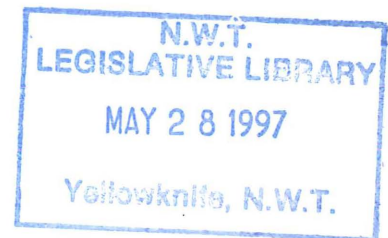




TABLED DOCUMENT NO. 74-13(4) TABLED ON MAY 27, 1997

**NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCES ACT**

**ACTUARIAL VALUATION
AS AT APRIL 1, 1996**



March, 1997

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**NORTHWEST TERRITORIES LEGISLATIVE
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**NORTHWEST TERRITORIES LEGISLATIVE
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I. EXECUTIVE SUMMARY

A. Purpose

This report on the actuarial valuation of the Northwest Territories Legislative Assembly Retiring Allowances Act as at April 1, 1996 has been prepared for the Management and Services Board of the Northwest Territories Legislative Assembly, who is the Plan Administrator, for the purpose of determining the Plan's:

1. going-concern financial position;
2. maximum contributions for the year following the valuation date in accordance with the Income Tax Act; and
3. increased costs for the plan improvements effective April 1, 1996.

This report also provides the actuarial certification of Plan contributions for the period from April 1, 1996 to March 31, 1999.

B. Balance Sheet at April 1, 1996

At April 1, 1996, the Plan has a going-concern surplus of \$2,445,600. At April 1, 1992, the date of the prior valuation, the Plan had a going-concern surplus of \$1,898,000.

The following table summarizes the change in the going-concern funded position since the previous valuation:

	\$
Surplus/(Unfunded Actuarial Liability) as at April 1, 1992	1,898,000
Expected Changes in Funded Position	684,200
Changes in Valuation Estimates	1,281,300
Plan Experience	(1,417,900)
Surplus/(Unfunded Actuarial Liability) as at April 1, 1996	2,445,600

C. Plan Contributions

Due to the excess surplus in the Plan, no Assembly contributions will be required in the period April 1, 1996 to March 31, 1999.

D. Plan Assets

The actuarial value of the Plan's assets at April 1, 1996 is \$11,205,000. This compares to \$8,423,000 at the previous valuation on April 1, 1992.

Based on changes in the actuarial value of assets, the assets earned approximately 10.3% per annum on average over the same period.

E. Plan Membership

The active Plan Membership has changed significantly over the intervaluation period as a result of the general election in 1995. There are 17 newly elected Members and only 7 Members remaining who were active at the previous valuation on April 1, 1992.

II. GOING-CONCERN VALUATION

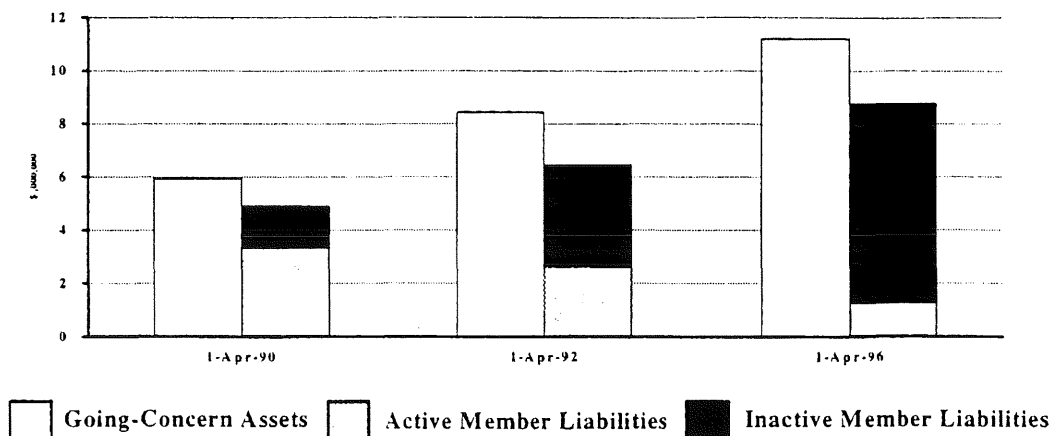
A. Balance Sheet at Valuation Date

The following table shows the Plan's going-concern basis balance sheet at April 1, 1996, based on the Plan provisions in effect at that time, with comparative figures from the previous valuation. Where assets exceed liabilities, the Plan has a going-concern surplus. Otherwise, the Plan has a going-concern unfunded actuarial liability.

	April 1, 1996	April 1, 1992
	\$	\$
Going-Concern Actuarial Liabilities		
• Active Members	1,276,700	2,615,000
• Deferred Vested Members	0	510,000
• Deferred Non-Vested Members	107,800	239,000
• Pensioners	7,374,900	3,082,000
• Voluntary Contributions	0	79,000
Total	8,759,400	6,525,000
Going-Concern Actuarial Value of Assets	11,205,000	8,423,000
Going-Concern Surplus/ (Unfunded Actuarial Liability)	2,445,600	1,898,000
Funded Ratio	127.9%	129.1%

B. Historical Analysis

The following graph summarizes the growth in the Plan's going-concern assets and liabilities in recent years. The liabilities have been divided into liabilities for inactive Members (deferred vested and non-vested Members and pensioners) and active Members (all other Membership categories).



