

# 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 a registered defined benefit pension plan, with a prescribed funding policy, that offers its members a lifetime pension when they retire. It is one of the largest public sector pension plans in Atlantic Canada.

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 pensionable service.

# Common Terms

## ***Pensionable Service***

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

## ***Maximum Pensionable Service (Full Pension)***

Is based on a maximum of 35 years of pensionable service. When you reach 35 years of pensionable service, you will stop contributing to the Plan and any service beyond 35 years will not be 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, i.e. 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.

# Common Terms

## ***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 eligible service.

## ***Commuted Value (CV)***

The actuarial present value of a deferred pension which a vested member is entitled to if they terminate employment prior to qualifying for an immediate pension. The CV is based on a variety of factors including but not limited to accrued pension amount and actuarial assumptions such as interest and mortality rates.

## ***Bridge Benefit***

The benefit accrued on pensionable service and payable from the date of retirement until age 65. It is intended to supplement your pension income until you begin receiving CPP benefits at the normal age of 65.

# 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 set by the federal government and is used in determining the reduction to your pension at age 65. It changes every January 1 to reflect increases in the average wage.

YMPE for the year 2025 is \$71,300.

Contribution rates increase over the YMPE. See below:

	Portion of Salary up to \$71,300	Portion of Salary in excess of \$71,300
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 65<sup>th</sup> 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 \$60,000 and the average YMPE is \$63,660.

	At age 55	At age 65
1.3% x 30 years x \$60,000 (lifetime)	\$23,400.00	\$23,400.00
0.7% x 30 years x \$60,000 (up to age 65)	\$12,600.00	\$0.00
Annual Pension	\$36,000.00	\$23,400.00
Monthly Pension	\$3,000.00	\$1,950.00
Difference		\$1,050.00

!

*The Plan member's annual pension benefit will be \$36,000.00 until age 65. After age 65, the bridge benefit is no longer paid, and the member's annual lifetime pension will be \$23,400.00.*

## Unreduced Pension calculation (Example):

2.

A Plan member is retiring at age 60 with 15 years of pensionable service. Their HAS is \$85,000 and the average YMPE is \$63,660 (\$21,340 above YMPE).

	At age 60	At age 65
1.3% x 15 years x \$63,660 (lifetime)	\$12,413.70	\$12,413.70
0.7% x 15 years x \$63,660 (up to age 65)	\$6,684.30	\$0.00
2.0% x 15 years x \$21,340 (lifetime)	\$6,402.00	\$6,402.00
Annual Pension	\$25,500.00	\$18,815.70
Monthly Pension	\$2,125.00	\$1,567.98
Difference		<b>\$557.02</b>



*The Plan member's annual pension benefit will be \$25,500 until age 65. After age 65, the bridge benefit is no longer paid, and the member's annual lifetime pension will be \$18,815.70.*

## 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

- You may be eligible to purchase prior service or transfer in service from another pension plan. This may increase the amount of your pension and impact your retirement eligibility, resulting in an earlier retirement date.
- 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 (must be a minimum of 40% for at least 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

## Government-sponsored pension plans:

- **Canada Pension Plan (CPP)** *Subject to a maximum monthly benefit at age 65*
- **Old Age Security (OAS)\***  
*\*Restrictions apply*

## 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)
Refund of contributions + interest (cash less tax, or RRSP)	<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>

You can do a reciprocal transfer agreement to a recognized public authority.



*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 if you have available contribution room.*

# Death Benefits

## *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 for the required length of time.

***Your spouse at the time of your retirement will be eligible to receive a survivor pension.***

**If your spousal relationship changes after you retire** (e.g. if you remarry or marry for the first time), your spouse at the time of your death will not be eligible to receive a survivor pension.

**If you die before you retire**, your spouse will be defined as your spouse at time of death, and they will be eligible to receive a survivor pension.

# Death Benefits

## *Definitions of Survivors*

### Eligible Child(ren):

- Your natural or adopted child or a child for which you are a legal guardian.
- Your child 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 who is by reason of mental or physical disability, fully dependent on you for financial support.



# Death Benefits

## 1. Spouse

### **Pre-retirement death:**

For 5 years, 100% (Guarantee) of your pension minus any eligible child benefits. After the Guarantee, **66 2/3%** for life with applicable bridging removed.

### **Post-retirement death:**

Remainder of 5-year guarantee then, **66 2/3%** for life with applicable 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.

## Death Benefits

2.

### Eligible child(ren):

Each child receives **10%** of your accrued pension, to a maximum total of **33 1/3%** shared equally among all children (if more than 3 eligible children).



**If you first commenced employment on or after April 6, 2010**, each child receives **10%** of your accrued pension, to a maximum total of **40%** shared equally among all children (if more than 4 eligible children).



**If there is no surviving spouse, eligible children split the spousal entitlement.**

3.

### Dependant

If you have no surviving spouse and no eligible children, your dependant will receive **the spousal entitlement** for their lifetime or until they no longer are eligible.

# Death Benefits

## 4. Beneficiary or Estate

If there are no eligible survivors at the time of your death, your beneficiary or estate is entitled to one of the following:

- **Pre-retirement death**
  - **Vested:** a refund of the commuted value of your pension, subject to a minimum of your contributions with interest.
  - **Non-vested:** a refund of your contributions with interest.
- **Post-retirement death**

a refund equal to the present value of the remaining pension payments (if any), calculated at the time of your death. Remaining payments are dependent on the option you elected at retirement and subject to a minimum of the difference between your contributions plus interest and the total of all pensions paid.



*If you have designated a beneficiary, it will appear on your annual statement. You can add or change your designated beneficiary by completing a Member Information Form.*


## Survivor Pension – *Forms of pension*

### *A 15-year guarantee period for retiring members without a spouse*

Single Plan 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 their death.

### *Survivor pension options for retiring members with a spouse*

Plan members will have the following options to choose from upon retirement:



Joint and  
**66 2/3% or 60%**  
survivor pension  
guaranteed for  
**5 years**

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

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

## 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 based on the funded ratio of the Plan as at December 31<sup>st</sup> one year prior to the end of each 5-year cycle. It may 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 Human Resources Representative, and you must contact NS Pensions to request a retirement package **at least 3 months** prior to your planned retirement date.

It is necessary to include the following information when you submit your retirement package to NS Pension:

- A signed Retirement Benefit Statement Form indicating your elected option.
- An application for pension
- A Member Information Form
- Income Tax Forms (optional)
- A Direct Deposit Form
- Your proof of birth\*
- Your spouse's proof of birth (if applicable) \*
- Marriage certificate (if applicable)
- Common-law declaration (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](https://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](http://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 3<sup>rd</sup> last banking day of the month.*

[novascotiapension.ca](http://novascotiapension.ca)

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

Follow us:






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[@yournspssp](https://twitter.com/yournspssp)

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**pension**