

PSSP Pre-retirement Seminar

Helping you navigate your pension throughout your career and retirement



Not complete without commentary

Your Public Service Superannuation Plan

Your Public Service Superannuation Plan (PSSP or Plan) is one of the largest public sector pension plans in the Province. The Plan is a registered defined benefit pension plan that offers you a lifetime pension benefit when you retire. It is an important part in helping you to be financially secure during your retirement years.

How is your Plan funded?

Your PSSP is funded by contributions made by you and your employer, as well as investment income generated by the Plan's investment assets.



How is your pension calculated?

It is a pre-determined formula based on your pensionable earnings and years of service.

Common Terms

Pensionable Service

Service on which contributions have been made to the plan, including purchases and reciprocal transfers into the Plan.

Maximum Pensionable Service (Full Pension)

Is based on a maximum of 35 years of pensionable service. When a Plan member reaches 35 years of pensionable service, they stop contributing to the Plan and any service beyond 35 years is not considered in the pension formula. Salaries beyond 35 years of service will be included in the pension calculation.

Highest Average Salary (HAS)

Calculated as the average of the best 5 years of salary, ie. the sum of the highest 130.5 biweekly pays divided by 5.

Maximum Age

Pension payment must begin no later than December of the year in which age 71 is attained.

Vested

To be eligible for a pension under the Plan, you must be vested. You are vested if you have at least two years of service.

Retirement Eligibility

To retire with an Unreduced Pension:

You must meet one of the following age and years of service requirements:

Rule of 80

If your date of hire is prior to April 6, 2010:

You must be at least 50 years old + Your age + years of service = 80 years
(ex: age 52 with 28 years of eligible service = 80)

Rule of 85

If your date of hire is on or after April 6, 2010:

You must be at least 55 years old + Your age + years of service = 85 years
(ex: age 57 with 28 years of eligible service = 85)

If you do not meet the rule of 80 or 85:

You must be at least 60 years old with at least 2 years of eligible service.

Retirement Eligibility

Reduced Pension (Early Retirement):

- A reduced pension is payable at age 55, with a minimum of 2 years of service.
- If you take a reduced pension, your pension will be reduced by 0.5% per month, for each month prior to you qualifying for an unreduced pension. (6% per annum).
- For example – 3 years early is an 18% reduction.

Integration with Canada Pension Plan (CPP)

The Year's Maximum Pensionable Earnings (YMPE) is a figure established by CPP each year and is used in determining the reduction to your pension at age 65. It changes on January 1st, every year, to reflect increases in the average wage.

YMPE for the year 2022 is \$64,900.

Contribution rates increase over the YMPE. See below:

	Portion of Salary up to \$64,900	Portion of Salary in excess of \$64,900
Contribution Rate	8.40%	10.90%

Your Pension Benefit

Lifetime
Pension
1.3%*

Your lifetime pension is calculated as 1.3% of your highest average salary (HAS), multiplied by your years of pensionable service, and is payable from the date you start receiving your pension until death.

** If your HAS is greater than the average YMPE, the portion of your salary above the YMPE is calculated at 2.0%.*

Bridge
Benefit
0.7%

Your bridge benefit is calculated as 0.7% of your HAS, up to the average YMPE, multiplied by your years of pensionable service, and is payable from the date you start receiving your pension until age 65.

If you decide to retire before age 65, you will receive a full 2% benefit. The month following your 65th birthday your pension reduces from a 2% benefit to a 1.3% benefit (on the portion of your salary up to the YMPE) for your lifetime.



If you retire before age 65 and decide to begin receiving a reduced CPP benefit, you will still receive the bridge benefit until age 65.

Unreduced Pension calculation (Example):

1.

A Plan member is retiring at age 55 with 30 years of pensionable service. Their HAS is \$51,000 and the average YMPE is \$56,440.