III. PLAN CONTRIBUTIONS

A. Cost of Accruing Benefits

The following table shows the estimated going-concern annual cost of accruing benefits for the current and previous valuations:

	1996	1992
Estimated annual cost of accruing benefits	\$517,000	\$542,000
Less: estimated Member contributions	\$173,100	\$174,000
Assembly annual cost of accruing benefits	\$343,900	\$368,000
Cost as a percentage of covered payroll	17.9 %	19.1 %
Estimated annual covered payroll	\$1,923,600	\$1,928,000

B. Operating Expenses

The Plan's operating expenses are paid partly from the pension fund. The going-concern actuarial assumptions includes an implicit allowance for operating expenses.

C. Application of Surplus

The going-concern balance sheet shown in Section II identified a surplus of \$2,445,600.

Excess surplus is defined in Section 147.2(2)(d) of the Income Tax Act. The Income Tax Act requires that any excess surplus be applied to fund the annual cost of accruing benefits. On a going-concern basis, the Plan has a surplus at the valuation date, \$1,411,600 of which is excess surplus.

Subject to the provisions of the Northwest Territories Legislative Assembly Retirement Allowances Act, the excess surplus must be applied to eliminate plan contributions during the period from April 1, 1996 to March 31, 1999. To avoid revocation of the Plan's registration by Revenue Canada, the excess surplus must be applied to finance Plan benefits and expenses. However an application of surplus should not be implemented without a favorable legal opinion regarding the ability of the Assembly to apply the surplus under the terms of the Plan.

D. Plan Changes Effective After the Valuation Date

No changes have been made to the Plan between the valuation date and the date of this report which affect the Plan's financial position or minimum required contributions.

E. Maximum Permissible Contributions

The Income Tax Act permits contributions to be made in respect of the cost of accruing benefits, provided the Plan's going-concern surplus does not exceed certain limitations imposed by regulation. It also permits special contributions up to the going-concern unfunded actuarial liability. These contributions are permissible in the fiscal year if they were made during the fiscal year or within 120 days after the end of the fiscal year. Contributions in excess of the maximum deductible limit under the Income Tax Act could result in revocation of the Plan's registration.

Due to the excess surplus in the plan no further contributions from the Assembly will be permitted in the period from April 1, 1996 to March 31, 1999.

IV. CHANGES IN FINANCIAL POSITION

A. Changes in Going-Concern Valuation Estimates

1. Actuarial Assumptions

a. Economic Assumptions

Member earnings have been assumed to remain unchanged between April 1, 1996 and April 1, 2000, and then increase at a rate of 5.0% per annum thereafter. The inflation rate has also been reduced from 5.5% to 5.0% per annum.

Due to cost control measures introduced in 1996, Members' basic indemnities for the 1995/96 fiscal year were reduced by 7% from their levels in the previous year. In addition, the basic indemnities were frozen for four years. Consequently, we have assumed no increase in earnings levels over the next four years.

After the current period of frozen indemnities ends, it is expected that future increases will again be tied to inflation. The inflation and interest rate assumptions were reviewed against historical long term real rates of return and found to be overly conservative. For this reason, the inflation and earnings increase assumptions were reduced from 5.5% per annum to 5.0% per annum.

b. Demographic Assumptions

1) Retirement Age

A Member's assumed retirement age has been changed from the later of:

- a) age 55,
- b) six years of Plan Membership, or
- c) the end of the current legislative session.

to the later of:

- a) age 55
- b) four years of Plan Membership, or
- c) the end of the current legislative session.

This corresponds with the amendment made to the Plan's vesting provisions.

2) Mortality

The pre-retirement mortality assumption has been removed for this valuation due to the small size of the group.

3) Dependent Children's Death Benefit

As a result of the removal of the pre-retirement mortality assumption, the dependent children's death benefit assumption was also removed.

4) Re-Election of Deferred Members

No liabilities are held for non-vested terminated Members if two general elections have gone by since leaving the Assembly, or attainment of age 65. All other non-vested terminated Members are assumed to have a 25% chance of being re-elected and having their prior service reinstated. In the previous valuation, all non-vested terminated Members were assumed to have a 50% chance of being re-elected.

This change was made to reflect the reduced likelihood of re-election over time and to have a mechanism to eventually remove any liability for former members who have not been re-elected after a reasonable period of time.

c. Other

An additional assumption regarding earnings has been made whereby all MLA's who are not a Minister, Leader or Speaker of the House were assumed to receive an additional 18% of their basic rate of pay to recognize the existence of meeting indemnities. We have also assumed that the final average earnings of a Member at April 1, 2000 shall be no less than the final average earnings at April 1, 1996.

