

Appendix A

Dalhousie University Staff Pension Plan - Cost of Providing Catch-up Indexing

Per Rate of Return Letter June 30th	Jan 1 2015 Indexing Date	Actual Indexation*	Permitted Indexation	Missed Catch-up Indexing	Cost of Catch-up "Alone"	7
2002	10.27%	1/Jan/2003	0.4441%	1.2766%	0.8288%	590,000
2003	9.37%	1/Jan/2004	0.0000%	2.6050%	2.6050%	2,131,000
2004	6.59%	1/Jan/2005	0.0000%	2.4570%	2.4570%	2,184,000
2005	4.03%	1/Jan/2006	1.0578%	1.6787%	0.6144%	611,000
2006	3.40%	1/Jan/2007	2.5157%	2.5157%	0.0000%	n/a
2007	3.40%	1/Jan/2008	2.1918%	2.1918%	0.0000%	n/a
2008	3.40%	1/Jan/2009	0.4293%	3.1278%	2.6870%	4,341,000
2009	.69%	1/Jan/2010	0.0000%	0.0000%	0.0000%	n/a
2010	.69%	1/Jan/2011	0.0000%	0.6932%	0.6932%	1,628,000
2011		1/Jan/2012	0.0000%	3.0981%	3.0981%	7,751,000
2012		1/Jan/2013	0.0000%	1.5025%	1.5025%	4,128,000
2013		1/Jan/2014	0.0000%	1.1513%	1.1513%	3,546,000
				16.7264%		

Actual indexation at January 1, 2003 is comprised of 0.3047% granted effective January 1, 2003 and 0.139% granted effective January 1, 2009 under

2015 Indexation Explanation

The December general meeting of ADRP brought forth several questions from pensioners on the recent catch-up indexation announcement. The "Dalhousie Retirees' Trust Fund Annual Report to Retirees as of June 2014" was rather brief in its explanation, stating only the years and amount of indexation for each year covered by the announcement. This short article is intended to answer some of those questions. Individuals with questions about the change in their own pensions should direct them to the Pensions Office at Dalhousie.

First why are only certain years in the 2002-2010 period listed in the report, as the indexation is to cover all years from 2002-2010?

There are two answers to that question. First, in 2006 and 2007 full indexation had already been paid, so no additional indexation is warranted for those years. The catch-up indexation factor for each is 1.0. Second, in 2009 there was no inflation as measured by national CPI so again the indexation factor for that year is also 1.0.

Another question was the basis for the indexation percentages listed for each year. The answer lies in the amount of unpaid indexation compared to the maximum CPI change. Again there is a two part answer.

The above table shows in the penciled second column the cumulative pension catch-up indexation to be awarded by year of first missed indexation. That column applies to pensions that began in July of the relevant year, 18 months previous to the commencement of indexation, as per Dal Pension Plan Rule 9.

If your pension started in a month other than July another multiplier is applied to roughly equalize the indexation due over the shorter or longer period. A pension that started in January has a factor of 1.5 applied. A pension that started in December has a factor of .5 applied. See Rule 9c for factors applied to other starting months.

The penciled cumulative values in the table above are obtained by multiplying the missed indexation for each year from the first year missed, up to 2010. These annual values are in the column titled "Missed Catch-up Indexing".

The factor for indexation missed from 2002 forwards to 2010 is thus $1.008286 * 1.02605 * 1.02457 * 1.006144 * 1.02687 * 1.006932 = 1.1027$ i.e. a 10.27% increase.

For 2003 to 2010 it is $1.02605 * 1.02457 * 1.006144 * 1.02687 * 1.006932 = 1.0937$ or 9.37%.

Again note that in some of the past years listed full or partial indexation had already been awarded, and that for 2009 there was no inflation (as measured by national CPI).