	At age 55	At age 65
1.3% x 30 years x \$51,000 (lifetime)	\$19,890.00	\$19,890.00
0.7% x 30 years x \$51,000 (up to age 65)	\$10,710.00	\$0.00
Annual Pension	\$30,600.00	\$19,890.00
Monthly Pension	\$2,550.00	\$1,657.50
Difference		\$892.50



The Plan member's annual pension benefit will be \$30,600.00 until age 65. After age 65, the bridge benefit is no longer paid and the member's annual lifetime pension will be \$19,890.00.

Unreduced Pension calculation (Example):

2.

A Plan member is retiring at age 60 with 15 years of pensionable service. Their HAS is \$75,000 and the average YMPE is \$56,440 (\$18,560 above YMPE).

	At age 60	At age 65
1.3% x 15 years x \$56,440 (lifetime)	\$11,005.80	\$11,005.80
0.7% x 15 years x \$56,440 (up to age 65)	\$5,926.20	\$0.00
2.0% x 15 years x \$18,560 (lifetime)	\$5,568.00	\$5,568.00
Annual Pension	\$22,500.00	\$16,573.80
Monthly Pension	\$1,875.00	\$1,381.15
Difference		\$493.85



The Plan member's annual pension benefit will be \$22,500 until age 65. After age 65, the bridge benefit is no longer paid and the member's annual lifetime pension will be \$16,573.80.

Division of Pension

- Your pension may be subject to division following a legal divorce. A copy of the court order from the Supreme Court must be provided in order for us to divide the pension.
- Your former spouse or common law partner is entitled to receive up to one half (50%) of your pension benefit earned during the period of marriage (date of marriage/cohabitation to date of separation). The percentage and period of marriage must be defined in the court order.
- If the relationship ends after you have retired, payment to your former spouse/partner is in the form of a monthly pension.
- If the relationship ends before you retire, payment to your former spouse/partner is in the form of a lump sum amount, equal to the commuted value of their share of your pension benefit.



A separation is not recognized for the purposes of a division of your PSSP pension. If you are not divorced, you are still considered legally married.

Purchases and Reciprocal Transfers

- PSSP members may be permitted to purchase prior service or transfer service to increase their pension amount and may allow you to retire sooner.
- Purchases of prior service must be completed within 20 years from the end of the period of service.
- Eligible purchases include:
 - » Full or part-time casual service of a minimum of 4 consecutive months
 - » Outside service with a recognized public authority
 - » Prior refunded service
 - » Approved Leaves of Absence
- Purchases are subject to CRA rules.



Transferring from another plan



The PSSP has reciprocal transfer agreements with pension plans of other public authorities. If you had service with one or more of these public authorities, you may be able to transfer your pensionable service from that plan to the PSSP.

Your Retirement Picture

When you retire, your retirement income will come from different sources:

PSSP

and any other
employer-sponsored
pension plans that you
may have belonged to

CPP and/or OAS

Government-sponsored
pension plans

- Canada Pension Plan
Maximum monthly benefit
at age 65 = \$1,253.59
- Old Age Security Maximum
monthly benefit at age 65
= \$648.67
*(Restrictions apply,
depending on total net
income)*

Your
personal
savings

Termination Benefits

If you terminate employment, you will be entitled to one of the following:

Not vested (less than 2 years of service)	Vested (not yet eligible for pension):	Vested (eligible for pension):
<p>Refund of contributions + interest (cash less tax, or RRSP)</p>	<p>You may choose to defer your pension until you are eligible to receive it.</p> <p>You may transfer the commuted value of your accrued pension to a locked-in RRSP.</p>	<p>You may choose to start your pension immediately or defer it until your unreduced date.</p> <p>You cannot transfer your accrued pension to an RRSP or receive a refund.</p> <p>You can do a reciprocal transfer agreement to a recognized public authority.</p>



If you are vested and terminate employment there may be an amount that exceeds the maximum transfer limits under the Income Tax Act. This amount can be taken as cash (minus applicable deductions), or transferred to a personal RRSP.

