Provident10

REST ASSURED

The Public Service Pension Plan

Employee Booklet

Provident10
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Preface

The purpose of this booklet is to familiarize plan members with the key aspects of the Public Service Pension Plan. We trust that this booklet will be a very useful resource for plan members desiring to know more about your plan. However, we must always bear in mind that pension plans are subject to change. Therefore, due to the ongoing evolution of the Public Service Pension Plan, certain information contained in this booklet could, at some point, become outdated and/or invalid. We strongly recommend that plan members not make decisions, concerning their retirement, solely on the information contained in this booklet, but rather contact their employer's Human Resource Department and/or Provident^{10}.

Should there be a discrepancy between this booklet and the *Public Service Pensions Act, 1991* (Act), the Act will prevail. Copies of the Act are available from the Office of the Queen's Printer, a division of Service NL, and can be accessed online at the listing of consolidated statutes and regulations found on the Newfoundland and Labrador House of Assembly website.

An Introduction to the Public Service Pension Plan

Welcome to the Plan

We are pleased to introduce you to the Public Service Pension Plan (PSPP or Plan) and the benefits it provides. As a plan member, you should become acquainted with the provisions of the Plan when you become a plan member and periodically throughout your career or during life changing events. Decisions and events throughout your working career can have a significant impact on the level of comfort in your retirement years and your pension.

This booklet provides you with an overview of the features of the Plan and the implications for your pension should you, for example, move to another employer, take a leave of absence, become disabled, leave your job, or retire.

Detailed information about all pension-related events can be obtained from your employer, and/or Provident10, the Plan Administrator.

For a glossary of terms to help you fully understand this booklet, please see Appendix A.

A Brief Description

The PSPP was established on April 1, 1967, by the *Public Service Pensions Act*. Amendments to the legislation have been made over the years, including the introduction of the replacement Act in 1991. The primary objective of the PSPP is to help plan members prepare for retirement. Under the Plan, pensions are calculated based on a percentage of your years of pensionable service and earnings.

As of December 31, 2015, there were approximately 27,700 active members in the Plan, including employees of Crown corporations, healthcare organizations, school boards and a variety of other organizations affiliated with the Government of Newfoundland and Labrador (Government). In addition, there were approximately 19,200 pensioners and 8,500 inactive members in the Plan as of December 31, 2015.

Employee and employer contributions are directed to the PSPP Fund. The contributions are invested in capital markets and private markets, used to provide benefit payments. Plan assets are managed by a group of professional external investment managers, selected and overseen by the Provident10 Investment Team and Board of Directors.

Public Service Pension Plan Reform

Overview

On September 2, 2014, Government and the five largest unions - the Association of Allied Health Professionals (AAHP), the Canadian Union of Public Employees (CUPE), the International Brotherhood of Electrical Workers (IBEW), the Newfoundland and Labrador Association of Public and Private Employees (NAPE) and the Registered Nurses Union Newfoundland and Labrador (RNUNL) - representing employees of the PSPP, announced an agreement to reform the PSPP and ensure the long-term sustainability of the Plan. This agreement included changes to benefits, contributions, and a commitment to introduce a jointly trusteed governance structure.

Subsequent to the Public Service Pension Plan Reform Agreement (Reform Agreement), a Joint Sponsorship Agreement was signed between Government and the major unions.

Joint Sponsorship Agreement

The purpose of the Joint Sponsorship Agreement is to establish the principles of the joint trusteeship as provided in the September 2, 2014, Reform Agreement. The Funding Policy and Trustee Corporation Framework attached as schedules to the agreement provide for:

- Two Plan sponsors, Government and plan members (the Sponsors) who, by their common agreement, will be responsible for future Plan design changes;
- There will be a Sponsor Body consisting of four to six Government representatives, four to six union representatives, one non-union employee representative and one retiree representative appointed by the Newfoundland and Labrador Public Sector Pensioners Association;
- Equal sharing by the Sponsors of future actuarial surpluses and deficits; and
- Creation of an independent corporation known as the Public Service Pension Plan Corporation, or PSPP Corporation, which will be a statutory corporation without share capital and which is not a Crown agent, to administer the Plan and manage the investment of the PSPP Fund. The PSPP Corporation is now officially known as Provident10.

What changed effective January 1, 2015?

The main changes to Plan provisions outlined in the Reform Agreement include the following:

- Matching contribution increases of 2.15 per cent of pensionable salary for all plan members and an additional 1.1 per cent for the portion of pensionable salary above the year's maximum pensionable earnings (YMPE), an amount defined annually by the Canada Pension Plan (CPP). In 2017, the YMPE is $55,300;
- For future service starting January 1, 2015, pensions will be calculated using the highest six-year average pensionable salary. For members with service earned prior to January 1, 2015, the pension for those years of service will be calculated using the greater of the frozen highest five-year average pensionable salary prior to January 1, 2015, or the highest six-year average pensionable salary;
- Early retirement with an unreduced pension at age 60 with a minimum of 10 years of service or age 58 with a minimum 30 years of service;
- Early retirement with a reduced pension at age 55 with a minimum of five years of service, age 53 with a minimum of 30 years of service, or age 58 with age plus years of service equal to at least 88.
- Employees who will meet the early retirement provisions that existed prior to January 1, 2015, by December 31, 2019, or who have at least 30 years of service by December 31, 2019, will be grandparented under the early retirement rules that existed prior to January 1, 2015;
- Post-retirement indexing on service earned after January 1, 2015, is suspended.

Eligibility for Membership

Who is eligible to join?

The PSPP covers all full-time employees of Government and other participating employers. Please refer to Appendix B for a list of participating employers.

