Provident10
REST ASSURED

PUBLIC SERVICE PENSION PLAN

Plan Member Booklet

Revised June 2019

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1.0 Purpose

The purpose of this booklet is to introduce and familiarize members of the Public Service Pension Plan with key aspects and benefits of the Plan as they apply today. It explains various Plan features, including how to build your pension, retirement options available, survivor benefits, and so forth. Due to the ongoing evolution of the Public Service Pension Plan and the fact that pension plans are subject to change, certain information contained in this booklet could, at some point, become outdated and/or invalid. This summary is current as of October 1, 2018, and replaces all previous booklets.

In case of 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: www.assembly.nl.ca/legislation/sr/consolidation.

We strongly recommend that plan members not make decisions concerning their retirement solely on the information contained in this booklet, rather they contact their employer's Human Resource Department and/or Provident10, the Plan Administrator.

2.0 Introduction to the Public Service Pension Plan

2.1 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 its provisions upon enrollment, periodically throughout your career, and during life changing events. Decisions and events throughout your working career can have a significant impact on 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.

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

2.2 About the Plan

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 replacement Act in 1991. The primary objective of the PSPP is to provide a secure, lifetime retirement income to its members. Under the Plan, pensions are calculated based on a percentage of years of pensionable service and earnings.

The PSPP is the largest public-sector pension plan in Newfoundland and Labrador with over 55,000 plan members. This includes active members who are employed by a participating employer, pensioners, and inactive members. PSPP participating employers include Crown corporations, healthcare organizations, school boards and a variety of other organizations affiliated with the Government of Newfoundland and Labrador (Government).

Plan members and participating employers contribute equally to the Plan. These contributions are collectively invested and managed by external investment professionals to generate investment income to support the Plan's benefits.

3.0 Public Service Pension Plan Reform

3.1 Pension Reform and Joint Sponsorship Agreement

On September 2, 2014, Government and the five unions representing employees of the PSPP, signed the PSPP Pension Reform Agreement. These unions include 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). The purpose of the reform agreement was to ensure the long-term sustainability of the Plan and included changes to benefits, contributions, and a commitment to introduce a jointly-trusteed governance structure.

On December 10, 2014, a Joint Sponsorship Agreement (JSA) was signed by Government and the five unions. This agreement stipulates that future deficits and surpluses of the Plan would be shared equally by the sponsors and established the principles of joint trusteeship, the Funding Policy, and the Trustee Corporation Framework. Provident10 is the Trustee Corporation. The JSA sets out the responsibilities and duties of the Sponsor Body and the Board of Directors as described below.

3.2 Sponsor Body and Board of Directors

A. Sponsor Body

The Sponsor Body consists 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, and is responsible for:

- making amendments to the Plan design;
- directing the level of risk that is appropriate for the Plan's asset mix;
- deciding the frequency of actuarial valuations and amending the actuarial assumptions and methodology for the Plan; and
- implementing the Funding Policy as identified in the JSA.

B. Board of Directors

The Provident10 Board of Directors consists of six Government appointees, six union appointees, one non-union employee appointee and one retiree appointee, and is responsible for:

- overall fiduciary responsibility for the Plan;
- setting strategic direction and corporation management;
- ongoing operations of the Plan including pension administration and investment management; and
- acting independently of the Sponsor Body and executive leadership team at Provident10.

3.3 What changed effective January 1, 2015?

The changes to the PSPP which took effect on January 1, 2015 are summarized in the table below. In addition, a five-year transition period was put in place on January 1, 2015 for members with service prior to December 31, 2014. This transition period ends on December 31, 2019.