2. Plan Provisions

The Plan was amended effective April 1, 1996 as follows:

- a. reduction in the vesting period to the earlier of four years or one full term under the Retirement Allowances Act for Members who leave after October 16, 1995;
- b. addition of a death benefit to the pensions of retired Members who die without a spouse or any dependent children; and
- c. introduction of a maximum combined pension under the Retirement Allowances Act and Supplementary Allowances Act of 75% of a Member's final average earnings.

3. Effect of Changes

The effect of the above changes on the Plan's going-concern funded position and cost of accruing benefits is shown in Subsections V.B and V.C, respectively.

B. Analysis of Change in Going-Concern Funded Position

The following schedule summarizes (approximately) the changes in the Plan's going-concern funded position between April 1, 1992 and April 1, 1996.

	\$	\$
1. Surplus as at April 1, 1992		1,898,000
2. Expected Changes in Funded Position		
a. Net interest on surplus	684,200	684,200
3. Changes in Valuation Estimates		
a. Assumptions	1,319,100	
b. Plan improvements effective April 1, 1996	(37,800)	
		1,281,300
4. Plan Experience		
a. Investments	103,600	
b. Contribution holiday	(2,094,300)	
c. Retirements	96,000	
d. Terminations and mortality	180,900	
e. Earnings increases	145,200	
f. Cost of living increases	304,900	
g. Change in positions	(95,800)	
h. Other factors	(58,400)	
		(1,417,900)
5. Surplus as at April 1, 1996		2,445,600

C. Analysis of Change in Cost of Accruing Benefits

The factors contributing to the change in the going-concern cost of accruing benefits are shown below:

	% of pay
1. Cost of accruing benefits at April 1, 1992	19.1
2. Change in actuarial assumptions	(4.8)
3. Change in Plan provisions effective January 1, 1996	2.3
4. Change in Plan Membership	1.3
5. Cost of accruing benefits at April 1, 1996	17.9

D. Subsequent Events

Subsequent events are events which transpire after the valuation date and before March 27, 1997, which is the date that the work on the valuation was completed. Subsequent events also include events which, as of March 27, 1997, are fully committed to occur in the future.

The Plan sponsor has confirmed that there are no subsequent events which materially affect the results of the valuation.

V. ACTUARIAL OPINION

This report on the actuarial valuation of the Northwest Territories Legislative Assembly Retiring Allowances Act effective April 1, 1996 has been prepared for the Management and Services Board of the Northwest Territories Legislative Assembly, who is the Plan Administrator, as of March 27, 1997 for the purpose of determining the Plan's:

- A. going-concern financial position;
- B. maximum contributions for the year following the valuation date in accordance with the Income Tax Act; and
- C. increased costs for the plan improvements effective April 1, 1996.

This report also provides the actuarial certification of Plan contributions for the period from April 1, 1996 to March 31, 1999.

In our opinion:

- A. the latest date on which the next valuation should be performed is April 1, 1999;
- B. the value of Plan assets would be greater than the actuarial liabilities if the Plan were to be wound up on the valuation date;
- C. the data on which this report is based are sufficient and reliable for the purposes of the valuation;
- D. the assumptions used are, in aggregate, appropriate for the purposes of the going-concern valuation;
- E. the methods employed in the valuation are appropriate for the purposes of the going-concern valuation;

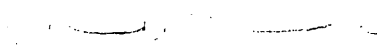
Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations and may cause changes in future contribution levels.


We hereby certify that:

- A. the calculations in this report have been prepared in accordance with Subparagraphs 147.2(2)(a)(iii) and (iv) of the Income Tax Act; and
- B. excess surplus of \$1,411,600 exists in this Plan as of the valuation date.