Must I join the Plan?

If you are employed on a full-time basis (including full-time seasonal workers) with a participating employer you must join the Plan.

When may I join the Plan?

You will generally join the Plan on the date that you are hired on a full-time basis. Specific circumstances include:

- All eligible full-time employees must join the Plan from the date of employment.
- Temporary employees, whose employment period will involve four calendar months of continuous service, must join the Plan on the date of hire. Temporary employees, initially hired for a period less than four months must join the Plan immediately upon the employer's determination that the employment period will extend in to the fourth calendar month.
- Seasonal (full-time) workers must join the Plan from the date of employment.
- Employees who at one time had an option whether to join the Plan and, elected not to do so, may enroll at any time and, have the option of purchasing all eligible prior service.

What constitutes ineligibility?

If you are employed in any of the following categories you do not qualify for membership in the Plan.

- Part-time employee
- Employee of Commission or Inquiry
- Temporary employee hired for a period that does not involve four calendar months of continuous employment
- Student (includes nursing and medical student)
- Contractual employee (unless the employment contract specifies that the employee must participate in the Plan)
- Casual employee

Contributions

How much do I contribute to the Plan?

As a member of the Plan you are required to make contributions toward the funding of your pension benefits. These contributions are tax deductible. The PSPP is integrated with the CPP in respect of both pensions and contributions. Therefore, your contribution rate to the PSPP on pensionable salary covered by the CPP, is less than the rate on pensionable salary which exceeds the CPP ceiling.

Effective January 1, 2015, plan members make the following contributions:

- 10.75% of pensionable salary up to the year's basic exemption (YBE) as defined under the CPP. The YBE is a portion of salary upon which no CPP contributions are required. Please note, however, that the YBE is included in salary for calculating CPP benefits.
- 8.95% of pensionable salary in excess of the YBE up to and including the YMPE. The YMPE is the ceiling on which CPP benefits are based. It changes annually and is set at the beginning of each year.
- 11.85% of pensionable salary in excess of the YMPE.

Contribution formula:	
Assume YBE is:	$3,500
Assume the YMPE is:	$55,300

Assuming pensionable salary is $60,000, pension contributions will be:	
10.75% x 3,500	$376.25
8.95% x 51,800	$4,636.10
11.85% x 4,700	$556.95
Total pension contribution	$5,569.30

Assuming pensionable salary is $40,000, pension contributions will be:	
10.75% x 3,500	$376.25
8.95% x 36,500	$3,266.75
Total pension contribution	$3,643.00

What constitutes pensionable salary?

Contributory or pensionable salary would be any 'normal remuneration' paid by an employer for the normal working period of the employee. Types of salary include regular earnings, retroactive pay, and earnings while on a temporary assignment. Salary that is not pensionable includes overtime pay, bonuses, and payments made on a fee basis. For further information please contact your Human Resources Department or Provident^{10}.

How much does my employer contribute?

Employers and employees share the overall cost of benefits earned under the PSPP. Thus, the employer's contribution is equal to the contribution of its employees.

It should be noted that there was a three-year period from April 1, 1993, to March 31, 1996, during which the contributions made by certain employers were reduced. Please refer to the pension calculation examples section of this document to see the impact that this has on pension benefits. To identify the years during which your employer's contributions may have been reduced, please contact your Human Resources Department and/or Provident^{10}.

May I make additional voluntary contributions to the PSPP?

No. There is no provision in the PSPP to allow individuals to contribute additional funds to the Plan. Employees who wish to maximize their tax-sheltered retirement arrangements may do so by contributing to a Registered Retirement Savings Plan.

Purchase of Prior Service

Can I purchase past service?

Yes. Under the PSPP you may purchase prior service provided the service is pensionable, as defined by the Act, and if you are an employee as defined by the Act when electing to purchase. Examples of past service include:

- Worked service for which contributions were paid and subsequently refunded;
- Worked service with an employer under any other plan, with whom the PSPP has a portability agreement, and where contributions were refunded;
- Worked service with an employer under any other plan, with whom the PSPP has a portability agreement, and where contributions were not paid but the service would be recognized under the former plan today;
- Prior full-time contractual service;
- Authorized leaves of absence (an application to purchase unpaid leave must be received by Provident10 within 90 days of returning from the leave in order for the cost to be based on the member contributions that would have been paid had the leave not occurred. If the application is received after 90 days, the cost is based on actuarial values and could be significantly greater.)

There are other periods of service which may be purchased. Please note that most purchase costs are calculated using actuarial values. A significant factor in determining an actuarial value is whether the purchase will enable you to retire earlier (i.e., the cost recognizes that if a plan member retires earlier, the benefit will be paid out for a longer period). Other factors in determining cost are the age of the plan member and interest rates. For further information on the purchase of prior service, including payment arrangements, please contact your Human Resources Department. **All requests to purchase prior service must come to Provident10 via your employer. Requests will not be accepted directly from plan members.**

Please note that if you have an outstanding balance remaining on a purchase of service contract at the date that you leave the Plan, your benefits cannot be processed until the outstanding balance is paid in full. If you do not wish to pay the outstanding balance, the amount of service that has been credited must be re-determined based on the amounts paid. Both the pension amount and the date that you are eligible to receive a pension will be re-calculated based on the reduced amount of service. Please contact Provident10 to discuss this matter.

Eligibility for Pension Benefit

How do I qualify for a pension at retirement?

You must have a minimum of five years of pensionable service. This is the vesting period of the PSPP. Vesting refers to the right of an employee to a lifetime pension. This does not have to be five consecutive years, but rather a total of 60 months.

