

Gouvernement du Québec

T.B. 213343, 5 novembre 2013

An Act respecting the Pension Plan of Peace Officers in Correctional Services
(chapter R-9.2)

Regulation
— **Amendment**

Regulation to amend the Regulation under the Act respecting the Pension Plan of Peace Officers in Correctional Services

WHEREAS the first paragraph of section 42 of the Act respecting the Pension Plan of Peace Officers in Correctional Services (chapter R-9.2) provides that the employer must, except for a pensioner who, even if the pensioner holds pensionable employment under the Pension Plan of Peace Officers in Correctional Services, under the Government and Public Employees Retirement Plan or under the Pension Plan of Management Personnel, is not an employee within the meaning of the Pension Plan of Peace Officers in Correctional Services, withhold each year from the pensionable salary paid to each employee and, if applicable, in the case of a pensioner or a person who ceased to be a member of the plan, from the pensionable salary mentioned in section 9.1 of the Act or a lump sum mentioned in section 11 of the Act, an amount equal to the result of applying the contribution rate established by regulation under section 128 of the Act to that part of the pensionable salary which exceeds 25% of the lesser of the pensionable salary and the maximum pensionable earnings within the meaning of the Act respecting the Québec Pension Plan (chapter R-9);

WHEREAS section 128 of the Act respecting the Pension Plan of Peace Officers in Correctional Services provides that the Government may, by regulation, revise the rate of contribution applicable to the plan from 1 January of each year on the basis of the result of the actuarial valuation referred to in the first paragraph of section 126 of the Act;

WHEREAS, under subparagraph 9 of the first paragraph of section 130 of the Act, the Government may, by regulation, establish, in accordance with section 128 of the Act, the new contribution rate;

WHEREAS the actuarial valuation was sent to the Minister responsible for the application of the Act on 15 November 2012;

WHEREAS it is expedient to revise the contribution rate applicable from 1 January 2014 and the rate applicable from 1 January 2015;

WHEREAS the third paragraph of section 42 of the Act provides that the employer must, in respect of the employee who has qualified for membership in the Pension Plan of Peace Officers in Correctional Services and holds pensionable employment under the second paragraph of section 6 of the Act, add to the contribution rate determined under the first and second paragraphs of that section 42 an additional contribution rate determined by regulation;

WHEREAS the second paragraph of section 147.10 of the Act provides that the additional contribution rate provided for in the third paragraph of section 42 of the Act is equal to 1% from 1 January 2005 until a new rate is established by regulation;

WHEREAS no new additional contribution rate has been established since;

WHEREAS, under subparagraph 3.2 of the first paragraph of section 130 of the Act, the Government may, by regulation, determine an additional contribution rate for the purposes of the third paragraph of section 42 of the Act;

WHEREAS it is expedient to establish the additional contribution rate applicable for the years 2014 and 2015 respectively and the additional contribution rate applicable from 1 January 2016;

WHEREAS, under subparagraph 7.3.1.1 of the first paragraph of that section 130, the Government may, by regulation, for the purposes of section 74.0.1 of the Act, determine for a given period the rules and procedures for determining the rates of interest in Schedule II of the Act according to the rates of return on certain categories of amounts referred to in section 134 of the Act and designated by the regulation, and the rules and procedures for determining the rates of interest in Schedule III of the Act according to an external index designated by the regulation;

WHEREAS, under subparagraph 7.3.1 of the first paragraph of that section 130, the Government has established by regulation, for the purposes of section 72 of the Act, the other conditions for computing the interest on the contributions, and, with regard to those conditions, following the passage of the Act to amend the Act respecting the Pension Plan of Peace Officers in Correctional Services and other legislative provisions (2013, chapter 9), consequential amendments must be made to replace references to Schedules VI and VII to the Act respecting the Government and Public Employees Retirement Plan (chapter R-10) by references to Schedules II and III of the Act respecting the Pension Plan of Peace Officers in Correctional Services;

WHEREAS, under the first paragraph of that section 130, the Government exercises the regulatory powers provided for therein after the Commission administrative des régimes de retraite et d'assurances has consulted the pension committee referred to in section 139.3 of the Act;

WHEREAS, under section 40 of the Public Administration Act (chapter A-6.01), the Conseil du trésor, after consulting the Minister of Finance, exercises the powers conferred on the Government by an Act that establishes a pension plan applicable to personnel of the public and parapublic sectors, except certain powers;

WHEREAS the Government made the Regulation under the Act respecting the Pension Plan of Peace Officers in Correctional Services (chapter R-9.2, r. 1) by Order in Council 1842-88 dated 14 December 1988;

WHEREAS it is expedient to amend the Regulation;

WHEREAS consultations were held;

THE CONSEIL DU TRÉSOR DECIDES:

THAT the Regulation to amend the Regulation under the Act respecting the Pension Plan of Peace Officers in Correctional Services, attached hereto, is hereby made.

MARIE-CLAUDE RIOUX,
La greffière du Conseil du trésor

Regulation to amend the Regulation under the Act respecting the Pension Plan of Peace Officers in Correctional Services

An Act respecting the Pension Plan of Peace Officers in Correctional Services
(chapter R-9.2, s. 42, 1st and 3rd pars., s. 128, s. 130, 1st par., subpars. 3.2, 7.3.1., 7.3.1.1 and 9)

1. The Regulation under the Act respecting the Pension Plan of Peace Officers in Correctional Services (chapter R-9.2, r. 1) is amended in section 7.18.1 by replacing “VI to the Regulation under the Act respecting the Government and Public Employees Retirement Plan (chapter R-10, r. 2)” by “I”.

