



PSSP PENSION NEWS

A newsletter for Public Service Superannuation Plan Employers

2016-2017 Annual Report

On June 30, be sure to check out the 2016-2017 Public Service Superannuation Plan (PSSP or Plan) Annual Report. The Annual Report provides PSSP members with information on the Plan's investment results and interesting statistics. The Report will be available online at: www.nspssp.ca

2016 Member Statements

Annual Member Statements will be mailed to PSSP members this spring. We urge each member to review their own statement carefully as it includes important information about their pension benefits as at December 31, 2016.

My Retirement Plan online

nspensions.hroffice.com
Remind PSSP members to log on to the "My Retirement Plan" website to:

- View their Member Statement
- Use the Pension Projection Tool to obtain an estimate; and
- View helpful retirement planning resources.

Part-time Employees

Are you accurately calculating pension contributions for part-time employees? Many employers are not aware that *the salary rate must be annualized* when calculating pension contributions for part-time employees.

Example: To calculate contributions for a Plan member who has a bi-weekly salary rate of \$2400 and a work percentage rate of 75 per cent:

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|---|--|
| 1. Annualize the salary rate: | $\$2400 \times 26 \text{ pays} = \$62,400$ |
| 2. Calculate contributions under the YMPE: | $\$55,300 \times 0.084 = \4645.20 |
| 3. Calculate contributions over the YMPE: | $\$62,400 - \$55,300 = \$7100 \times 0.109 = \773.90 |
| 4. Calculate total annual contributions: | $\$4645.20 + \$773.90 = \$5419.10$ |
| 5. Reduce contributions by work percentage: | $\$5419.10 \times 0.75 = \4064.33 |
| 6. Bi-weekly contribution owing: | $\$4064.33 / 26 \text{ pays} = \156.32 |

Reminder!

To participate in the Plan, part-time employees must be continuously employed in an eligible position and work a minimum of 40 per cent unless a higher threshold is specified in a collective agreement. When a part-time employee meets the requirement to be in the Plan, they remain in the Plan even if their hours of work decrease to less than 40 per cent, as long as their employment is continuous. Hours worked over 100 per cent are not pensionable.

The 2017 PSSP Review

The Public Service Superannuation Plan Trustee Inc. (PSSPTI) has now received the 2017 PSSP Review Report (Report) from the Independent Reviewer. You will find information about the Report, along with a summary of its recommendations, on our website at: www.nspssp.ca

The next phase of the 2017 PSSP Review is for PSSPTI to consider the findings and recommendations of the Independent Reviewer, and to commission further actuarial studies as appropriate. This next phase of work is substantial, and anticipated to take 12-18 months. PSSPTI anticipates releasing the full Report once its assessment of it is completed and it has formulated a plan to properly address the Report's recommendations.

The *Public Service Superannuation Act* requires PSSPTI to conduct this comprehensive review of the PSSP every 5 years and that it must be completed by an independent expert reviewer.

Retirement Application Packages are now online!

Retirement application packages are now available on the PSSP website at the following link:

www.nspssp.ca/publicservice/members/your-retirement/your-retirement-picture/retirement-application-package

Did you know?

The difference between a full pension, an unreduced pension, and a reduced pension:

When a Plan member retires, their pension benefit is calculated using a pre-determined formula that considers their highest average salary and years of pensionable service. This formula also determines if they will receive a full pension, an unreduced pension, or a reduced pension. The following explains the difference between each one:

- **A 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 after this is not considered in the pension formula. Salaries beyond 35 years of service will be included in the pension calculation.
- **An unreduced pension** means their pension benefit will be the full amount calculated using the pension benefit formula, with no early retirement reductions applied. To be eligible to retire with an unreduced pension, they must:
 - be 60 years of age with a minimum of 2 years of service, or
 - meet the rule of 85 (rule of 80 if you were hired prior to April 6, 2010)
- **A reduced pension** is payable at age 55, with a minimum of 2 years of service. If they take a reduced pension, their pension will be reduced by 0.5% per month, for each month prior to them qualifying for an unreduced pension.

Information about Retroactive Salary Increases for employees currently on LTD or returning to work

The Plan Regulations state pension contributions for employees on Long Term Disability (LTD) should be based upon the 'current rate' of the position held immediately prior to starting LTD.

Whenever there is a retroactive salary increase, pension contributions should also increase. This ensures the pension amount received at retirement is the same as if the employee had continued to work during the disability period.

If salary increases are retroactive to the period of LTD, and the employee:

- Is on LTD, pension contributions should also increase. Notify your LTD provider of the new rates so that the pension contributions can be increased.
- Has returned to work, pension contributions for the higher salaries must be collected by the Employer for the period of disability and salary rates provided to Pension Services Corp.
- Has retired, rates should be provided to Pension Services Corp. in order to contact the employee to collect pension contributions and recalculate their pension benefit.

NOTE:

Employees may be entitled to a recalculation of their LTD benefit even if they have returned to work or retired, if a retroactive salary affects their pre-LTD salary rate. In this case, your LTD provider should be notified of the higher salaries to determine if a recalculation is required and pension contributions will be collected.

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

Nova Scotia Pension Services Corporation

1949 Upper Water St., Suite 400

Purdy's Landing

Halifax, N.S. B3J 2P8

PO Box 371, Halifax, N.S. B3J 2P8

Email: Employer enquiries - PSGPDData@nspension.ca

Member enquiries - pensionsinfo@nspension.ca

www.novascotiapension.ca

P: 1-902-424-5070 (Halifax)

P: 1-800-774-5070 (toll free)

Hours: 8 am to 5 pm (Mon. to Fri.)



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.