privacy reasons

The distribution of the pensioners by age as at December 31, 2024, is summarized as follows:

DISTRIBUTION OF PENSIONERS' RPP PENSIONS

	RPP Pension		Age 65 RPP Offset	
Age	Number	Average Annual RPP Pension	Number	Average Annual RPP Offset
Under 55				
55-60	2	<>		
60-65	16	$27,590	5	$731
65-70	12	$18,755		
70-75	19	$32,772		
75-80	13	$27,369		
80-85	8	$20,667		
85-90				
90+				
Total	**70**	**$27,015**	**5**	**$731**

DISTRIBUTION OF PENSIONERS' TOTAL PENSIONS

	Total Pension		Age 65 Offset	
Age	Number	Average Annual Pension	Number	Average Annual Offset
Under 55				
55-60	2	<>	1	<>
60-65	17	$49,269	14	$3,909
65-70	13	$40,029		
70-75	27	$53,889		
75-80	45	$41,019		
80-85	30	$44,673		
85-90	11	$49,329		
90+	7	$19,241		
Total	**152**	**$44,782**	**15**	**$4,310**

APPENDIX D PLAUSIBLE ADVERSE SCENARIOS

A plausible adverse scenario is considered to be one that will occur in the short term (immediately to one year) with a likelihood of occurring between 1 in 10 and 1 in 20 based on the opinion of the actuary. The purpose of the following scenarios is to illustrate the impact on the Plan's financial position of the following adverse but plausible assumptions relative to the best estimate assumptions selected for the Plan's going concern valuation. The purpose of disclosing these results is to demonstrate the sensitivity of the funded status and annual current service cost between December 31, 2024 and the next valuation date to certain key risk factors affecting the Plan. The results of the scenarios selected are shown in the table below, with a description of each scenario following.

		Plausible Adverse Scenario Results at December 31, 2024		
	Going Concern Results at Dec. 31, 2024	Interest rate risk	Deterioration of asset values	Longevity risk
Going concern assets	49,884,000	50,792,000	43,359,000	49,884,000
Going concern liabilities	35,855,000	37,691,000	35,855,000	36,423,000
Going concern excess / (unfunded liability)	**14,029,000**	**13,101,000**	**7,504,000**	**13,461,000**
Change in going concern financial position	-	(928,000)	(6,525,000)	(568,000)
Current service cost	794,000	857,000	794,000	804,000
Change in current service cost	-	63,000	-	10,000
% Change in liabilities		5.12%	0.00%	1.58%
% Change in current service cost		7.93%	0.00%	1.26%
Discount rate	5.60%	5.15%	5.60%	5.60%

Interest Rate Risk

This scenario illustrates the sensitivity of the funded status of the Plan and current service cost to an immediate change in the market interest rates underlying fixed income investments.

In order to assess the impact of a decrease in interest rates of a magnitude consistent with a 1 in 10 likelihood of occurring, we have used the same stochastic model that is used to determine the going concern discount rate (see Appendix B). The stochastic model is based on 5,000 simulations of projected financial variables, including long-term yields on fixed income investments and asset class returns. Our long-term best estimates for these variables, and the going concern discount rate are based on the median values of these 5,000 simulations.

To determine the sensitivity to interest rate risk, and the resulting impact on Plan assets and liabilities, we have:

- considered the hypothetical going concern discount rate over the 500 trials where fixed income yields are lowest at the one-year horizon,
- determined the decrease in median long-term fixed income yields over the 500 trials where fixed income yields are the lowest at the one-year horizon.

Based on the above analysis, we have determined that the going concern discount rate would decrease by 45 basis points as of December 31, 2024, and long-term yields on fixed income investments would decrease by 82 basis points.

Based on the estimated duration of the Plan assets, liabilities and current service cost, we have then determined the estimated change to the Plan's funded status under the interest rate risk scenario.

Deterioration of Asset Values

This scenario illustrates the sensitivity of the funded status of the Plan to a short-term shock which causes a reduction in the market value of assets, with no change to the liabilities of the Plan. This scenario is assumed not to impact the current expectation of the long-term rate of return, and consequently, the going concern discount rate.

