

Appendix D1 - Actuarial Method and Assumptions

Public Service Defined Benefit Pension Plans Reciprocal Transfer Agreement

Name of Public Authority: Province of Newfoundland

Registered Pension Plan Name: Public Service Pension Plan (0525360)

1. Actuarial Method (describe): Unit Credit

2. Assumptions: Effective date: May 1, 2003

a) Economic Assumptions:

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|-----|--|---|
| (1) | Interest Rate: | 7.5% |
| (2) | Inflation Rate: | 3.0% |
| (3) | YMPE Growth Rate: | 3.75% |
| (4) | Salary Growth Rate: | 4.5% |
| (5) | Rate of Increase of Maximum Benefits under Income Tax Act: | N/A |
| (6) | Rate of Indexing of Pension in Payment | 1.2% at the later of age 65 and 1 year following retirement |

b) Demographic Assumptions:

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|-----|---------------------------------|---|
| (1) | Mortality Table: | 1994 Group Annuitant Mortality Table |
| (2) | Gender Split: | Gender distinct |
| (3) | Proportion With Spouse: | 85% |
| (4) | Age Difference Between Spouses: | Male is three years older than female |
| (5) | Retirement Age: | 50% at the earliest age of eligibility for an unreduced pension, remainder at the earlier of 35 years or age 65 |
| (6) | Withdrawal Rate: | Nil |
| (7) | Disability Rate: | Nil |
| (8) | CPP Offset: | Calculated at retirement date, reduction occurs at age 65 |

Note: If more room is needed to describe your assumptions, please attach a separate page to this form.