When can I retire?

The date at which you will be eligible to retire depends on many factors; your age, how much service you have credited in the Plan, and whether you were a member of the Plan on December 31, 2014, when the pension reform changes were introduced. There are also different provisions which will either allow you to retire on an unreduced basis, or to retire earlier subject to a reduction in your accrued pension.

Normal Retirement

The Plan's normal retirement age, being the age at which all vested members are eligible to retire with an unreduced pension, is 65.

Early Unreduced Retirement

The changes to the Plan's early unreduced retirement criteria that were made as a part of pension reform were introduced on a transitional basis. During the period up to and including December 31, 2019, you will be eligible to retire early with an unreduced pension if you meet either of the following criteria:

- You have reached age 60 with a minimum of five years of pensionable service or,
- You have reached age 55 with a minimum of 30 years of pensionable service

Further, if you were already a member of the Plan on December 31, 2014, and qualify to retire on an unreduced basis under either of these criteria prior to December 31, 2019, you will be eligible to retire on an unreduced basis at any point after that date if you decide to continue working and remain an active member of the Plan. In addition, if you attain 30 years of service during this period, you will be grandparented under this provision, and will be eligible to retire on an unreduced basis at age 55.

For members who join the Plan after December 31, 2014, or for members who are not grandparented or who do not qualify for early unreduced retirement during the transitional period, the early unreduced retirement criteria changed. In this case, you will be eligible to retire early with an unreduced pension if you meet either of the following criteria:

- You have reached age 60 with a minimum of 10 years of pensionable service or,
- You have reached age 58 with a minimum of 30 years of pensionable service

Early Reduced Retirement

There are several scenarios which allow you to retire early, with a reduction in your accrued pension. During the transitional period to December 31, 2019, you are eligible under the following criteria if you were a member of the Plan on December 31, 2014:

1) If you are between the ages of 50 and 55 with a minimum of 30 years of pensionable service, you can retire and receive an immediate pension that will be reduced by one-half per cent for each month you are less than age 55.
2) If you are between the ages of 55 and 60 with less than 30 years, and your age plus service totals a factor of at least 85, you can retire and receive an immediate pension that will be reduced by one-half per cent for each month you are less than age 60.

If you were enrolled in the Plan after December 31, 2014, or if you were a member of the Plan at December 31, 2014, and do not retire by December 31, 2019, the reduced early retirement criteria are as follows:

1) If you are between the ages of 53 and 58 with a minimum of 30 years pensionable service, you can retire and receive an immediate pension that will be reduced by one-half per cent for each month you are less than age 58.
2) If you are between the ages of 58 and 60 with less than 30 years, and your age plus service totals a factor of at least 88, you can retire and receive an immediate pension that will be reduced by one-half per cent for each month you are less than age 60.

In these situations, the unreduced pension is calculated first, and the reduction is applied to the calculated pension and not to the accrual. As an example, if you are retiring in the transitional period, have 30 years of service and are age 53 years and seven months, the reduction would be based on the number of months that you are less than age 55, and is determined as follows:

- Months until age 55: 17 months
- Reduction: 17 * 0.5% = 8.5%

Finally, all members are entitled to retire as early as age 55 if they are vested. If you do not satisfy any of the above criteria, your immediate pension in this case will be actuarially reduced.

How is the amount of my benefit calculated?

The formula for calculating your pension is as follows:

> 2% of your highest average salary (HAS), defined below, multiplied by your years and months of credited pensionable service

It is important to note that during the years from April 1, 1993, to March 31, 1996, the 2% accrual rate was lower due to a reduction in employer contribution rates. The impact of the reduction is shown in the examples of pension calculations that follow.

As noted earlier, the Plan is integrated with the CPP. Therefore, a portion of your pension will stop on the first of the month following your 65^{th} birthday (the offset). The reduction is 0.6% for each year of service (to a maximum of 35 years) of the lesser of your HAS and the YMPE average for the 36 months immediately preceding the month of retirement.

Highest Average Salary

The salary used in the pension benefit formula is based on your HAS. A different HAS is used in respect of service credited before and after December 31, 2014, as follows:

- In respect of service credited prior to January 1, 2015, the HAS is the greater of:
  - The HAS during any five 12-month periods before December 31, 2014, or,
  - The HAS during any six 12-month periods
- In respect of service credited after December 31, 2014, the HAS is the highest average salary during any six 12-month periods.

How is my highest average salary determined?

This depends on whether you were employed on a seasonal or year-round basis and whether you had service prior to January 1, 2015.

Year-round with pre-January 2015, service:	For pensionable service prior to January 1, 2015, the HAS is the greater of: 1) the average of the highest five years of salary to December 31, 2014; and 2) the average of the six continuous 12-month periods providing the highest average up to the date of retirement. For pensionable service after December 31, 2014, the average of the six continuous 12-month periods providing the highest average up to the date of retirement serves as the HAS. This is shown as "Calculation two" in the tables below.

Calculation one of HAS

Highest five-year average salary to December 31, 2014

Assume you were retiring June 30, 2017. Pensionable salary for the six calendar years up to December 31, 2014, were as follows.