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

Respectfully submitted for
The Coles Group


Robert J. W. Vandersanden
Fellow, Canadian Institute of Actuaries


Michael M. Masuhara
Fellow, Canadian Institute of Actuaries

March, 1997

APPENDICES

A. ASSET DATA

1. Description of Plan Assets

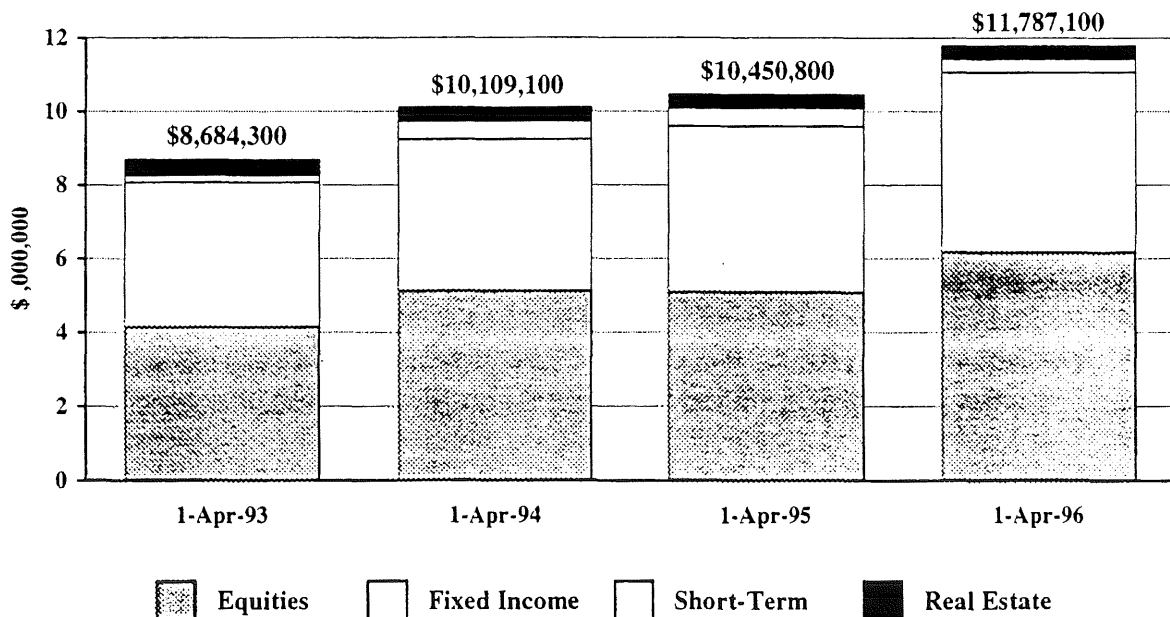
The Plan assets are held by Canada Trust and invested by RT Capital Management and Confederation Life. Information in this section of the report is based on financial reports prepared by Canada Trust, the Plan custodian, and asset mix information provided by RT Capital Management.

The portion of the Plan assets invested by Confederation Life are held in their Real Estate pooled fund. The fund was frozen at the time Confederation Life was replaced by RT Capital as the fund manager due to depressed real estate prices as a result of the economic downturn in Ontario. To avoid a "fire sale" of the Real Estate Fund's assets, all redemptions were prohibited. In August, 1994 Confederation Life was placed into liquidation by federal regulators. This further delayed any pay-outs from the fund.

The book value of the Real Estate Fund assets held by the Plan is \$608,900 and their market value for the purposes of this valuation is \$359,100. The future of the Real Estate Fund assets is unknown at this time. However, due to the sizable surplus in the Plan, even a complete write-off of the assets would not change the contribution recommendation contained in this report.

2. Historical Analysis of Plan Assets

The following graph shows the changes to the distribution of Plan assets in recent years.



Based on market values, the Plan assets earned the following annualized rates of return, net after investment management fees and other expenses charged to the fund.

Period Ending March 31	Investment Return Over 1 Year Period	Investment Return Over 3 Year Period
	% p.a.	% p.a.
1996	14.0	11.3
1995	3.8	9.1
1994	16.4	10.0
1993	7.6	8.1

3. Changes to Plan Assets

The following table shows changes to the Plan assets during the intervaluation period, based on market values.

	1995/1996 \$	1994/1995 \$	1993/1994 \$	1992/1993 \$
Market Value at Beginning of Period	10,450,723	10,109,141	8,684,296	8,088,165
PLUS				
Member Contributions	164,478	160,217	184,912	193,420
Investment Income	1,511,025	446,061	1,475,625	654,173
LESS				
Benefit Payments	(259,917)	(183,818)	(175,353)	(144,767)
Lump Sum Payments	(24,697)	(20,734)	(8,778)	(66,029)
Transfers to SRAA	(2,418)			
Investment Management Fees	(38,009)	(44,849)	(34,189)	(28,235)
Administrative and Other Expenses	(14,075)	(15,295)	(17,372)	(12,431)
Market Value at End of Period	11,787,110	10,450,723	10,109,141	8,684,296

In determining the Plan's funded position, we use an asset valuation method which smoothes the impact of short term fluctuations in the market value of the assets. The method does this by recognizing the difference between the fund's actual and expected investment earnings gradually over a four year period.

The fund's investment earnings net of investment and plan expenses (including realized and unrealized gains and losses) are compared below to expected investment earnings:

	1995/96		1994/95		1993/94	
	\$	%	\$	%	\$	%
Net investment earnings:						
1. Actual	1,458,941	14.0	385,917	3.8	1,424,064	16.4
2. Expected	831,250	8.0	806,992	8.0	694,774	8.0
Excess of actual over expected	627,691		(421,075)		729,290	

The actuarial asset value is then obtained by deducting from the current market value the portion of the investment gains (losses) which our method has not yet recognized:

	\$
Market value at January 1, 1996	11,787,110
Adjustment for investment gains and losses not yet fully recognized	
1993/94: 1/4 x \$729,290	(182,322)
1994/95: 1/2 x (\$421,075)	210,538
1995/96: 3/4 x \$627,691	(470,768)
Smoothed value at April 1, 1996	11,344,558

Therefore, \$442,552 of the last three years' investment gains have not yet been recognized in the smoothed actuarial asset value. The smoothed asset value equals 96.2% of the market value.