In order to assess the impact of a decrease in asset values of a magnitude consistent with a 1 in 10 likelihood of occurring, we have used the same stochastic model that is used to determine the going concern discount rate (see Appendix B). The stochastic model is based on 5,000 simulations of projected financial returns, including long-term yields on fixed income investments and asset class returns.

To determine the sensitivity to a deterioration in asset values, based on the Plan's target asset mix, we have determined the decrease in median investment returns over the 500 trials where investment returns are lowest at the one-year horizon.

As such, under deterioration of assets values scenario, the market value of assets is decreased by 13.1% as of December 31, 2024.

Longevity Risk

This scenario illustrates the sensitivity of the funded status of the Plan to pension plan members living longer than expected. The impact of this scenario was determined using mortality rates that are 90% of the base mortality assumption i.e., 81% for males and 85.5% for females of the mortality rates of the CPM 2014 public sector table, projected with generational mortality improvements according to Scale CPM-B as of December 31, 2024; that is, a more conservative mortality assumption than currently employed.

APPENDIX E SUMMARY OF PLAN PROVISIONS

Introduction

The *Members of the House of Assembly Retiring Allowances Act* is sponsored by the Government. This valuation is based on the provisions of the registered pension plan portion of the Plan, in effect on December 31, 2024. The following is a summary of the Plan's main provisions in effect on December 31, 2024. It is not intended as a complete description of the Plan.

Eligibility for Membership

A member who has been elected to a term of service in the House of Assembly is eligible to join the plan. If a member chooses not to join the plan, they must provide evidence that they are contributing and will continue to contribute to another registered pension plan or registered retirement savings plan.

A member who has been elected for a second or subsequent term of service in the House of Assembly is required to join the Plan.

Contributions

Members are required to contribute 9.0% of their MHA and minister salary to the registered pension plan, up to the maximum allowed under the ITA. The following members are not required to make contributions:

- members elected prior to the 44th General Assembly once they have accrued 17 years of Member and Minister service.
- members elected after the 43rd General Assembly once they have accrued 20 years of Member and Minister service.

The Government contributes based on the recommendations of the Plan's actuary.

Normal Retirement Date

A member in the RPP is eligible to retire once they have reached age 60 or have at least 30 years of pensionable service. The member must have served in two General Assemblies, or for at least five years.

Supplementary Pension Plan

A member in the Supplementary Plan who was first elected before January 1, 2010 is eligible to retire when the total of the years of Member service and the member's age are greater than or equal to 60. The Premier is eligible to retire when the total of the years of Member service and the member's age are greater than or equal to 55.

A member in the Supplementary Plan who was first elected between January 1, 2010 and November 29, 2015 is eligible to retire at age 55. The member must have served in two General Assemblies, or for at least five years.

A member in the Supplementary Plan who was first elected on or after November 30, 2015 is eligible to retire at age 60. The member must have served in two General Assemblies, or for at least five years.

Early Retirement Date

Supplementary Pension Plan

A member in the Supplementary Plan who was first elected between January 1, 2010 and November 29, 2015 is eligible to retire with a reduced pension as early as age 50. The member must have served in two General Assemblies, or for at least five years.

Pension at Normal Retirement

A member who was first elected before or during the 43rd General Assembly will be entitled to the sum of the following amounts upon retirement:

- 2.0% of the average of the member's best three years of MHA salary for each year of MHA service, up to a maximum of 17 years;
- 2.0% of the average of the member's best three years of Minister salary for each year of Minister service, up to a maximum of 17 years;
- 2.0% of the sum of the average of the member's best three years of MHA salary and the average of the member's best three years of Minister salary times their years of other service.

Once the member reaches age 65, their entitlement as described will be reduced by 0.6% of the member's three-year average YMPE for each year of MHA service between January 1, 1998 and December 31, 2004.