Plan Conditions	Pre-Reform PSPP (up to December 31, 2014)	Post-Reform PSPP (as of January 1, 2015)
Unreduced Early Retirement	Age 55 with minimum 30 years of service Age 60 with minimum 5 years of service	Age 58 with minimum 30 years of service Age 60 with minimum 10 years of service Age 65 with a minimum 5 years of service

Plan Conditions	Pre-Reform PSPP (up to December 31, 2014)	Post-Reform PSPP (as of January 1, 2015)
Reduced Early Retirement	Age 55 to 60, Age + years of service ≥ 85 or Age 50 to 55, with minimum 30 years of service or Age 55 with minimum 5 years of service	Age 58 to 60, Age + years of service ≥ 88 or Age 53 to 58, with minimum 30 years of service or Age 55 with minimum 5 years of service
Earnings Formula in Pension Calculation	Highest Average Salary (HAS) based on 5 years of service	HAS based on 6 years of service (frozen HAS 5 as at December 31, 2014 on pre-reform service - HAS 6 will be used if greater than frozen HAS 5)
Indexation in Retirement	Annual pension increase equal to 60% of the national Consumer Price Index (CPI), to a maximum annual increase of 1.2% if applicable from age 65	Indexing on future service suspended (no impact on current retirees)

4.0 Eligibility for Membership

4.1 Who is eligible to join?

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

4.2 Is Plan membership mandatory?

Yes, if you are employed on a full-time basis (including full-time seasonal workers) with a participating employer, it is mandatory to join the Plan.

4.3 When must 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 of 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, may enroll at any time and have the option of purchasing all eligible prior service.

4.4 What constitutes ineligibility for Plan membership?

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

- part-time or casual employee;
- employee of Commission or Inquiry;
- temporary employee hired for a period that does not involve four calendar months of continuous employment;
- student, including nursing and medical student; and
- contractual employee (unless the employment contract specifies that the employee must participate in the Plan).

5.0 Contributions

5.1 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. The PSPP is integrated with the Canada Pension Plan (CPP), 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 Year's Maximum Pensionable Earnings (YMPE). The YMPE is the ceiling on which CPP benefits are based. It changes annually and is defined under the CPP at the beginning of each year.
- 11.85% of pensionable salary in excess of the YMPE.

Assumptions	
YBE is:	$3,500
YMPE is:	$55,300

Example #1: Calculation of Pension Contributions for Pensionable Salary of $60,000		
10.75% of salary up to YBE	10.75% x 3,500	$376.25
8.95% of salary between YBE and YMPE	8.95% x (57,400 - 3,500)	$4,824.05
11.85% of salary above YMPE	11.85% x (60,000 – 57,400)	$308.10
Total pension contribution		**$5,508.40**

Example #2: Calculation of Pension Contributions for Pensionable Salary of $40,000		
10.75% of salary up to YBE	10.75% x 3,500	$376.25
8.95% of salary between YBE and YMPE	8.95% x (40,000 - 3,500)	$3,266.75
11.85% of salary above YMPE	n/a	--
Total pension contribution		**$3,643.00**

5.2 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 including 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 and/or Provident[10].

5.3 How much does my employer contribute?

Employers and plan members 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 in section 8.5 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].

5.4 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 retirement savings should speak with their financial institution or financial advisor.

6.0 Purchase of Prior Service

6.1 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. The following is a list of some examples of past service:

- Worked service for which contributions were paid and subsequently refunded;
- Eligible worked service for which no contributions were paid;
- Worked service with an employer under a 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 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.

6.2 How are purchase costs calculated?

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.**

6.3 What happens if I have an outstanding balance on a purchase of service contract?

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.

7.0 Eligibility for Pension Benefit

7.1 How do I qualify for a pension at retirement / what is the vesting period for PSPP?

To qualify for a pension at retirement you must have a minimum of five years of pensionable service. This does not have to be five consecutive years, rather a total of 60 months. This is the vesting period of the PSPP, where vesting refers to the right of an employee to a lifetime pension.

7.2 When can I retire?

Your retirement eligibility date depends on many factors including 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 provisions which will either allow you to retire on an unreduced basis, or to retire earlier subject to a reduction in your accrued pension; these provisions are addressed in the following sections.

A. 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.

B. Early Unreduced Retirement

Scenario 1
The changes to the Plan's early unreduced retirement criteria that were made as a part of the pension reform agreement 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 grandfathered under this provision, and eligible to retire on an unreduced basis any time after you reach age 55.

Scenario 2
For members who joined the Plan after December 31, 2014, or for members who are not grandfathered 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.

C. Early Reduced Retirement

There are several scenarios which allow you to retire early with a reduction in your accrued pension.

Scenario 3
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:

- 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.
- 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.

