

# PSSP PENSION NEWS

A newsletter for Public Service Superannuation Plan Employers

## Upcoming Plan Changes

As mentioned in our communiqué emailed to Public Service Superannuation Plan (PSSP or Plan) employers on April 17, 2023 and in the Spring 2023 edition of this newsletter, there are some upcoming Plan changes that may have an impact on active Plan members' retirement planning decisions.

These changes resulted from Public Service Superannuation Plan Trustee Inc.'s (PSSPTI) independent review of the Plan - the 2022 PSSP Review. For more information on the 2022 PSSP Review, please visit our website: [www.nspssp.ca/about/psspti-reviews](http://www.nspssp.ca/about/psspti-reviews)

Please review these changes carefully as they may require updates to your processes and systems.

**It is more important than ever that members thinking of retiring contact us directly to discuss the retirement options that may now be available to them.** Former retirement packages no longer provide adequate information. As such, we ask that you please refrain from providing retirement packages to your employees.

## Improvements for single Plan members...



Effective January 26, 2023

If a Plan member dies before retirement, is vested in the Plan (has 2 years of eligible service), and they have no surviving spouse, eligible children or dependants, a lump sum payment of the full value of their accrued pension at the date of their death will be paid to their designated beneficiary or estate. Previously, their designated beneficiary or estate would have received a refund of their contributions plus interest.



Effective April 1, 2024

Members retiring on or after April 1, 2024, who do not have a spouse, will be provided with a Lifetime pension guaranteed for 15 years. If a Plan member dies within the 15-year guarantee period, the value of the remaining pension payments will be paid to their designated beneficiary or estate. Currently, there is no guarantee period attached to the pension for Plan members who do not have a spouse at the time of their death.

## Improvements for retiring Plan members with a spouse...



Effective April 1, 2024

Two new retirement options will be available to provide Plan members with greater flexibility in tailoring their pension benefit to their own personal circumstances.

Currently, the Plan offers a 5-year guarantee period which allows for 100% of a Plan member's accrued pension to be paid to their surviving spouse if they pass away during the first 5 years after retirement. After the 5-year guarantee period ends, the percentage of their pension paid to their surviving spouse decreases depending on the date they commenced employment.

- If they commenced employment on or after April 6, 2010, their surviving spouse receives **60%**.
- If they commenced employment prior to April 6, 2010, their surviving spouse receives **66.67%**.

If they retire on or after April 1, 2024, in addition to the retirement option described above, they will also have the following options to choose from upon their retirement:

- Joint and **75%** survivor pension guaranteed for 15 years
- Joint and **100%** survivor pension guaranteed for 15 years



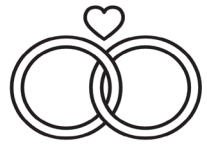
These options will result in a modest reduction in their pension in order to enhance the pension benefit for their spouse.

## Upcoming Plan Changes *continued...*

**! Effective April 1, 2024** If a Plan member retires on or after April 1, 2024, their surviving spouse will be defined as their spouse at the time of their retirement.

The Plan has historically defined “surviving spouse” as the spouse at the time of death. On April 1, 2024, the Plan will define “surviving spouse” as the spouse in effect at the time of the Plan member’s retirement.

If a Plan 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.** They could still remarry post-retirement and their subsequent spouse will remain eligible for a survivor pension.

**! Effective April 1, 2026** Removing the 35-years of service cap on pension contributions.

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

If an active Plan 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. Plan members cannot opt out of this. Plan members who are retired prior to April 1, 2026, are not impacted by the change.

Active Plan 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 purchase any service between when their contributions had ceased (having attained 35 years) and their contributions were reinstated.

**! It is recommended that Plan members give us and their employer at least 3 months notice prior to their retirement date to allow for the preparation of the retirement package, completion of forms by the member and setup of the pension.**

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

When referencing links to our website in your publications, please be sure to verify the link. Our website is routinely updated and links are subject to change.

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.*