RETURN ON THE MEMBERS’ FUND FOR THE PPMP IN 2014

In 2014, the PPMP members fund generated a return of 11.8%. The fund’s assets are invested in the Caisse de dépôt et placement du Québec (CDPQ) in 12 different categories of assets such as bonds, real estate investments and Canadian stocks.

Most asset categories performed well in 2014:

• The decrease in interest rates during the year has been beneficial for bonds, which generated a return of 8.2%;
• Real estate and infrastructure investments respectively generated returns of 9.9% and 13.2%;
• As for the stock markets, the American stocks generated a return in Canadian dollars of 24.0%, the Canadian stocks, a return of 13.4% and the stocks of the emerging markets, a return of 9.2% in Canadian dollars.

RETURN EVOLUTION FROM 2005 TO 2014

RETIREMENTS IN 2014

During the year 2014, 1,466 members of the PPMP have retired at an average age of 60 years old. Their average annual pension amounted to $50,700. Let us remember that two years ago, PPMP at a Glance informed you that the average age of the PPMP members who retired in 2012 was 59 years old.
The PPMP members fund performance during the last 10 years

During the last 10 years, the PPMP members fund generated an average return of 6.4% a year. These investment results have contributed to the growth of that fund, of which the holdings went from 6.4 billion dollars in 2005, to 9.6 billion dollars in 2014.

**Evolution of the 302 Fund – PPMP**

(in billion dollars)

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**WHY IS THE PPMP CONTRIBUTION RATE HIGHER THAN THE RREGOP’S CONTRIBUTION RATE?**

Based on the last actuarial valuation’s results, the contribution rate needed to finance the portion of benefits, which is to the expense of the PPMP members, is of 20.11%.

However, according to the temporary terms and conditions of financing, effective until December 31, 2016, the government pays a compensation of 5.73%, so, the PPMP members’ contribution rate is thus 14.38%.

Despite the compensation, the PPMP rate remains higher than the 10.50% effective in 2015 for the RREGOP members. Here’s why:

- The PPMP has more beneficiaries, that is, people already retired who are receiving their pension, than active members, that is, people who contribute to their pension plan. This high proportion of beneficiaries leads to a higher range of contribution rate. It explains in part why, following negative returns in 2008, the contribution rate of the PPMP increased more than that of the RREGOP.

- Close to 90% of new PPMP members come from the RREGOP. When they become members of the PPMP, their RREGOP service is recognized under the PPMP and their contributions paid to the RREGOP are transferred to the PPMP fund. Since the RREGOP rate of contribution is lower than that of the PPMP and that the contributions have usually been paid on a lower salary than that of the PPMP, it creates a higher pressure on the cost of the PPMP.

Furthermore, the PPMP contribution rate applies on the salary exceeding 35% of the Maximum Pensionable Earnings (MPE), while the contribution rate of the RREGOP applies on the salary exceeding 27% of the MPE. Thus, the contribution rate of the RREGOP applies to a higher portion of the salary, which results in a contribution rate lower for the RREGOP than for the PPMP.

What does the future has in store?

Since an important part of the needed contribution rate of 20.11% is used to replenish the 1.9 billion dollars deficit measured during the last PPMP actuarial valuation, a decrease of that deficit could lead to a decline of the PPMP contribution rate. Indeed, the last PPMP actuarial valuation indicates that if the deficit was to clear, a contribution rate of 12.88% would be applicable. Therefore, the portion needed to offset the deficit represents 7.23%.

The PPMP deficit is mainly explained by the negative return of 2008, by the decline of the anticipated return, and by the increase in life expectancy higher than expected.

Note that a follow-up of the PPMP’s financial position is carried out by the PPMP retirement committee, jointly with CARRA’s Direction de l’actuariat et de l’expertise en placements.
**MAILING OF THE STATEMENT OF PARTICIPATION**

In 2014, more than 22,580 statements of participation have been sent to PPMP members.

The 2015 mailing of the statements of participation for the 2013 data will start in a few weeks. The mailing will be carried out by sector, according to the following schedule:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education sector</td>
<td>May 2015</td>
</tr>
<tr>
<td>Health and social services sector</td>
<td>June 2015</td>
</tr>
<tr>
<td>Public sector</td>
<td>June 2015</td>
</tr>
</tbody>
</table>

In addition to the details of your participation to the PPMP for the year 2013, established from the data provided by your employer, you will find information about the benefits payable upon your retirement or end of employment.

To find out more about the Statement of Participation, a precious tool to help you plan your retirement, you can consult CARRA’s website.

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**PPMP RETIREMENT COMMITTEE**

**Reminder of the role of the retirement committee**

- Establish the investment policy (jointly with the CDPQ).
- Sanction the financial statements of the pension plan.
- Examine the actuarial valuation reports.
- Entrust to a committee the study of the reexamination applications and decisions.

**List of members**

- Mr. Jacques Racine: Independant member, president of the retirement committee
- Mr. Patrick Bessette: Ministère de la Santé et des Services sociaux
- Mrs. Anne-Marie Chiquette: APER Santé et Services sociaux
- Mrs. Nadyne Daigle: Regroupement des associations de cadres en matière d'assurance et de retraite
- Mrs. Carole Doré: Association des cadres supérieurs de la santé et des services sociaux
- Mr. Guy Émond: Ministère des Finances
- Mrs. Marie-Pier Gagnon: Secrétariat du Conseil du trésor
- Mr. Stéphane Gamache: Secrétariat du Conseil du trésor
- Mrs. Isabelle Garneau: Secrétariat du Conseil du trésor
- Mrs. Gabrielle Gonthier-Houle: Ministère de l’Éducation, de l’Enseignement supérieur et de la Recherche
- Mr. François Labbé: Members representative
- Mrs. Josée Lamontagne: Coalition de l’encadrement en matière de retraite et d’assurance
- Mrs. Christiane Laroche: Ministère de l’Éducation, de l’Enseignement supérieur et de la Recherche
- Mrs. Isabelle Marcotte: Secrétariat du Conseil du trésor
- Mrs. Valérie Pepin: Association des gestionnaires des établissements de santé et de services sociaux
- Mrs. Line Pineau: Association des cadres des collèges du Québec
- Mrs. Carole Roberge: Alliance des cadres de l’État
The PPMP at a Glance takes an electronic turn!

Take note that starting in 2016, the PPMP newsletter will no longer be printed. Indeed, it will be distributed in electronic format only. If you have not done it already, subscribe to our electronic mailing list at www.carra.gouv.qc.ca/liste so you don’t miss anything!