1.	January	2014	to	December	2014	$ 58,000
2.	January	2013	to	December	2013	$ 57,500
3.	January	2012	to	December	2012	$ 59,000
4.	January	2011	to	December	2011	$ 59,500
5.	January	2010	to	December	2010	$ 58,500
6.	January	2009	to	December	2009	$ 56,000

The highest 5-year average to December 31, 2014, would be the total of 1, 2, 3, 4, and 5 divided by a factor of 5 as follows:

$292,500 ÷ 5 = $58,500

Calculation two of HAS Highest six-year average salary at June 30, 2017						
Assume you were retiring June 30, 2017. Pensionable salary for the last eight periods of July to June were as follows.						
1.	July	2016	to	June	2017	$ 60,000
2.	July	2015	to	June	2016	$ 59,500
3.	July	2014	to	June	2015	$ 58,000
4.	July	2013	to	June	2014	$ 57,500
5.	July	2012	to	June	2013	$ 59,000
6.	July	2011	to	June	2012	$ 59,500
7.	July	2010	to	June	2011	$ 58,500
8.	July	2009	to	June	2010	$ 56,000

The highest 6-year average would be the total of years 1,2,3,5,6, and 7 divided by a factor of 6 as follows:

$354,500 ÷ 6 = $59,083

HAS is: $59,083

Seasonal: For pensionable service prior to January 1, 2015, the HAS is the greater of:

1) the sum of pensionable salary during the five-year period from January 1, 2010, to December 31, 2014, divided by the number of actual months worked and multiplied by 12; and
2) the sum of pensionable salary in the six-year period up to the date of retirement, divided by the number of actual months worked and multiplied by 12.

For pensionable service after December 31, 2014, the HAS is the sum of pensionable salary in the six-year period up to the date of retirement, divided by the number of actual months worked and multiplied by 12. This is shown as "Calculation two" in the tables below.

Calculation one of HAS Highest five-year average salary to December 31, 2014
Assume you were retiring June 30, 2017. The averaging period is the five-year period from January 1, 2010, to December 31, 2014. You were employed on a seasonal basis September to April of each year. Pensionable earnings for the last 60 calendar months to December 31, 2014, were as follows.

1.	September	2014	to	December	2014	$ 20,000
2.	September	2013	to	April	2014	$ 38,000
3.	September	2012	to	April	2013	$ 37,000
4.	September	2011	to	April	2012	$ 36,000
5.	September	2010	to	April	2011	$ 35,000
6.	January	2010	to	April	2010	$ 16,000

The best 5-year average is calculated as:

$182,000 ÷ 40 X 12 = $54,600

Calculation two of HAS Highest six-year average salary at June 30, 2017
The averaging period is the six-year period immediately prior to June 30, 2017. You were employed on a seasonal basis September to April of each year. Pensionable earnings for the last 72 calendar months were as follows.

1.	September	2016	to	April	2017	$ 42,000
2.	September	2015	to	April	2016	$ 41,000
3.	September	2014	to	April	2015	$ 40,000
4.	September	2013	to	April	2014	$ 38,000
5.	September	2012	to	April	2013	$ 37,000
6.	September	2011	to	April	2012	$ 36,000

The best 6-year average is calculated as:

$ 234,000 ÷ 48 X 12 = $58,500

HAS is: $58,500

Can you provide examples of how my pension is calculated?

Following are some examples of how your pension is calculated. Note that the accrual rate for the period April 1, 1993, to March 31, 1996, was decreased because of a reduction in contributions made by most employers. Certain employers were exempt for some or all years. Also, some plan members paid the difference in the employer contribution to maintain the 2% accrual rate. The following examples assume the reduced accrual rate applies.

Normal Retirement

- Age 65 with a minimum of five years pensionable service:

Example one: normal retirement (age 65)			
Assume you are retiring at age 65. Your HAS is $50,000, the average YMPE is $54,600 and you have been credited with 38 years of pensionable service.			
Pension:		50,000 x 2.0% x 35 years	$ 35,000
	(Apr/93 – Mar/94)	50,000 x 1.1% x 1 year	$ 550
	(Apr/94 – Mar/96)	50,000 x 1.8% x 2 years	$ 1,800
		Pension before CPP integration	$ 37,350
Offset (CPP integration) – Maximum 35 Years:		0.6% x **35** x 50,000	$ 10,500
Lifetime annual (PSPP) pension:			$ 26,850
Assume you are retiring at age 65. Your HAS is $60,000, the average YMPE is $54,600 and you have been credited with 35 years of pensionable service.			
Pension:		60,000 x 2.0% x 32 years	$ 38,400
	(Apr/93 – Mar/94)	60,000 x 1.1% x 1 year	$ 660
	(Apr/94 – Mar/96)	60,000 x 1.8% x 2 years	$ 2,160
		Pension before CPP integration	$ 41,220
Offset (CPP integration):		0.6% x 35 x 54,600	$ 11,466
Lifetime annual (PSPP) pension:			$ 29,754

Early Unreduced Retirement

- Age 60 with a minimum of 10 years pensionable service; or
- Age 60 with a minimum of five years pensionable service if you were a member of the Plan on December 31, 2014, and meet this condition before December 31, 2019:

Example two: early unreduced retirement (age 60)			
Assume you are retiring at age 60. Your HAS is $50,000, the average YMPE is $54,600 and you have been credited with 20 years of pensionable service.			
Pension:		50,000 x 2.0% x 17 years	$ 17,000
	(Apr/93 – Mar/94)	50,000 x 1.1% x 1 year	$ 550
	(Apr/94 – Mar/96)	50,000 x 1.8% x 2 years	$ 1,800
		Pension until age 65 (before CPP integration)	$ 19,350
At age 65, when you are eligible to start receiving unreduced CPP benefits, your PSPP pension will be reduced as follows:			
Offset (CPP integration):		0.6% x 20 x 50,000	$ 6,000
Lifetime annual (PSPP) pension (age 65):			$ 13,350

