## What do the changes mean to me?

No change in basic benefits for retirees and current public sector employees.

PSSP members receive cost of living increases of 1.25 % for the next five years. Every five years, there will be a comprehensive review of indexing and contribution rates, and decisions will be made contingent on the health of the plan.

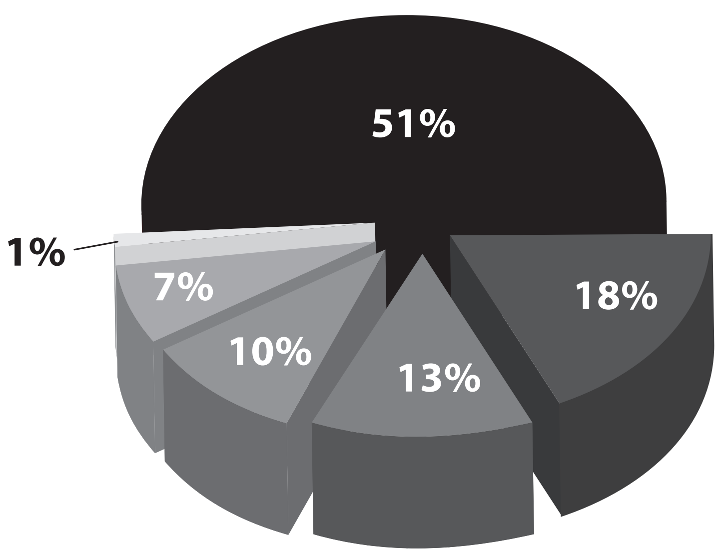
There's no advantage to retiring right away.

The PSSP is projected to be restored to a fully funded status by December 31, 2010. Today the plan is 69 % funded with an unfunded liability of $1.5 billion.

Without changes, the fund would eventually run out of money or benefits would have to be cut substantially, contribution rates would increase and pensions would be less secure.

New employees will be required to meet the Rule of 85 (Age + Years of Service = 85), a minimum age 55 for earliest unreduced retirement. Surviving spouses will receive 60 % of their spouse's pension benefits.

## Plan Liabilities




| | |
|---|---|
| **51%** | Pensioners |
| **18%** | Eligible to retire immediately with an unreduced pension |
| **13%** | Eligible to retire within 5 years with an unreduced pension |
| **10%** | Eligible to retire within 10 years with an unreduced pension |
| **7%** | Eligible to retire after 10 years with an unreduced pension |
| **1%** | Deferred/Inactive members |

The Plan is very mature with 82 % of plan liabilities related to plan members either retired or eligible to retire within five years.

## Frequently Asked Questions

**Why change anything?**

The changes stabilize the PSSP for active plan members and retirees. Today the PSSP has an unfunded liability of $1.5 billion and growing which would only get worse if we did nothing. With these changes, we project to move from a funded status of 69 % to 100 % by December 31, 2010.

**What's contingent indexing?**

For all retirees, cost of living increases or indexing will be set at 1.25 % for each of the next five years. Then, every five years, there will be a comprehensive review of indexing and contribution rates, contingent on the health of the plan.

**What's different for new employees?**

New employees who first become employed on or after April 6, 2010, will be eligible to retire when their age + years of service equal 85, with minimum age 55 for earliest unreduced retirement. Their surviving spouses will receive 60 % of their spouse's pension benefits.

**What about joint trusteeship?**

Today the Minister of Finance is the sole Trustee of the PSSP. There may be a better approach. The PSSP is being revised to enable a jointly trusteed structure, in the future.

**What alternatives did the Trustee consider before making these changes?**

The Trustee evaluated a number of options to improve the health of the plan, including changes to member benefits, changes in how the assets are managed and a look at changes to contribution rates.

**Why do we need to address the unfunded liability?**

PSSP member contributions don't cover the interest accruing each year on the Plan's unfunded liability.

Investment income cannot be solely relied upon to fully cover future obligations.

Without a solution, the fund would eventually run out of money and/or benefits would have to be cut substantially, contribution rates would increase and pensions would be less secure.

All of the changes are effective April 6, 2010, with the exception of one change related to Deferred Pensions, which will take effect January 1, 2011.

## Impact of Change