Scenario 4
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:

- 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 percent for each month you are less than age 58.
- 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.

Example: Reduction calculation if you are retiring in the transitional period	
Number of years of service	30 years
Age	53 years, 7 months
Number of months until age 55	17 months
Reduction calculation	17 x 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.

8.0 Pension Benefit Calculations

8.1 How is the amount of my benefit calculated?

The formula for calculating your pension is as follows:

2% of your best average earnings (HAS) x years and months of credited pensionable service

It is important to note that for certain employers 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.

8.2 What is the CPP offset / bridge benefit?

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 65th 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. The CPP offset is also referred to as the "bridge benefit" as it is a portion of your pension that is paid by the Plan from your retirement date up to age 65.

8.3 Best Average Earnings

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 best average earnings during any six 12-month periods.

- It should be noted that the HAS to December 31, 2014 is derived from 12-month periods of January to December whereas the HAS for post December 31, 2014 service is dependent on the date of termination.

8.4 How is my best average earnings determined?

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

HAS Scenario 1: 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; or

2. the average of the six continuous 12-month periods providing the highest average up to the date of retirement.

HAS Sample Calculation #1: Best five-year Average Earnings to December 31, 2014

Assumptions:
Retirement Date: June 30, 2019
Pensionable salary for the six calendar years up to December 31, 2014 were:

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

HAS Calculation:
HAS = the total of 1, 2, 3, 4, and 5 divided by a factor of 5
= ($58,000 + $57,500 + $59,000 + $59,500 + $58,500) ÷ 5
= $292,500 ÷ 5
= $58,500

The best five-year average earnings to December 31, 2014 is $58,500.

HAS Scenario 2: YEAR-ROUND with Post-December 2014 Service

For pensionable service after December 31, 2014, the HAS is the average of the six continuous 12-month periods providing the highest average up to the date of retirement.

HAS Sample Calculation #2: Best six-year Average Earnings at June 30, 2017

Assumptions:
Retirement Date: June 30, 2019
Pensionable salary for the last eight periods of July to June were:

1.	July	2018	To	June	2019	$ 60,000
2.	July	2017	To	June	2018	$ 59,500
3.	July	2016	To	June	2017	$ 58,000
4.	July	2015	To	June	2016	$ 57,500
5.	July	2014	To	June	2015	$ 59,000
6.	July	2013	To	June	2014	$ 59,500
7.	July	2012	To	June	2013	$ 58,500
8.	July	2011	To	June	2012	$ 56,000

HAS Calculation:
HAS = the total of 1, 2, 3, 5, 6 and 7 divided by a factor of 6
= ($60,000 + $59,500 + $58,000 + $59,000 + $59,500 + $58,500) ÷ 6
= $354,500 ÷ 6
= $59,083

The best six-year average earnings at June 30, 2019 is $59,083.

HAS Scenario 3: SEASONAL with Pre-January 2015 Service

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.

HAS Sample Calculation #3: Best five-year average earnings to December 31, 2014

Assumptions:
Retirement Date: June 30, 2019
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:

1.	September	2014	to	December	2014	$ 20,000	4 months
2.	September	2013	to	April	2014	$ 38,000	8 months
3.	September	2012	to	April	2013	$ 37,000	8 months
4.	September	2011	to	April	2012	$ 36,000	8 months
5.	September	2010	to	April	2011	$ 35,000	8 months
6.	January	2010	to	April	2010	$ 16,000	4 months

HAS Calculation:
HAS = the total of 1, 2, 3, 4, 5 and 6 divided by the total months worked and multiplied by 12
= ($20,000 + $38,000 + $37,000 + $36,000 + $35,000 + $16,000) ÷ 40 months worked x 12
= $182,000 ÷ 40 x 12
= $54,600

The best five-year average earnings to December 31, 2014 is $54,600.

HAS Scenario 4: SEASONAL with Post-December 2014 Service

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.