4. Going-Concern Actuarial Value of Assets

For this valuation, the actuarial value of assets equals the smoothed market value of assets adjusted for amounts payable and receivable at the valuation date.

The following table shows the calculation of the actuarial value of assets:

	\$	\$
Smoothed Market Value at April 1, 1996		11,344,600
Amounts Receivable at the Valuation Date		
1. benefit repayments	2,000	2,000
Amounts Payable at the Valuation Date		
1. benefits	(65,400)	
2. transfers to other plans	(76,200)	
		(141,600)
Actuarial value of assets		11,205,000

B. MEMBERSHIP DATA

1. Description of Membership Data

Active membership data as at April 1, 1996 was obtained from the Northwest Territories Legislative Assembly. Information on the other membership groups was taken from the administrative records of The Coles Group. The data was reviewed to ensure its completeness, accuracy and consistency with the data used in the previous valuation.

The main tests of reliability and sufficiency conducted on the data included:

- member-by-Member reconciliation of individual Member records with records used for the prior valuation;
- checks to determine reasonableness of individual data elements both on an absolute basis and relative to the same data elements provided for the prior valuation; and
- checks to ensure consistency between the Membership information provided and the information contained in the Plan's financial statements.

2. Summary of Membership Data

The following table summarizes the key characteristics of the data used for the valuation. Comparative information has been provided for the previous valuation. Detailed summaries of the valuation data are provided in the following sections of this Appendix B.

	April 1, 1996	April 1, 1992
Active Members		
- number	24	24
- average age	44.2	44.0
- average credited service		
• MLA	2.4	4.7
• Minister	0.7	1.1
• Other	0.1	0.2
- average earnings		
• MLA	\$50,747	\$53,416
• Minister	\$58,478*	\$68,205**
• Other	\$3,307*	\$11,197*
- number of Members with deferred entitlements	6	10
- average deferred monthly entitlement	\$140	\$242
Deferred Vested Members		
- number	0	4
- average age	0.0	48.9
- average deferred monthly pension	\$0	\$649
Deferred Non-Vested Members		
- number	7	7
- average age	48.4	48.0
- average deferred monthly pension	\$433	\$332
Pensioners		
- number	27	13
- average age	54.4	55.8
- average monthly pension	\$1,146	\$1,062

* based on 9 Members

** based on 8 Members

3. Changes in Plan Membership

The following schedule shows the changes in Plan Membership since the previous valuation of the Plan at April 1, 1992.

	Active Members	Deferred Vested Members	Deferred Non-Vested Members	Pensioners
Number at April 1, 1992	24	4	7	13
New Additions	17			(1)
Deletions				
- Terminations (Lump Sum)	(6)		6	
- Terminations (Deferred Pension)				
- Retirements	(11)	(4)		15
- Deaths				
- Deferred Non-Vested Members not re-elected in the last two elections			(6)	
Number at April 1, 1996	24	0	7	27

4. Active and Disabled Member Summary

The following table summarizes relevant data items for the active Membership.

Sex	Date of Birth	MLA Start Date	MLA Pay Rate \$	Minister Start Date	Minister Pay Rate \$	Other Start Date	Other Pay Rate \$	Accumulated Member Contributions with Interest \$	Deferred Monthly Pension \$
M	29-Aug-49	15-Oct-91	42,970	23-Nov-95	57,916			34,433.30	13.63
M	28-Nov-63	16-Oct-95	42,970	23-Nov-95	57,916			3,680.97	
M	24-Jan-64	16-Oct-95	55,413					2,497.31	
M	20-Jul-51	15-Oct-91	42,970	23-Nov-95	57,916			33,241.34	
M	28-Mar-53	16-Oct-95	55,413			24-Nov-95	2,790	2,796.38	
M	12-Feb-51	16-Oct-95	55,413			24-Nov-95	2,790	2,891.30	
M	18-Feb-37	16-Oct-95	55,413					2,478.74	290.54
M	19-Feb-48	21-Nov-83	42,970	15-Feb-95	57,916			49,069.92	77.64
F	8-Nov-56	16-Oct-95	55,413			13-Dec-95	3,255	2,571.83	
M	4-Jul-49	16-Oct-95	55,413			13-Dec-95	2,790	2,798.52	
M	7-Nov-50	5-Oct-87	42,970	16-Nov-87	57,916			70,731.10	
M	11-Nov-57	16-Oct-95	55,413			24-Nov-95	2,790	2,887.26	
M	17-Mar-51	16-Oct-95	55,413			22-Nov-95	1,860	2,823.92	
M	18-Jul-54	5-Oct-87	42,970	23-Nov-95	62,975			61,180.14	433.28
M	10-Nov-58	10-May-93	42,970	16-Feb-95	57,916			24,009.41	
M	8-Jul-44	10-Oct-89	55,413			12-Nov-95	7,440	50,270.32	21.33
M	26-Oct-52	16-Oct-95	55,413					2,481.04	
M	5-Aug-42	16-Oct-95	55,413					2,606.94	
M	21-Sep-61	16-Oct-95	55,413			24-Nov-95	2,790	2,936.24	
M	14-Jul-44	16-Oct-95	55,413					2,472.78	
M	23-Nov-61	16-Oct-95	55,413					2,627.14	
M	17-Jun-41	16-Oct-95	55,413			13-Dec-95	3,255	2,574.97	
F	17-Aug-55	8-May-95	42,970	23-Nov-95	57,916			5,835.73	
M	22-Nov-46	15-Oct-91	42,970	7-Dec-92	57,916			44,937.28	5.31
TOTAL			1,217,925		526,303		29,760	414,834.00	841.72
AVERAGE			50,747		58,478		3,307	17,285.00	140.29