Early Unreduced Retirement

- Age 58 with a minimum of 30 years pensionable service; or
- Age 55 with a minimum of 30 years pensionable service, if you were a member of the Plan on December 31, 2014, and meet this condition before December 31, 2019:

Example three: early unreduced retirement (with 30 years of service)			
Assume you are retiring at age 58. Your HAS is $50,000, the average YMPE is $54,600 and you have been credited with 33 years of pensionable service.			
Pension:		50,000 x 2.0% x 30 years	$ 30,000
	(Apr/93 – Mar/94)	50,000 x 1.1% x 1 year	$ 550
	(Apr/94 – Mar/96)	50,000 x 1.8% x 2 years	$ 1,800
		Pension until age 65 (before CPP integration)	$ 32,350
At age 65, when you are eligible to start receiving unreduced CPP benefits, your PSPP pension will be reduced as follows:			
Offset (CPP integration):		0.6% x 33 x 50,000	$ 9,900
Lifetime annual (PSPP) pension (age 65):			$ 22,450

Reduced Early Retirement

- Between ages 53 and 58 with a minimum of 30 years pensionable service (amount of entitlement is reduced by 0.5% for each month the member is less that age 58); or
- Between ages 50 and 55 with a minimum of 30 years pensionable service (amount of entitlement is reduced by 0.5% for each month member is less than age 55), if you were a member of the Plan on December 31, 2014, and meet this condition before December 31, 2019:

Example four: reduced early retirement (with 30 years of service) Retiring prior to January 1, 2020		
Assume you are retiring at age 52 on December 31, 2019, and you have opted to start receiving your PSPP pension benefit immediately. Your HAS is $50,000, the average YMPE is $54,600 and you have been credited with 33 years of pensionable service.		
Early retirement reduction:	36 months x 0.5%	18%
Pension before CPP integration (as calculated in example three):		$ 32,350
Less early retirement reduction:	32,350 x 18%	$ 5,823
Pension payable at age 52:		$ 26,527
At age 65, when you are eligible to start receiving unreduced CPP benefits, your PSPP pension will be reduced as follows:		
Offset (CPP integration) including Early retirement reduction:	9,900 x (100% - 18%)	$ 8,118
Lifetime annual (PSPP) pension (age 65):		$ 18,409

Reduced Early Retirement

- Between ages 58 and 60 when age plus service totals a factor of 88 (amount of entitlement is reduced by 0.5% for each month the member is less than age 60); or
- Between ages 55 and 60 when age plus service totals a factor of 85 (amount of entitlement is reduced by 0.5% for each month the member is less that age 60) if you were a member of the Plan on December 31, 2014, and meet this condition before December 31, 2019:

Example five: reduced early retirement (rule of 85/88) Retiring after December 31, 2019			
Assume you are retiring at age 59 on January 31, 2020, and you have opted to start receiving your PSPP pension benefit immediately. Your HAS is $50,000, the average YMPE is $54,600 and you have been credited with 29 years of pensionable service.			
Early retirement reduction:		12 months x 0.5%	6%
Pension:		50,000 x 2.0% x 26 years	$ 26,000
	(Apr/93 – Mar/94)	50,000 x 1.1% x 1 year	$ 550
	(Apr/94 – Mar/96)	50,000 x 1.8% x 2 years	$ 1,800
		Pension until age 65 (before CPP integration)	$ 28,350
Less early retirement reduction:		28,350 x 6%	$ 1,701
Pension payable at age 59:			$ 26,649
At age 65, when you are eligible to start receiving CPP benefits, your PSPP pension will be reduced as follows:			
Offset (CPP integration) including early retirement reduction:		0.6% x 29 x 50,000 x (100% - 6%)	$ 8,178
Lifetime annual (PSPP) pension (age 65):			$ 18,471

Will my pension increase in retirement?

Pension benefits that relate to pensionable service credited in the Plan on or before December 31, 2014, receive indexing in retirement. This portion of your pension will be increased every October 1st for retirees who have reached age 65. The annual increase is equal to 60% of the increase in general inflation in Canada (CPI), with a maximum possible annual increase of 1.2%.

Pension benefits that relate to pensionable service credited in the Plan on or after January 1, 2015, do not receive guaranteed indexing in retirement.

What should I do to prepare for retirement?

You should consult with your Human Resources Department and review your Annual Benefit Statement to ensure that you have been credited with all eligible pensionable service. This should be done several months in advance of your anticipated retirement date to allow for an investigation of any discrepancies. The application for pension should be forwarded by your employer at least two months before the date of retirement to facilitate a smooth transfer from the employer payroll to the pensioner payroll.

Please note that if you have an outstanding balance remaining on a purchase of service contract at the date that you leave the Plan, your benefits cannot be processed until the outstanding balance is paid in full. If you do not wish to pay the outstanding balance, the amount of service that has been credited must be re-determined based on the amounts paid. Both the pension amount and the date that you are eligible to receive a pension will be re-calculated based on the reduced amount of service. Please contact Provident10 to discuss this matter. Failure to do so will result in a delay in the processing of your pension application.

What documents are required?

The initial pension calculation is prepared by the employer and forwarded to Provident10 with the following:

- Termination form
- Birth certificate
- Birth certificate of principal beneficiary and/or child (required before survivor benefits can be paid)
- Social Insurance Number of principal beneficiary
- Calculation of entitlement
- Marriage certificate
- TD (1) form
- Direct deposit information

Principal beneficiary includes legally married spouse or cohabiting partner, and includes a same sex partner.

Disability Pension

Can I receive a pension benefit if I become disabled?

