

PENSION PLAN NEWS

CHANGES TO THE RULES FOR PURCHASES OF PRIOR SERVICE

The Public Service Superannuation Plan Trustee Inc. (PSSPTI) recently undertook a review of how purchases of prior service can occur and has decided to implement the following changes:

Beginning January 1, 2016:

- When a Public Service Superannuation Plan (PSSP) member requests to purchase prior service and in instances where the employer is required to pay matching contributions for that purchase of service, the employer matching portion will now be the responsibility of the former employer for whom the member worked during the period of service.

Until January 1, 2016, the current employer of the member seeking to purchase service shall remain responsible for the employer matching contributions.

Purchases of prior service will now have to be completed within 20 years from the end of the period of service.

As of April 1, 2017:

- PSSP members will no longer be able to purchase service that is older than 20 years from the end date of that period of service.



Bill has a period of service from May through October 1994.

Starting April 1, 2017, as this service is **more than 20 years ago**, Bill will no longer be able to purchase that service.

For purchases of service within the new 20 year limit:

- If a PSSP member decides to purchase service within 10 years from the end date of the period of service, they must pay the employee contributions plus interest.
- The employer for whom they worked during the period of service in question, will be required to pay the employer matching contributions.
- If a member decides to purchase service within 20 years from the end date of the period of service, but greater than 10 years from the end date of the period of service, the member will have to pay 100% of the actuarial cost of the prior service.
- The 20 year limit will also apply to purchases of outside service and repayments of a refund; however, the cost methodologies for those types of purchases will remain unchanged (100% of the actuarial cost and the amount originally refunded plus interest, respectively).



Shelley has a period of service from January 2008 to April 2009.

As it is **within 10 years from the end date of the period of service**, the employer in effect during the period of service dating Jan. 2008 to April 2009, the period Shelley wishes to purchase, will be required to pay the employer-matching contributions which are 50% of the contributions plus interest.



John has a period of service from June 1997 to November 1998.

As it is **within 20 years from the end date of the period of service but not within 10 years**, John will be able to purchase that service but he will be responsible to pay 100% of the actuarial cost.

NEW deadline for retirement applications

It is very important that retirement applications be submitted to our office no later than the 15th of the month immediately preceding the month that the pension is going into pay. Please help us by advising your employees accordingly when they are in the process of retiring. Late applications cannot be processed in our system beyond the 15th of any month or the pension will miss pensioner payroll.





Enhancing pension services...

My Retirement Plan website

PSSP members can now access their pension information online!

We are currently in the process of launching a new website called My Retirement Plan, which will be available to *active PSSP members*.

My Retirement Plan offers secure access to personal pension information at the convenience of active PSSP members. Members can:

- View their Personal Annual Member Statement;
- Use the Pension Projection Tool to estimate how much their pension could be;
- View their personal data; and
- View helpful retirement and financial planning resources.

In July 2015, we began issuing personalized member letters with the first letter containing the member’s new identification code and the second containing their password.

We are contacting 2,500 PSSP plan members each month and expect to complete this phased rollout by January 2016.

The 2014-15 PSSP Annual Report was published in June.

You can view the 2014-15 PSSP Annual Report on our website at: www.novascotiapension.ca/publicserviceplan/publications/annualreports

Did you know?

The PSSP funded ratio as at March 31, 2015

106.5%

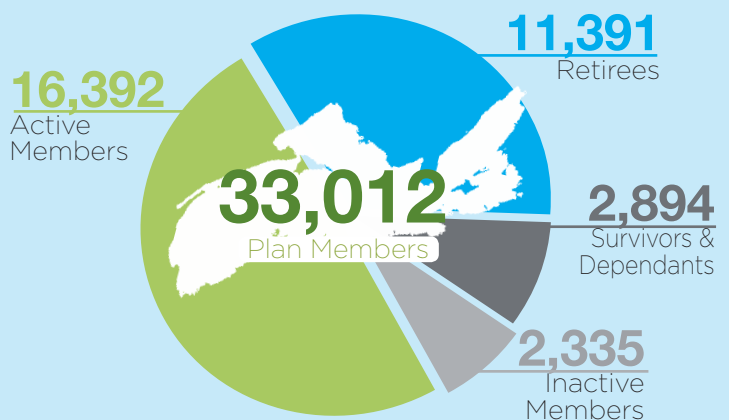
The PSSP reports its assets on a market value basis.

Membership Facts

47.8 Average age of an active member

69.7 Average age of a retired member

As at December 31, 2014, the PSSP had....



The 5-year PSSP funded-health review

The PSSPTI completed its first comprehensive review of the PSSP's long-term financial health.

The PSSPTI is required to conduct a long-term funded-health review every 5 years in accordance with provisions in the *Public Service Superannuation Act*.

The purpose of the review is to determine the PSSP's capacity to afford annual cost-of-living adjustments (COLA) for the next 5 years and to review the adequacy of contribution rates.

After prudent review and consideration, the PSSPTI made the following decisions during its review of the PSSP's funded health:

- **Allocated approximately \$125 million of the funding surplus to the strategic reserve,**
- **Approved a COLA set at 0.85 per cent per year (January 1, 2016 to December 31, 2020), and**
- **Confirmed no changes to Plan member and employer contribution rates will be made.**

You can learn more about the 5-year funded-health review on our website at: www.novascotiapension.ca/publicserviceplan/news/5yearpssphealthreview

Growing the PSSP membership...

The Acadia University Pension Plan transferred into the PSSP effective July 1, 2015.

The PSSPTI's guiding principle throughout this process has been that the transfer must be beneficial to the long-term sustainability of the PSSP and cost-neutral to the Plan and Plan members. Based on analysis, the Acadia University Pension Plan transfer has met these conditions.

There are approximately 4600 active PSSP members eligible to retire from the PSSP right now, with either a reduced or unreduced pension.

How does this benefit the PSSP?

A healthy pension plan needs to grow its active membership to promote long-term financial sustainability. Currently, the PSSP has a low ratio of working-to-retired members, which places greater risk on active members to cover any potential shortfalls.

The PSSP's aging demographic is a strategic and long-term financial risk. Increasing plan membership creates an opportunity for risk sharing. As a result, the PSSPTI has begun discussions with several public sector employers to join and grow the PSSP's membership.

We appreciate your feedback. If you have a comment or a suggested topic for this newsletter, please contact us at:

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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 Regulations 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 Regulations, 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.