The MLA pay rates are before adjustment for meeting indemnities.

Minister and Other pay rates are in addition to the MLA pay rates.

5. Deferred Vested Member Summary

As at April 1, 1996, there were no deferred vested Members in the Plan. All deferred vested Members at the last valuation have become pensioners during the intervaluation period.

6. Deferred Non-Vested Member Summary

The following table summarizes relevant data items for the deferred non-vested Members.

Sex	Date of Birth	Date of Termination	Deferred Monthly Pension \$	Accumulated Member Contributions \$
M	20-Apr-57	16-Oct-95	597.56	36,745
M	11-Apr-48	22-Feb-95	338.84	26,622
M	12-Oct-43	22-Jan-93	161.56	11,014
M	26-Oct-43	15-Oct-91	407.31	11,936
M	8-Mar-47	16-Oct-95	496.35	30,889
F	5-Mar-52	16-Oct-95	592.60	37,116
M	18-Jul-42	16-Oct-95	437.31	27,275
TOTAL			3,031.54	181,597
AVERAGE			433.08	25,942

7. Pensioner Summary

The following table summarizes relevant data items for pensioners.

Sex	Date of Birth	Spouse's Date of Birth	Pension Start Date	Monthly Pension \$	Form of Pension	Guarantee (years)
M	12-Oct-53	12-Apr-57	1-Nov-95	836.97	Joint - 75%	0
M	2-Apr-46	15-Apr-40	1-Jan-95	434.00	Joint - 75%	0
M	26-Jun-39	11-Jan-41	1-Nov-91	1,163.04	Joint - 75%	0
M	27-Feb-45	18-Sep-55	1-Nov-95	1,722.86	Joint - 75%	0
M	27-Jun-25	16-Jun-20	1-Nov-91	2,568.16	Joint - 75%	0
F	4-Mar-40	1-Jan-04	1-Nov-95	2,298.73	Joint - 75%	0
M	6-Jul-44	8-Feb-50	1-Oct-93	669.80	Joint - 75%	0
M	1-Feb-47	12-May-46	1-Dec-91	618.94	Joint - 75%	0
M	25-Jun-21	4-May-35	1-Dec-83	641.58	Joint - 75%	0
F	12-May-55	2-Jul-44	1-Nov-95	742.90	Joint - 75%	0
M	16-Sep-32	28-Feb-30	1-Nov-91	1,238.41	Joint - 75%	0
M	26-Sep-36	31-Aug-39	1-Nov-95	919.50	Joint - 75%	0
M	10-Jan-35	1-Jan-04	1-May-90	751.02	Single Life	15
M	23-Apr-31	25-Dec-31	1-Nov-87	2,092.95	Joint - 75%	0
M	15-Jan-46	1-Jan-04	1-Nov-91	1,163.50	Single Life	10
M	4-Jun-53	6-Jun-61	1-Nov-95	1,584.56	Joint - 75%	0
M	30-Dec-48	8-Sep-49	1-Nov-95	2,169.38	Joint - 75%	0
M	19-Nov-35	1-Jan-04	1-Nov-91	1,268.74	Single Life	10
M	23-Aug-43	7-Oct-52	1-Nov-95	1,091.56	Joint - 75%	0
M	31-Jan-43	19-Apr-43	1-Nov-95	1,550.58	Joint - 75%	0
M	4-Aug-36	31-Jan-36	1-Nov-92	224.45	Joint - 75%	0
M	21-Nov-43	1-Jun-46	1-Nov-91	1,364.90	Joint - 75%	0
F	18-Feb-27	1-Jan-04	1-Dec-87	698.76	Single Life	0
M	23-Dec-45	1-Jan-04	1-Mar-95	879.26	Single Life	0
M	11-Jun-41	10-Jun-42	1-Nov-95	883.71	Joint - 75%	0
M	21-Sep-51	14-Mar-54	1-Feb-92	821.04	Joint - 75%	0
M	1-Nov-58	20-Aug-60	1-Nov-95	540.59	Joint - 75%	0
TOTAL				30,939.89		
AVERAGE				1,145.92		

C. DATA REQUEST CERTIFICATION

I, Myles Moreside of the Northwest Territories Legislative Assembly, hereby certify that to the best of my knowledge, the data submitted to The Coles Group for the purpose of performing an actuarial valuation for the Northwest Territories Legislative Assembly Retiring Allowances Act as at April 1, 1996 is accurate and complete. I also certify that to the best of my knowledge, I have responded to any requests for additional information regarding the actuarial valuation.