A member who was first elected after the 43rd General Assembly but prior to November 30, 2015 will be entitled to the sum of the following amounts upon retirement:

- 2.0% of the average of the member's best three years of MHA salary for each year of MHA service, up to a maximum of 20 years;
- 2.0% of the average of the member's best three years of Minister salary for each year of Minster service, up to a maximum of 20 years;
- If the member was first elected before the 46th General Assembly: 2.0% of the sum of the average of the member's best three years of MHA salary and the average of the member's best three years of Minister salary for each year of other service;
- If the member was first elected after the 45th General Assembly: 2.0% of the average of the member's best three years of MHA salary for each year of other service.

Once the member reaches age 65, their entitlement as described will be reduced by 0.6% of the member's average YMPE for each year of MHA service between January 1, 1998 and December 31, 2004.

A member who was first elected on or after November 30, 2015 will be entitled to the sum of the following amounts upon retirement:

- 2.0% of the average of the member's best three years of MHA salary for each year of MHA service, up to a maximum of 20 years;
- 2.0% of the average of the member's best three years of Minister salary for each year of Minister service, up to a maximum of 20 years;
- 2.0% of the average of the member's best three years of MHA salary for each year of service purchased under the past service purchase provisions described in the plan text.

Maximum Pension

The total annual pension payable under the provisions of the Plan upon retirement, death or termination of employment cannot exceed the maximum pension as determined under the ITA.

Death Benefits Before Retirement

If a member dies after serving in two General Assemblies and for at least five years, but prior to their normal retirement date and before any pension payments have begun, the member's surviving principal beneficiary is eligible to receive one of the following two benefits:

1. a survivor pension of 60% of the member's entitlement,

   or

2. a lump sum payment equal to the greater of the following:

   a) the commuted value of the survivor pension; or

   b) the commuted value of the member's entitlement assuming they died at age 65.

If the surviving principal beneficiary dies after the original member, the survivor benefit will be paid to their surviving children while they are under the age of 18, or 25 if they are in school.

If a member who has served in two General Assemblies and for at least 5 years dies without a principal beneficiary, the commuted value of the member's entitlement will be paid to the member's estate.

Death Benefits After Retirement

The normal form of payment for a member without a principal beneficiary is a lifetime pension. The normal form of pension for a member with a principal beneficiary is a joint and survivor 60% pension. If the surviving principal beneficiary dies after the original member, the survivor benefit will be paid to their surviving children while they are under the age of 18, or 25 if they are in school.

There is a guarantee that when payments cease, the difference between the member's contributions with interest at the date the pension commenced and the total of all benefit payments paid up to the member's date of death, will be paid to the person whose benefits ceased or to that person's estate.

Disability Benefits

If a member becomes totally and permanently disabled within the meaning of the ITA while serving as an MHA or Minister, the member is permitted to retire. The disability must also be approved by the Minister of Finance.

In such a case, they are eligible to receive the pension they would have been eligible to receive at age 65.

Termination Benefits

If a member's employment terminated for reasons other than death or retirement after serving in two General Assemblies and for at least five years, they are eligible to receive one of the two following benefits:

1) a commuted value transfer; or
2) a deferred lifetime pension beginning at their normal retirement date.

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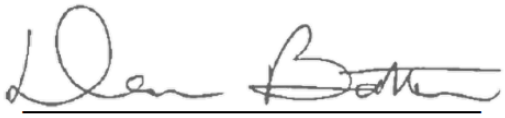
APPENDIX F ADMINISTRATOR CERTIFICATION

On behalf of the Administrator of the Members of the House of Assembly Retiring Allowances Act – Registered Pension Plan, I hereby certify to the best of my knowledge and belief:

- The significant terms of engagement contained in Section I of this report are accurate and reflect the plan administrator's direction with respect to this valuation;
- The Summary of Plan Provisions contained in Appendix E of this actuarial report is a complete and accurate summary of the terms of the Plan which affect the funding requirements;
- The membership data provided to the actuary includes a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2024;
- The asset data provided or made available to the actuary is complete and accurate; and
- All events subsequent to December 31, 2024 that may have an impact on the valuation have been communicated to the actuary.

August 15, 2025
Date


Signature

Manager Pension Investments
Title