After exhausting all your sick leave credits (where applicable) you may qualify to receive a disability pension. The criteria for eligibility includes, but may not be limited to, the following:

- You must be an employee as defined by the Act;
- You must have accumulated a minimum of five years' pensionable service; and
- Your disability must be medically certified as likely to be permanent

The pension payable under medical disability is based upon the amount of pension earned to the date of retirement due to disability. Three things that distinguish this benefit from other retirement options are:

- You have a permanent disability that prohibits you from returning to work;
- The benefit is payable with effect from the expiration of sick leave; and
- There is no minimum age requirement

Note: Participation in a rehabilitation program is mandatory if recommended by the Plan's medical assessor.

Survivor Benefits

What if I die before retirement?

In the event of your death prior to retiring, the benefits that will be payable depends upon many factors, as described below.

If you die before you have been credited with at least five years of pensionable service, a refund of your contributions and interest will be paid to your estate.

If you die with at least five years of pensionable service, your principal beneficiary will have the following options:

i. a lifetime pension equal to 60% of the benefit earned to the date of death, or
ii. a lump sum payment of the greater of:
    a. 100% of the commuted value of your pension entitlement, calculated at the date of death;
    b. the commuted value of the 60% survivor benefit as determined at your date of death.

If your principal beneficiary elects to receive the 60% survivor pension, it is payable to your principal beneficiary for life and will commence on the first day of the month following the month of your death.

If you have no principal beneficiary at the date of death the commuted value of your pension entitlement will be paid to your estate.

What if my principal beneficiary dies leaving dependent children?

Upon the death of a principal beneficiary who is receiving the 60% survivor benefit, the benefit will continue to be paid to (or for the benefit of) surviving children:

i. until the youngest child attains age 18, or
ii. if a child is in full-time attendance at a recognized school or post-secondary institution, until the course of study is completed or the child reaches age 24, whichever occurs first.

What if I die after I retire?

Upon the death of a pensioner, the surviving principal beneficiary or, in the absence of a principal beneficiary, the dependent children will receive a survivor benefit equal to 60% of the pension.

In the case of a principal beneficiary the benefit is payable for life. For dependent children, the benefit is payable until the youngest child reaches age 18 or, if a child is in full-time attendance at a recognized school or post-secondary institution, until the course of study is completed or the child reaches age 24, whichever occurs first.

Please note that, if it hasn't been removed, the offset will be removed from the survivor pension when the Plan member would have reached age 65.

Are there any other provisions which protect my interests in the event of my death?

Yes. If you and/or your survivors should die before the total of benefits paid out is equal to your contributions plus interest, the difference between the amount of contributions with interest and the total benefits paid will be calculated and paid to your estate.

Termination of Employment

What if my employment terminates?

Non-Vested Member

A non-vested member is a person with less than five years pensionable service. If you terminate employment and are non-vested you will have the following options:

(i) receive a cash refund of your contributions and interest (less required withholding tax), or

(ii) transfer your (employee) contributions and interest to an individual RRSP, thus deferring tax implications, or

(iii) transfer your termination benefit directly from the PSPP to the pension plan of your new employer (provided your new employer's pension plan permits such transfers), or

(iv) leave your contributions in the PSPP. This would enable you to link your service accumulated to the date of termination, with future pensionable service should you be re-employed in a pensionable position under the PSPP.

Vested Member

If you have at least five years of pensionable service, you are a vested member. "Vested" means that you have earned the right to a lifetime pension (i.e., a deferred pension). The options of a vested member may vary according to age and service***. Please note that if you are eligible for an immediate unreduced pension, you do not have the option of a commuted value payment.*** **Furthermore, it is important that you read the entire section on "Vested Member" to be certain of the options available to you.** An election form, detailing your options, will be provided upon termination of employment.

Upon termination, you may elect one of the following options within 180 days of termination:

1. To transfer the commuted value of your pension entitlement to a locked-in retirement account (LIRA), or
2. To transfer your termination, benefit directly from the PSPP to the pension plan of your new employer (provided your new employer's pension plan permits such transfers), or
3. To leave your contributions in the PSPP and either:
    - receive a deferred pension payable from your earliest eligible retirement age or,
    - link the vested service with future service in the event that you are re-employed in a pensionable position under the PSPP.

Furthermore:

1. If you have less than 10 years of pensionable service and have not been continuously employed for 10 years, and are not yet age 45, you may elect within 180 days after termination to receive:
   - A return of your pre-1997 (employee) contributions plus interest; and
   - A transfer of the commuted value of your pension entitlement representing pensionable service performed after December 31, 1996, to a LIRA.
2. If you have accumulated 10 years of pensionable service or you have been continuously employed for 10 years, and you are at least age 45, you may elect within 180 days after termination to receive:
   - A return of your pre-1987 (employee) contributions plus interest; and
   - A transfer of the commuted value of your pension entitlement representing pensionable service after December 31, 1986, to a LIRA.

Note: The commuted value will not be less than the value of the employee contributions and interest. Plan members who do not elect an option within 180 days after termination are deemed to have elected a deferred pension.

If you choose to remove your termination benefits from the Plan there may be other benefits that are impacted or forfeited. Please contact your Human Resources Department regarding the impact this decision may have on other employer benefits.

Transferring Pension Credits to Other Pension Plans

There are vehicles that allow pension credits accumulated under a previous pension plan to be transferred to your current pension plan, provided that the pension contributions with the previous plan have not been refunded. These vehicles are the *Portability of Pensions Act* and reciprocal agreements.

What if I change pension plans within the Public Sector?