2. Section 7.18.2 is amended by replacing “VI and VII to the Act respecting the Government and Public Employees Retirement Plan (chapter R-10)” by “II and III of the Act”.

3. The following chapter is inserted after section 7.18.2:

**“CHAPTER VII.2.2
DETERMINATION OF THE RATES OF INTEREST
(s. 130, 1st par., subpar. 7.3.1.1)**

**DIVISION I
RATE OF INTEREST ACCORDING TO THE RATES
OF RETURN**

7.18.3. The rate of interest in Division II of Schedule II to the Act, applicable from 1 June of a given year to 31 May of the following year, is determined by computing the geometrical mean of the annual rates of return for the 3-year period ending on 31 December of the year preceding the reference year, according to the formula in Schedule II.

7.18.4. The annual rate of return is the rate determined by the Caisse de dépôt et placement du Québec as of 31 December of each year, taking into account the categories of amounts referred to in subparagraphs 1, 2, 3 and 5 of the first paragraph of section 134 of the Act, for the employees' contribution fund under the Pension Plan of Peace Officers in Correctional Services, after deduction of the management expenses.

Despite the foregoing, the annual rates of return for the years 2011, 2012 and 2013 where any of the rates is used to compute the geometrical mean referred to in section 7.18.3, are the rates determined by the Caisse de dépôt et placement du Québec as of 31 December of each of those years, taking into account the categories of amounts referred to in subparagraphs 1, 2 and 4 of the first paragraph of section 127 of the Act respecting the Government and Public Employees Retirement Plan, for the employees' contribution fund under that plan, after deduction of the management expenses.

**DIVISION II
RATE OF INTEREST ACCORDING TO
AN EXTERNAL INDEX**

7.18.5. The rate of interest in Schedule III to the Act is applicable from 1 June of a given year to 31 May of the following year. The rate is determined by computing the arithmetic mean, for the 12-month period ending on 31 December of the preceding year, of the nominal rates of interest on negotiable bonds issued by the Government of Canada for a term of 3 to 5 years as compiled by Statistics Canada and published in the Bank of Canada Review under the identification No. V-122485 in the CANSIM System.”

4. The heading of Chapter VIII.I is replaced by the following:

“RATE OF CONTRIBUTION
(s. 130, 1st par., subpars. 3.2, 7.3 and 9)”.

5. Section 8.0.2 is amended by adding the following paragraph at the end:

“From 1 January 2014, and from 1 January of each subsequent year, the rate of contribution provided for in the first paragraph of section 42 of the Act is the rate in Schedule III.”.

6. The following section is added after section 8.0.3:

“**8.0.4.** From 1 January 2014, the additional rate of contribution provided for in the third paragraph of section 42 of the Act is the rate in Schedule IV, for the period indicated therein.”.

7. Chapter XI is revoked.

8. The following Schedules are added at the end.

“**SCHEDULE I**
(s. 7.18.1)

RATE OF INTEREST

Under section 7.18.1, the rate of interest applicable to the contributions referred to in subparagraph 1 of the second paragraph of section 72 of the Act corresponds to rate I determined according to the following formula:

$$I = [(1+i_1)^{nb1/365} \times (1+i_2)^{nb2/365}]^{1/2} - 1, \text{ where}$$

i_1 represents the rate of interest in Schedule II to the Act applicable at the beginning of the employee’s period of membership until the earlier of the following dates: the date of the end of the period of application of the rate of interest, the date of the end of the period of membership or 31 December of the year concerned;

nb1 represents the number of days during which the rate of interest represented by the variable i_1 is applicable;

i_2 represents, where the employee’s period of membership ends on a date later than the date of the end of the period of application of the rate of interest represented by the variable i_1 , the rate of interest in Schedule II to the Act applicable on the day following the end of the period of application until the earlier of the following dates: the date of the end of the period of membership or 31 December of the year concerned;

nb2 represents the number of days during which the rate of interest represented by the variable i_2 is applicable.

Where the period of membership ends on a date prior to the date of the end of the period of application of the rate of interest represented by the variable i_1 , the term $(1+i_2)^{nb2/365}$ is equal to 1.

SCHEDULE II

(s. 7.18.3)

COMPUTATION OF THE RATE OF INTEREST

The formula for the computation of the rate of interest for the reference year is the following:

$$i_y = ((1 + T_{y-1}) (1 + T_{y-2}) (1 + T_{y-3}))^{1/3} - 1, \text{ where:}$$

T_{y-1} represents the rate of return for the year preceding the reference year

T_{y-2} represents the rate of return for the year preceding the reference year by 2 years

T_{y-3} represents the rate of return for the year preceding the reference year by 3 years

SCHEDULE III

(s. 8.0.2)

RATE OF CONTRIBUTION

Year	Rate
2014	8.3%
2015	9.3%

SCHEDULE IV

(s. 8.0.4)

ADDITIONAL RATE OF CONTRIBUTION

Period	Rate
1 January to 31 December 2014	1.5%
1 January to 31 December 2015	2%
From 1 January 2016	2.5%”.

9. This Regulation comes into force on 1 January 2014.

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