

# PSSP PENSION NEWS

A newsletter for Public Service Superannuation Plan Employers

## The 2022 PSSP Review

As mentioned in our communiqué emailed to Public Service Superannuation Plan (PSSP or Plan) employers on April 17, 2023, Public Service Superannuation Plan Trustee Inc. (PSSPTI) has completed its mandatory review of the PSSP - the 2022 PSSP Review. The 2022 PSSP Review was conducted by an Independent Reviewer.

PSSPTI received the 2022 PSSP Review Report in February 2022 and, over the past year, has given substantial consideration and spent significant time on analysis relating to the 31 recommendations set out therein.

PSSPTI has determined that it will proceed with several of the Report's recommendations, resulting in a few upcoming Plan amendments.

You can view the full Report and the PSSPTI's Board determinations document on our website at:

[www.nspssp.ca/about/psspti-reviews/pssp-review](http://www.nspssp.ca/about/psspti-reviews/pssp-review)

## Summary of upcoming Plan Amendments

Please review these amendments carefully as they may require updates to your processes, communications, and systems.

### 1 Removing the 35-years of service cap on pension contributions

**Effective April 1, 2026**

This will remove the 35-year cap on pensionable service for all active members in the Plan. As of April 1, 2026, active members will continue to pay pension contributions beyond the 35-year mark, and employers will be required to match those contributions. The member will continue to earn pensionable service for as long as they are a PSSP member. As per the Canada Revenue Agency (CRA) rules, a member's pension contributions will stop by November 30<sup>th</sup> in the year in which they turn age 71.

For greater clarity, if an active member has already met the 35-year cap before April 1, 2026, you will need to reactivate the deduction of pension contributions for them from April 1, 2026 forward.

It is also worth noting that this is not optional. Plan members cannot opt out of this. Members who are retired prior to April 1, 2026, are not impacted by the change.

Active members who have already reached 35-years of service and who have their pension contributions reinstated as of April 1, 2026, will have the option to buy back any 'gap' in service between when their contributions had previously ceased (having attained 35 years) and their contributions were reinstated.

This is a rather significant change to the long-standing 35-year cap rule and will impact all employers' payroll systems. That is why the effective date is not until April 1, 2026, to ensure sufficient time to train your staff, educate members, and make necessary system changes.

## The 2022-2023 PSSP Annual Report

On June 29<sup>th</sup>, be sure to check out the 2022-2023 PSSP Annual Report. The Annual Report includes information on the PSSP's investment results and financial performance as at March 31, 2023. The Report will be available on our website at:

[www.nspssp.ca/investments](http://www.nspssp.ca/investments)

## 2022 Member Statements

2022 Member Statements will be mailed this spring. We urge members to review their statement carefully as it includes important information about the pension that they have accumulated as at December 31, 2022.

The PSSP is celebrating its 100<sup>th</sup> birthday in 2023. The *Public Service Superannuation Act* was enacted in 1923.



## Upcoming Plan Amendments continued...

The following changes should not impact your systems' programming.

### 2 **More survivor pension options for retiring members with a spouse** *Effective April 1, 2024*

Historically, the PSSP has had one default form of pension, joint and 66 2/3% or 60% survivor pension guaranteed for 5 years; depending on the member's date of hire. PSSPTI is introducing two new optional forms of pension providing active members greater flexibility in tailoring their retirement benefits to their own personal circumstance.

The current default form of pension, as indicated above, will remain in effect. In addition, two new options are being introduced. A member may choose to have:

- Joint & 75% survivor pension guaranteed for 15 years with appropriate reduction to member's pension
- Joint & 100% survivor pension guaranteed for 15 years with appropriate reduction to the member's pension

For anyone retiring April 1, 2024 or after, as members with a spouse request a retirement option package, all 3 options will be provided for their review and decision.

### 3 **A surviving spouse will be defined as the spouse at the time of retirement** *Effective April 1, 2024*

The PSSP has historically defined "surviving spouse" as the spouse in effect at the time of death. Effective April 1, 2024, the Plan will define "surviving spouse" as the spouse in effect at the time of retirement, in keeping with most other public sector and provincial pension rules.

If a member remarries after retirement, their spouse at the time of their death will no longer be eligible for a survivor pension. Only their spouse indicated at the time of retirement will be eligible for a survivor pension. This change will only impact those who retire on or after April 1, 2024.

Those who have already retired prior to April 1, 2024, will not be impacted by this change and, as such, could remarry post-retirement and have their subsequent spouse remain eligible for a survivor pension.

### 4 **A 15-year guarantee period for retiring members without a spouse** *Effective April 1, 2024*

Single members will be provided a 15-year guarantee period wherein payment to their designated beneficiary or estate will equal the value of any payments remaining within their 15-year guaranteed payment period at the time of the member's death. Currently, a single Plan member's designated beneficiary or estate receives a refund of contributions plus interest, minus any pension amounts that have already been paid, as a one-time lump sum payment.

### 5 **A full commuted value payment to the estate or designated beneficiary of a Plan member who dies pre-retirement and has no spouse or eligible dependents** *Effective January 26, 2023*

This change will provide for a lump sum payment of the full commuted value of the member's accrued pension at the date of death to be paid to the designated beneficiary or estate. Previously, their designated beneficiary or estate would have received a refund of the member's contributions plus interest.

We understand that these amendments will require some system changes and training. We will continue to be proactive in providing you with further information and updates on the implementation of these amendments and will be here to assist you throughout the coming months/years until all have gone into effect.

If you have questions relating to these upcoming amendments or any other pension-related concerns, please contact us:

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*All information presented in this document is premised on the Plan rules and criteria which currently exist under the Public Service Superannuation Act (the "PSSA") and the plan text made thereunder. This document explains in plain language aspects of the rules and criteria of the Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the PSSA, the plan text, or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.*