The *Portability of Pensions Act*, provides for the transfer of service between the following plans, in situations where the contributions paid under the former plan have not been refunded:

- The Public Service Pension Plan
- The Uniformed Services Pensions Act, 1991
- The Teachers' Pension Act
- The Memorial University Pensions Act
- The Members of the House of Assembly Pensions Act

You must complete a Portability of Pension Election form to initiate the transfer process. Upon receiving this form, Provident[10] will calculate the cost of transferring the service. The amount required by the importing plan would be the actuarial cost of benefits calculated at the date of the election of the transfer in accordance with the terms and conditions of that plan based on the credited service in the exporting plan. The amount available for transfer from the exporting plan would be the greater of the actuarial cost of benefits based on the service credited in the exporting plan as of the termination date or the value of the termination benefit payable by the plan. If the amount available for transfer is less than the amount required you will have the option of paying the difference or, being credited with a lesser amount of service.

What if I become a member of a pension plan outside the Public Sector?

If you become a member of a pension plan with a reciprocal agreement with the PSPP, provided you meet the criteria for transfer, you have the option of transferring your pension credits to the new plan. The main criteria for eligibility for transfer are that you did not receive a refund of contributions and you are not in receipt of any form of pension benefit from the former plan. Plan members should be aware of the possibility that due to plan differences or differences in calculation assumptions a lesser amount of service may be credited under an importing plan.

Currently the PSPP has reciprocal agreements with a number of pension plans. Please see Appendix C for a list of plans with a reciprocal agreement with the PSPP.

Marriage Breakdown

What if I divorce?

Pension benefits acquired during the marital period are considered as matrimonial property and, consequently, may be subject to division upon marriage breakdown. A division of pension benefits is not automatic and will occur only as directed by a court order or separation agreement. Ending a spousal relationship can be life-changing and choosing whether to divide your pension assets is an important decision. To begin this decision-making process, you may be required to obtain a valuation of your pension benefit. We can provide the information you need to make an informed decision, but cannot provide you with legal or financial advice. Please consult a family law lawyer before making any decisions regarding your pension.

For more information regarding the division of your pension benefit upon marriage breakdown please contact a Provident10 Pension Analyst at 1-800-701-3355 or by email at pensions@provident10.com.

Canada Revenue Agency and the PSPP

Are my contributions tax-deductible?

The **regular** contributions you make to the PSPP are tax sheltered. When you complete your income tax return you may claim your PSPP contributions as a deduction from your income. Within certain limits, your contributions to purchase **prior service** may also be tax deductible.

How do my pension contributions affect contributions to my RRSP?

Under the current tax system contributions to the Plan do not directly affect contributions to RRSPs. It is the value of the pension entitlement earned in the tax year that will be used by Canada Revenue Agency to determine how much you can contribute to your RRSP in respect of the next tax year. The value of pension earned in the year is reported on your T4, in Box 52, and is called the pension adjustment (PA). Canada Revenue Agency will notify you, in writing, of the RRSP contribution room that you have for the tax year. The amount that you can contribute to your RRSP in a given year is 18% of the previous year's earned income (to an annual dollar maximum) minus the PA for the previous year.

If upon termination your benefit is less than your total PA for years since 1989, Provident10 will calculate a pension adjustment reversal (PAR). This will reinstate RRSP contribution room for the years after 1989.

Other questions frequently asked by Pension Plan Participants

Can I stop contributing to the PSPP?

No. If you meet the definition of employee as defined by the *Public Service Pensions Act*, you must contribute.

What rate of interest is earned on my contributions to the PSPP?

From 2000 on, interest will be paid in accordance with the *Pension Benefits Act, 1997* and regulations. This rate is based on Bank of Canada five-year fixed term, term deposit rates.

What if I change to part-time employment?

A member whose employment status changes to part-time is no longer eligible to participate in the PSPP. It should be noted that, under Section 40(5) of the *Pension Benefits Act, 1997* a refund of contributions is not permitted. A part-time employee is required to participate in the Government Money Purchase Pension Plan (GMPP), provided that the employer is participating in the GMPP. Furthermore, there is a reciprocal arrangement whereby credits may be transferred between the GMPP and the PSPP.

Are there information seminars for plan members?

Yes. Provident10 will participate in information seminars as requested by the employer.

Are plan members provided with benefit statements?

Benefit Statements are prepared on an annual basis and distributed to Plan members.

Can group insurance coverage continue after I retire?

Please contact your Human Resources Department for details concerning eligibility for post-retirement insurance coverage.

Appendix A – Glossary of Commonly Used Pension Terms

Actuarial cost or value – is the cost of service to be credited as determined at the date of the election of a transfer between plans and is calculated with reference to the assumptions from the most recent actuarial valuation for funding purposes.

Actuarially reduced – an actuarial reduction on early retirement means a reduction in your pension to reflect the fact that you are taking your pension early — it accounts for the cost of your pension being paid over a longer period of time. The actuarial adjustment in your own pension will depend on your specific circumstances, such as your age and your spouse's age when you retire, your gender, life expectancy, the option you choose, etc.

Actuary - Actuaries are business professionals who apply their knowledge of mathematics, probability, statistics, and risk theory, to real-life financial problems involving future uncertainty. These uncertainties are usually associated with life insurance, property and casualty insurance, annuities, pension or other employee benefit plans, or providing evidence, in courts of law, on the value of lost future earnings.

Canada pension integration - the adjustment of your pension to reflect your lower contribution rate up to the YMPE for the period of time you contributed to the PSPP.

