



Special Bulletin for Members of the Public Service Superannuation Plan

Supplementary Employee Retirement Plan (SERP)

What is the SERP?

SERP stands for “Supplementary Employee Retirement Plan”. The Income Tax Act (ITA) places a limit on the amount of pension that can be paid from a defined benefit registered pension plan. In the case of the Public Service Superannuation Plan (PSSP), some employees have a Highest Average Salary (HAS) at retirement that causes their calculated pension to exceed this limit.

The limit will depend on the maximum pension limit (a figure set annually by the Canada Revenue Agency) in effect at the time of retirement. For example, for someone retiring in 2008, the PSSP itself cannot pay a pension on the portion of their HAS in excess of around \$131,000.

In May of 2004, the Province amended the Public Service Superannuation Act to allow this portion of an employee’s pension to be paid from a source other than the PSSP, in the form of a supplementary pension. Regulations have recently been passed to provide the rules necessary to administer the SERP.

Q & A—see Page 2

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The Supplementary Employee Retirement Plan (SERP)

Q&A

Will my pension contributions be affected?

No. There will be no effect on your pension contributions. You will continue to contribute on your full salary, and you will receive a total pension benefit at retirement based on your full salary, subject to certain exceptions outlined below.

Who pays the supplementary pension under the SERP?

The cost of the supplementary pension under the SERP will be paid by the Province or by your employer at the time of your retirement. For administrative convenience, your pension from the PSSP and the supplementary pension under the SERP will be combined into one monthly payment.

Does my employer automatically participate in the SERP?

Certain employers have the right to opt out of the SERP. If your employer elects to opt out, you would not be entitled to a supplementary pension under the SERP unless you retire prior to the date on which your employer opts out. Should your employer opt out, you would automatically receive a refund of contributions you made on the portion of your salary above which the PSSP itself cannot pay a pension. You would also have your future contributions to the PSSP capped at the maximum pensionable salary under the ITA.

What happens if I terminate employment prior to retirement?

To qualify for the supplementary pension under the SERP, you must be eligible for an immediate pension at the time of termination and elect to start drawing it. In other words, you have to retire immediately upon termination. In most cases, that will mean you must be at least age 55 (unless you qualify earlier under the "Rule of 80").

If you terminate employment prior to retirement you will not be entitled to receive the supplementary pension under the SERP, and any contributions you have made on the portion of your salary above which the PSSP cannot pay a pension will automatically be refunded to you.

What happens if I terminate employment and then become re-employed with an employer that participates in the SERP?

If you become re-employed by the Province or an employer that participates in the SERP within 30 days of terminating employment, you will not receive a refund of your excess contributions, and you will continue to be eligible for a supplementary pension under the SERP, subject to SERP rules.

If you become re-employed by the Province or an employer that participates in the SERP more than 30 days after terminating employment, your prior service will not be recognized for supplementary pension purposes under the SERP unless you repay the refund you received to your new employer.

Will all my service be recognized for supplementary pension purposes under the SERP?

Only service with the Province or an employer that participates in the SERP counts for supplementary pension purposes under the SERP.

If you transfer in outside service under a reciprocal transfer agreement or purchase prior service with an employer that did not participate in the SERP, that service will not count for supplementary pension purposes under the SERP. Similarly, if you received a refund of excess contributions when you terminated employment and did not repay it, that service will not count for supplementary pension purposes under the SERP.

How will the SERP affect survivor benefits payable to my spouse or children, or other benefits such as indexing?

If you predecease your spouse or children, a survivor pension under the SERP will be payable on the same terms and conditions as the survivor pension payable from the PSSP. Similarly, indexing will be payable on the same basis as indexing on your pension from the PSSP.

Questions?

Your employer's human resource division may be able to answer your questions, but if you need anything further please contact **John Ross, Manager of Finance & Actuarial Services** toll free at 1-800-774-5070, direct at 902-424-3616, or email at rossj@gov.ns.ca. In particular, if you are contemplating terminating employment, you may wish to arrange a personal consultation with us prior to taking any termination steps.