M. Moreside
(SIGNATURE)

Legislative Assembly
(COMPANY NAME)

April 15/96
(DATE)

D. ASSUMPTIONS

1. Summary of Assumptions

The primary actuarial assumptions employed for the going-concern valuation are summarized in the following table. A detailed description of the assumptions follows the table.

	April 1, 1996	April 1, 1992
Economic		
Interest Rate	8.00% per annum net of expenses	8.00% per annum net of expenses
Earnings Increases	0.00% per annum for four years 5.00% thereafter	3.00% per annum for three years 5.50% thereafter
Inflation	5.00% per annum	3.00% per annum for three years 5.50% thereafter
Demographic		
Retirement	Later of: age 55, four years of service, or end of current session	Later of: age 55, six years of service, or end of current session
Proportion Married	All Members assumed to be married	All Members assumed to be married
Age Difference Between Spouses	Females assumed to be two years younger than their male spouses	Females assumed to be two years younger than their male spouses
Mortality		
- before retirement	none	GA 1983 Mortality Table
- after retirement	GA 1983 Mortality Table	GA 1983 Mortality Table
Dependent Children's Death Benefit	n/a	Assumed to be payable for 10 years on average
Termination of Plan Membership	none	none
Disability	none	none
Re-election of Deferred Members	Non-vested terminated Members are assumed to have a 25% chance of being re-elected in the next two general elections after being terminated	Non-vested terminated Members are assumed to have a 50% chance of being re-elected
Other		
MLA Meetings Indemnities	Meetings indemnities to be 18% of MLA basic rate of pay for Members who are not a Minister, Leader or Speaker	
Final Average Earnings	Final average earnings at April 1, 2000 is assumed to be no less than average at April 1, 1996	

2. **Going-Concern Valuation**

The actuarial assumptions used for the going-concern valuation are described below.

a. **Economic Assumptions**

1) **Interest Rate**

The present value of projected future benefit payments has been determined by discounting these for interest at the rate of 8.00% per annum. 8.00% per annum represents the pension fund's anticipated long term rate of investment return, net of investment management and operating expenses.

2) **Earnings Increases**

Earnings have been assumed to remain unchanged for the first 4 years and to increase by 5.0% per annum thereafter.

3) **Post Retirement Increases**

Pensions in pay are assumed to increase with inflation each year. The long term inflation assumption is 5.0% per annum.

b. **Demographic Assumptions**

1) **Mortality**

a) **Actives and Disabled**

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of active and disabled Members after retirement. No allowance was made for pre-retirement mortality.

b) **Deferred Vested**

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of deferred vested Members after retirement. No allowance was made for pre-retirement mortality.

c) **Pensioners**

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of pensioners.

2) **Termination of Plan Membership**

No explicit allowance has been made for the possibility that a Member will terminate Membership in the Plan prior to retirement for reasons other than death.

3) Retirement Age

It has been assumed that Members will retire from the Plan at the later of:

- a) age 55;
- b) the completion of 4 years of Plan Membership; and
- c) the date of the next election.

4) Disablement

No explicit allowance has been made for the possibility that an active Member will become disabled.

5) Proportion Married

All active Members are assumed to be married.

6) Age Difference Between Spouses

Female spouses are assumed to be two years younger than their male counterparts.

7) Re-Election of Deferred Non-Vested Members

No liabilities are held for non-vested terminated Members if two general elections have gone by since leaving the Assembly or if the former Member has attained age 65. All other non-vested terminated Members are assumed to have a 25% chance of being re-elected in the future and having their prior service reinstated.

c. Miscellaneous Assumptions

1) MLA Meeting Indemnities

An additional 18% of the basic MLA pay rate was added to an MLA's pay if he is not a Minister, Leader or Speaker of the House to recognize the additional indemnities payable to each MLA annually for his participation in various legislative meetings. 18% is consistent with the actual meeting indemnities paid to affected MLAs over the past four years and was approved by the Management and Services Board.

2) Final Average Earnings

Final average earnings at April 1, 2000 are assumed to be at least as great as they were at April 1, 1996.

3. Wind-Up Assumptions

The actuarial assumptions used to determine the wind-up liabilities of the Plan are described below.

a. Economic Assumptions

1) Interest Rate

The interest rates used to calculate solvency liabilities are as follows:

First 15 years	8.50% per annum
Thereafter	6.00% per annum

2) Earnings Increases

None.