Cohabiting partner - means either:

a) in relation to a member, pensioner, or deferred pensioner who has a spouse, a person who is not the spouse of such member, pensioner or deferred pensioner who has cohabited continuously with the member, pensioner or deferred pensioner in a conjugal relationship for not less than three years, or
b) in relation to a member, pensioner, or deferred pensioner who does not have a spouse, a person who has cohabited continuously with the member, pensioner or deferred pensioner, in a conjugal relationship for not less than one year,

and is cohabiting or has cohabited with the member, pensioner, or deferred pensioner within the preceding year.

Commuted value - The commuted value of a benefit refers to how much a benefit is worth today. Commuted values express the lump sum value of a promised benefit, usually from a defined benefit pension plan. The commuted value considers the benefits, interest, and mortality. In other words, it is the amount of money that would need to be invested today to pay the earned benefit (at date of calculation) with effect from the date that the benefit would have been paid under the pension plan.

***Deferred pension* -** a specified pension determined at the time of termination, which is payable when the plan member reaches the required age.

***Full-time employee* -** an employee who works the number of hours which constitute full-time employment as determined by a particular employer.

***Immediate pension* -** a pension payable the first of the month following the month in which a plan member retires. Disability pensions are payable with effect from the expiration of sick leave.

***Locked-in retirement account (LIRA)* -** has all the essential characteristics of an RRSP with the exception of a cash surrender provision. A LIRA cannot be surrendered for cash but must be used to purchase an annuity payable for life.

***Locked-in pension* -** a legislative requirement that vested benefits under the pension plan must be used to provide a lifetime retirement income and are not available as immediate cash.

Pension adjustment - the value of pension earned in a year. It is reported in Box 52 of your T4 and is used by Canada Revenue Agency to determine your RRSP contribution room for the tax year.

Pension adjustment reversal - a calculation done to reflect restored RRSP contribution room for the years for which pension contributions have been refunded.

***Pensionable salary* -** the portion of a plan member's total earnings upon which contributions are based and the pension benefit is calculated (e.g. regular earnings, excluding overtime).

Principal beneficiary – the spouse of an employee, pensioner, or deferred pensioner, or where the employee, pensioner, or deferred pensioner has a cohabiting partner, his or her cohabiting partner.

Spouse – is a person who:

a) is married to the member, pensioner, or deferred pensioner;
b) is married to the member, pensioner, or deferred pensioner by a marriage that is voidable and has not been voided by a judgment of nullity; or
c) has gone through a form of a marriage with the member, pensioner, or deferred pensioner, in good faith, that is void and is cohabiting or has cohabited with the member, pensioner, or deferred pensioner within the preceding year.

Vesting - refers to the earned right of a plan member to receive an immediate or deferred pension benefit funded by employer contributions. Under the PSPP, a plan member is considered vested upon accumulating five years of pensionable service.

Appendix B – Participating Employers

The following is a list of employers who participate in the PSPP, as may be amended from time to time by Provident[10]:

Employers	
Aramark Canada Ltd.	Association of Registered Nurses of Newfoundland and Labrador
Bay St. George Residential Support Board	Board of Commissioners of Public Utilities
C.A. Pippy Park Commission	Central West Health Corporation
Central Residential Services Board	Canada-Newfoundland and Labrador Offshore Petroleum Board
College of the North Atlantic	College for Licensed Practical Nurses of Newfoundland and Labrador
Conseil scolaire francophone provincial de Terre-Neuve-et Labrador	Department of Education - Student Assistants
Eastern Regional Health Authority	Eastern Residential Support Board
Government of Newfoundland and Labrador	Grace Sparkes Home
Heritage Foundation of Newfoundland and Labrador	Iris Kirby House
Labrador-Grenfell Regional Health Authority	Labrador Group Home
MMSB (Multi-Materials Stewardship Board)	Municipal Assessment Agency
Nain Group Home	Nalcor
Newfoundland and Labrador Association of Public and Private Employees	Newfoundland and Labrador Film Development Corporation
Newfoundland and Labrador Arts Council	Newfoundland and Labrador Liquor Corporation
Newfoundland and Labrador Centre for Health Information	Newfoundland and Labrador English School District
Newfoundland and Labrador Foster Families Association	Newfoundland and Labrador Housing Corporation
Newfoundland and Labrador Legal Aid Commission	Office of the Auditor General
Provident[10]	Provincial Advisory on the Status of Women
Provincial Information and Library Resources Board	Public Service Credit Union
Registered Nurses Union Newfoundland and Labrador	Waypoints
Western Health Corporation	Workplace NL

Appendix C – Reciprocal Agreements

Following is a list of entities or pension plans which have entered into a reciprocal transfer agreement with the Plan. Please note that the list of participants is updated periodically, with both additions and deletions, and is therefore subject to change.

Plans/Entities
Nova Scotia Public Service Superannuation Plan
New Brunswick Public Service Shared Risk Plan
Prince Edward Island Civil Service Superannuation Plan
Province of Québec, La Commission administrative des régimes de retraite et d'assurances
Manitoba Civil Service Superannuation Fund
Bell Canada
Alberta Local Authorities (LAPP)
Alberta Management Employees (MEPP)
Alberta Public Service Pension Plan
British Columbia College Pension Plan
British Columbia Municipal Pension Plan
British Columbia Public Service Pension Plan
British Columbia Teachers' Pension Plan
Canadian Pacific Hotels
Canadian Union of Public Employees (CUPE)
City of St. John's
Council of Atlantic Premiers
Lakehead University
Federal Public Service Pension Plan
Trio (Municipalities Newfoundland and Labrador)
Government Money Purchase Plan (GMPP)
Halifax Regional Municipality (HRM)
Ontario Public Service Employees Union Pension Plan
Ontario Public Service Pension Plan
Town of Gander
Workers' Compensation Board of British Columbia Superannuation Plan