What is it?
The stabilization fund offers leeway or a cushion to limit any sudden increases in the salary contributions during bad times (in the event of a RREGOP deficit).

Why is the stabilization fund a good thing?
- In the event of a deficit, a special, pre-planned contribution (see the box below) will be added to the regular contribution (known as the current service contribution).
- During a deficit, there is a risk that the contribution rate will surpass our members’ acceptable limit, which could lead to a downward revision of the benefits (profits).
- Money in the stabilization fund lessens the contribution hike and secures the benefits (profits).

How is the stabilization fund created?
In two ways:

1. Surpluses found during actuarial evaluations
   The first RREGOP surplus dollars are not used to build a reserve (up to 10% of liabilities).

2. Additional contributions (financing)
   When things are going well, it’s a matter of contributing a bit more to increase the stabilization fund; similar to the story of “The grasshopper and the ant”! This is not currently planned under the RREGOP.

To learn more
This special contribution (already set up) is used to replenish a deficit in the plan over a 15-year period and is paid by the workers.

Example of the RREGOP actuarial evaluation as of December 31, 2011:
A 94% capitalization rate caused an additional special contribution of 0.83% of the total payroll.