3) Post Retirement Increases

Pensions in pay are assumed to increase with inflation each year. The long term inflation assumption is 5.0% per annum.

b. Demographic Assumptions

1) Mortality

a) Actives and Disabled

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of active and disabled Members after retirement. No allowance was made for pre-retirement mortality.

b) Deferred Vested

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of deferred vested Members after retirement. No allowance was made for pre-retirement mortality.

c) Pensioners

The standard table of mortality rates known as the GA 1983 Mortality Table has been used to represent the mortality of pensioners.

2) Termination of Plan Membership

No explicit allowance was made for the possibility that a Member will terminate Membership in the Plan prior to retirement for reasons other than death.

3) Retirement Age

Age 55 or current age, if older.

4) Disablement

No explicit allowance has been made for the possibility that an active Member will become disabled.

5) Proportion Married

All active Members are assumed to be married.

6) Age Difference Between Spouses

Female spouses are assumed to be two years younger than their male counterparts.

7) Deferred Non-Vested Members

No liability was valued for these Members .

c. Miscellaneous Assumptions

1) MLA Meeting Indemnities

An additional 18% of the basic MLA pay rate was added to an MLA's pay if he is not a Minister, Leader or Speaker of the House to recognize the additional indemnities payable to each MLA annually for his participation in various legislative meetings. 18% is consistent with the actual meeting indemnities paid to affected MLAs over the past four years and was approved by the Management and Services Board.

2) Final Average Earnings

Final average earnings at April 1, 2000 are assumed to be at least as great as they were at April 1, 1996.

E. METHODS

1. Going-Concern Valuation

The actuarial methods used for determining the funded status of the Plan on a going-concern basis are as follows:

a. Actuarial Cost Method

The actuarial liability and cost of benefits expected to be earned after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method based on projected earnings.

The actuarial liability is equal to the present value of benefits earned by Members for service prior to the valuation date. The annual cost of benefits is equal to the present value of benefits earned by Members in the year following the valuation date. Under the Projected Accrued Benefit Method, benefits earned by members are calculated using current earnings projected to retirement or death, whichever is applicable.

The Projected Accrued Benefit Actuarial Cost Method produces a contribution rate for an individual Member that increases with age. For the entire Membership, however, the contribution rate will remain stable provided the average age of the active Membership remains stable.

b. Actuarial Value of Assets

The actuarial value of assets is equal to the smoothed market value of assets adjusted by amounts receivable and payable at the valuation date.

The smoothed market value is calculated by adjusting the market value to recognize the difference between actual and expected investment earnings each year over a four year period. Expected investment earnings are calculated by assuming the fund assets and cash flows will earn the going-concern valuation interest rate each year.

c. Amortization Method

Each going-concern unfunded actuarial liability is amortized over a period of fifteen years from the date it is created by equal quarterly payments of principal and interest using the going-concern valuation interest rate which is compounded annually.

2. Wind-Up Valuation

The actuarial methods used for determining the wind-up position of the Plan are as follows:

a. Actuarial Cost Method

The wind-up liability was determined using the Accrued Benefit (or Unit Credit) Actuarial Cost Method. The wind-up liability is equal to the present value of benefits earned by Members for service prior to the valuation date assuming the Plan is wound-up on the valuation date, based on Member earnings up to the valuation date.

b. Wind-up Assets

Wind-up assets are equal to the net market value.

The net market value is equal to the market value of invested assets, adjusted for payments due to, and payable from the pension fund.

F. PLAN PROVISIONS

This summary contains the main provisions of the Northwest Territories Legislative Assembly Retiring Allowances Act (the "Plan") as at April 1, 1996. For a complete description of the Plan, reference should be made to the Legislative Assembly Retiring Allowances Act.

1. Effective Date

October 1, 1979.

2. Eligibility

All Members of the Legislative Assembly are Members of the Plan.

3. Credited Service

Service since March 10, 1975 not exceeding 15 years.

4. Contributions

Members contribute 9% of earnings to the fund.

5. Normal Retirement Age

Age 55.

6. Early Retirement

At any time upon ceasing to be a Member of the Assembly.

7. Late Retirement

Up to age 71.

8. Retirement Pension

2 percent of the average best earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA

PLUS

2 percent of the average best earnings over four consecutive years in each of the positions of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

Members who retire before or after age 55 receive a pension which is actuarially equivalent to the pension calculated as if they were 55.

9. Form of Pension

The normal form of payment is a joint and 75% survivor pension reducing on the death of a Member. If a Member is not married, a lifetime annuity guaranteed for 10 years will be paid.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

10. Increases in Pension

Pensions in pay and deferred pensions are increased every January 1 based on increases in the Consumer Price Index up to the preceding September 30.

11. Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, the spouse will receive a lifetime annuity of 75% of the retirement pension.

12. Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.