

## Schedule A

### 2017 REVIEW OF THE PUBLIC SERVICE SUPERANNUATION PLAN (PSSP)

#### SUMMARY OF MEMBER AND STAKEHOLDER INPUT

##### Benefits & Eligibility

A number of comments focused on benefits and eligibility under the PSSP, including:

- (a) Should the maximum years of pensionable service (currently 35) be changed?
- (b) Should early retirement options (including 'rule of 80', 'rule of 85' and '60-years-old + 2 years of service') be curtailed/adjusted?
- (c) Should the current 2-year vesting requirement be changed?
- (d) Should the formula for calculating highest average salary (HAS) be changed?
- (e) Should the percentage amounts for accruing pensionable service be changed?
- (f) Should the small-benefit commuted value payment level be adjusted?
- (g) Should the survivor allowance amounts (66 2/3% and 60%) be reconciled?
- (h) Should the refund payable to a designated beneficiary or estate be changed so as to be equal to commuted value (rather than just contributions + interest)?
- (i) Should there be a mechanism to allow access to funds for member financial hardship?
- (j) Reconcile LTD provision in PSSP Regulations with LTD Plan rules.
- (k) Align PSSP with *Pension Benefits Act* (or make PSSP subject to *Pension Benefits Act*).
- (l) Consider PSSP changes to address inter-generational and gender inequity.
- (m) Consider using CPI for Nova Scotia, instead of CPI for Canada.
- (n) Review how "salary" is determined, including deemed exclusions (e.g. overtime) and extent of inclusion of acting pay.
- (o) Consider announced future changes to the CPP, and whether the PSSP should have continued integration with the CPP or look at de-integration, and generally what revisions to the PSSP may be necessary/desirable in light of pending CPP changes.
- (p) Should there be a minimum notice period (e.g. 10 years) prior to any benefit reduction?
- (q) Is there a need to consider changes to reciprocal transfer options?
- (r) Should the definition of "part-time employee" be reviewed and revised?
- (s) Consider removing ability to add spouse after commencement of retirement benefit.
- (t) Pension indexing – comments were across the spectrum: "have guaranteed indexing fixed to CPI"; "have no indexing whatsoever, regardless of the funded status of the PSSP"; "maintain contingent indexing, i.e. the PSSP should consider paying indexing only if and when it can safely afford to"; "have guaranteed indexing fixed to CPI minus X".
- (u) Consider making pension payments bi-weekly instead of monthly.
- (v) Consider increasing the age for continuing to pay into the PSSP to 70.

## Funding Policy & Actuarial

A number of comments focused on funding policy and actuarial matters under the PSSP, including:

- (a) Should there be any changes to the funded level threshold limits?
- (b) What valuation methodology should be fixed for the PSSP – ‘market’ or ‘smoothed’?
- (c) Consider changing retirement age assumptions.
- (d) Review increases in liability for existing service and purchased service.
- (e) Consider providing members credit for ‘dangling days’.
- (f) Monitor contribution levels and increase if necessary, but continue to maintain 50/50 split between employers and employees.
- (g) If the PSSP should become over-funded at any time, the excess funds should be held in trust and invested and saved for the day when the PSSP becomes under-funded (and not used to supplement current pensioners above and beyond what has been promised by paying out inflation adjustments).
- (h) Consider having varying contribution rates for members corresponding to age and life-circumstances
- (i) Consider permitting employees to opt out of the PSSP and not participate at all, or to determine themselves what amounts they wish to contribute.

## Governance

A number of comments focused on governance issues under the PSSP, including:

- (a) Should the maximum number of consecutive years a director can serve be reviewed?
- (b) Consider removing Ministerial appointment powers for directors and chair, and internalizing those with the Trustee.
- (c) Consider giving retirees a second seat on the Trustee board.
- (d) Consider developing a process for selecting the non-union employee director on the Trustee board.
- (e) Consider appropriate compensation for Trustee board directors who are not employed on a full-time basis by a stakeholder or employer of the PSSP.
- (f) Consider appointment of some number of professional directors to the Trustee board.
- (g) Consider providing a clear, fair, transparent, accessible and consistent mechanism for appeals.
- (h) Consider structuring Trustee board membership so that representatives from smaller member organizations, on both the employer and employee sides, can serve rotating terms on the Trustee board.
- (i) Review rules for purchases of prior service so that employers are not adversely affected by having to pay matching amounts for employees who no longer work for them.
- (j) Ensure that Trustee board directors have staggered terms of service.
- (k) Ensure that newer employers in the PSSP are given an opportunity to participate on the Trustee board.
- (l) There should be mandatory attendance by directors at Board and committee meetings, with limited excused absences.
- (m) Continue with the current model of joint trusteeship and do not revert to having the Minister as sole trustee.
- (n) Consider having environmental, social and governance factors be considered for reference in the statement of investment policies and goals.

## 'Housekeeping' Changes to the PSSP Legislation

Some comments identified that parts of the PSSP legislation are now spent or redundant, and should be adjusted or entirely removed, as appropriate:

- (a) Consider deleting *PSSA* s. 54.
- (b) Consider deleting various *PSSA* references to "the replacement Trustee", and deleting/amending related provisions.
- (c) Consider deleting the initial powers of making regulations given to the Governor-in-Council.

## Miscellaneous

Some comments did not fall clearly into any of the above-noted specific categories. These related to items such as:

- (a) Review Nova Scotia Pension Services Corporation office location.
- (b) Look at access to "Retiree Extended Health Plan".
- (c) Consider identified concerns with process and procedure regarding the *PSSA*'s 'supplementary pension' (SERP) – *PSSA* ss. 82-86.
- (d) Consider "capping" the PSSP and creating a new plan, without ties to the old one, for new employees.
- (e) Consider extending the "Flexible Pension Option" for another 5 years.
- (f) What kinds of investments are being made? Can a percentage investment be made in N.S.? Can we do micro-loans?
- (g) Can we regularize the timing of the annual review of the "base year", and the communication of "base year" decisions?
- (h) Consider the implications associated with possible "reduced" and "unsustainable" benefits over the next few decades, and a requirement for more responsible and informed decision-making and management.
- (i) Consider allowing disparate entities (e.g. "Housing Authority staff") to join the PSSP.
- (j) Consider various expressions of a desire to increase retirement savings – including by increasing the overall costs and benefits under the PSSP, or implementing some type of additional voluntary contribution (AVC) arrangement.
- (k) Consider asking members to volunteer to participate in focus groups or to help educate other members.
- (l) Consider permitting employees to withdraw funds from the PSSP (e.g. for a first-time home purchase) and repay later.
- (m) Consider extending the time period for production and delivery of the 5-year PSSP review report.
- (n) Consider PSSP membership growth initiatives and legislative changes that would allow private corporation and quasi-government entities to participate in the PSSP.
- (o) Consider preparing a more accessible, 'plain language' version of the *PSSA* and regulations.
- (p) Consider social responsibilities when revising the PSSP, with attention to principles of equity, ethics, and the environment.
- (q) Publicize the final report of the independent reviewer, and advise members and stakeholders of any resulting changes or follow-up by the Trustee.
- (r) Consider offering very flexible options for purchasing prior service and leave of absence time – individualized to the ability of the member to pay.
- (s) Consider expanding the ability of members to transfer into the PSSP service earned under various external pension plans.