

Directive Number 2020-2

The Memorial University Pensions Act

Rate of Interest to be Applied to Employee Contributions

Purpose

To prescribe the rate of interest to be applied to employee contributions under the Memorial University Pension Plan.

Directive

With the approval of the Minister of Advanced Education, Skills and Labor and under the authority of section 25 of the *Memorial University Pensions Act* and in accordance with section 36(2) of the *Pension Benefits Act, 1997*, it is hereby directed that the rate of interest to be credited to employee contributions shall be determined as follows:

- 1) a) Effective January 1, 2021, the interest rate shall be set at the greater of:
 - i) the rate based on the average of the yields of 5-year personal fixed term chartered bank deposit rates, as published by the Bank of Canada in CANSIM Series V80691336, and calculated by using the last reported weekly yield for each of the 12 months ending October 31 of the fiscal year for which interest is to be credited,

and;
 - ii) zero.
- 2) a) For 2020 only, the interest rate shall be:
 - i) for the period January 1, 2020, to June 30, 2020, the annual net fund rate of return of the Memorial University Pension Fund for 2019, and;
 - ii) for the period July 1, 2020, to December 31, 2020, the rate determined in 1) a) i) above.
- b) The rate of interest to be applied to employee contributions for termination benefits calculated in 2020 shall be the annual net fund rate of return of the Memorial University Pension Fund for 2019.

Interest shall be applied with reference to the *Pension Benefits Act, 1997*, and accompanying regulations.

Effective Date

This Directive will be effective July 1, 2020.

Dated at St. John's, Newfoundland, this 14 day of Aug, 2020.



The Honourable Tom Osborne
Minister of Finance and President of
Treasury Board