Survivor Pension Benefit

Definitions of Survivors

Spouse:

Either of two persons who:

- Are married to each other, or
- Are registered domestic partners, or
- Are cohabiting in a relationship and have cohabited in that relationship for at least three years immediately preceding the relevant time (one year if neither is married)

Eligible Child(ren):

- Your natural or adopted child(ren) or a child(ren) for which you are a legal guardian.
- Your child(ren) must be under age 18 or between 18 and 25 but still in full-time attendance at a recognized educational institution.

Dependant(s):

- A relative of the member who is by reason of mental or physical disability, fully dependent on you for financial support.
- Must be considered a dependant by CRA for income tax purposes.

Survivor Pension Benefit

1.

Spouse:

Pre-retirement death: For 5 years, 100% (Guarantee) of member's pension less children's benefits. After the Guarantee, 66.67% for life with post-1991 bridging removed.

Post-retirement death: Remainder of 5 year guarantee then, 66.67% for life with post-1991 bridging removed when the member would have turned 65.

If you first commenced employment on or after April 6, 2010, your surviving spouse would be entitled to receive 60% of your accrued pension.

2.

Eligible child(ren):

Each child receives 10% of your accrued pension, to a maximum total of 33.33% shared equally among all children (if more than 3 eligible children).

If there is no surviving spouse, eligible children split the spousal entitlement of 66.67% rather than receiving the children's benefit.

Survivor Pension Benefit

3.

Dependant:

If you have no surviving spouse and no eligible children, the eligible dependant would receive 66.67% of your accrued pension for their lifetime.

If you first commenced employment on or after April 6, 2010 and do not have a surviving spouse, your eligible children or dependant will receive 60% of your accrued pension.

4.

Beneficiary or Estate:

If no eligible survivors, a refund of your contributions plus interest will be paid to the designated beneficiary or estate as a one-time lump sum payment.

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If you have designated a beneficiary, it will appear on your annual statement. If you did not designate a beneficiary or wish to make a change, you can do so at anytime by completing a Member Information Form.

Cost-of-living Adjustment (COLA)

- COLA, commonly known as indexing, is reviewed and determined by Public Service Superannuation Plan Trustee Inc. every 5 years. It is dependent on the funded ratio of the Plan as at December 31st one year prior to the end of each 5-year cycle. It will be granted only if the PSSP is fully funded (100% or more).
- As the Plan's funded status as at December 31, 2019 was 98.5% (below 100% funded), COLA is mandated to be zero for the 5-year cycle starting January 1, 2021 and ending December 31, 2025.



The amount of COLA for a new retiree will be pro-rated the following January based on the month that they retired.

The Retirement Process

You need to apply for your pension!

You must submit your notice of retirement to your manager or Human Resources representative at least 2 to 3 months prior to your planned retirement date.

A Retirement application package includes:

- An application for a service pension
- A Member Information Form
- Income Tax Forms
- A Direct Deposit Form

You must provide copies of the following:

- Your proof of birth*
- Your spouse's birth*
- Marriage certificate, if applicable



**Acceptable documents for proof of birth include; Birth Certificate, Passport Driver's License, Baptismal Certificate, Citizenship Certificate, Indian Status Card*

My Retirement Plan Website

nspensions.hroffice.com

The website allows active PSSP members secure access to their personal pension information online.

You can use the website to:

- View your annual Member Statement(s)
- Obtain a pension estimate
- View retirement and financial planning resources

You should have received two letters containing your username and password. If you do not have your letters, or cannot successfully change your password online, please contact our office.

Resources

www.nspssp.ca

Includes important PSSP information, such as:

- Investment and financial information
- Career stage information in relation to your pension
- Forms
- Newsletters and other publications
- Pension payment dates*

** Your pension is deposited into your bank account on the 3rd last banking day of the month.*

novascotiapension.ca

Includes information about NS Pension, the services we offer, and the plans we administer.

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