HAS Sample Calculation #4: Best six-year average earnings at June 30, 2017

Assumptions:
Retirement Date: June 30, 2019
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:

1.	September	2018	to	April	2019	$ 42,000	8 months
2.	September	2017	to	April	2018	$ 41,000	8 months
3.	September	2016	to	April	2017	$ 40,000	8 months
4.	September	2015	to	April	2016	$ 38,000	8 months
5.	September	2014	to	April	2015	$ 37,000	8 months
6.	September	2013	to	April	2014	$ 36,000	8 months

HAS Calculation:
HAS = the total of 1, 2, 3, 4, 5 and 6 divided by the total months worked and multiplied by 12
= ($42,000 + $41,000 + $40,000 + $38,000 + $37,000 + $36,000) ÷ 48 months worked x 12
= $234,000 ÷ 48 x 12
= $58,500

The best six-year average earnings at June 30, 2019 is $58,500.

8.5 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. Plan members can still restore the lost accrual at a cost based on an actuarial calculation. The following examples assume the reduced accrual rate applies.

A. Normal Retirement

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

Example #1: Normal Retirement (age 65)		
Assumptions - You are retiring at age 65. - Your HAS is $50,000 and the average YMPE is $55,783. - You have been credited with 38 years of pensionable service. - Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%.		
Pension Calculation = HAS x accrual rate x years of service		
35 years at normal accrual rate of 2%	$50,000 x 2.0% x 35 years	$ 35,000
April 1993 – March 1994 at reduced accrual rate of 1.1%	$50,000 x 1.1% x 1 year	$ 550
April 1994 – March 1996 at reduced accrual rate of 1.8%	$50,000 x 1.8% x 2 years	$ 1,800
Pension before CPP integration		$ 37,350
Offset (CPP integration); Maximum 35 years	$50,000 x 0.6% x 35 years	($ 10,500)
Lifetime annual PSPP pension		**$ 26,850**

Example #2: Normal Retirement (age 65)		
Assumptions - You are retiring at age 65. - Your HAS is $60,000 and the average YMPE is $55,783. - You have been credited with 35 years of pensionable service. - Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%.		
Pension Calculation = HAS x accrual rate x years of service		
32 years at normal accrual rate of 2%	$60,000 x 2.0% x 32 years	$ 38,400
April 1993 – March 1994 at reduced accrual rate of 1.1%	$60,000 x 1.1% x 1 year	$660
April 1994 – March 1996 at reduced accrual rate of 1.8%	$60,000 x 1.8% x 2 years	$ 2,160
Pension before CPP integration		$ 41,220
Offset (CPP integration); Maximum 35 years	$55,783 x 0.6% x 35 years	($ 11,714)
Lifetime annual PSPP pension		**$ 29,506**

B. Early Unreduced Retirement – Scenario 1

- 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 #3: Early Unreduced Retirement (age 60)		
Assumptions - You are retiring at age 60. - Your HAS is $50,000 and the average YMPE is $55,783. - You have been credited with 20 years of pensionable service. - Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%.		
Pension Calculation = HAS x accrual rate x years of service		
17 years at normal accrual rate of 2%	$50,000 x 2.0% x 17 years	$ 17,000
April 1993 – March 1994 at reduced accrual rate of 1.1%	$50,000 x 1.1% x 1 year	$550
April 1994 – March 1996 at reduced accrual rate of 1.8%	$50,000 x 1.8% x 2 years	$ 1,800
Pension before CPP integration, payable until age 65		$ 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); Maximum 35 years	$50,000 x 0.6% x 20 years	($ 6,000)
Lifetime annual PSPP pension after age 65		**$ 13,350**

C. Early Unreduced Retirement – Scenario 2

- 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 #4: Early Unreduced Retirement (with 30 years of service)		
Assumptions - You are retiring at age 58. - Your HAS is $75,000 and the average YMPE is $55,783. - You have been credited with 33 years of pensionable service. - Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%.		
Pension Calculation = HAS x accrual rate x years of service		
30 years at normal accrual rate of 2%	$75,000 x 2.0% x 30 years	$45,000
April 1993 – March 1994 at reduced accrual rate of 1.1%	$75,000 x 1.1% x 1 year	$825
April 1994 – March 1996 at reduced accrual rate of 1.8%	$75,000 x 1.8% x 2 years	$ 2,700
Pension before CPP integration, payable until age 65		$ 48,525
At age 65, when you are eligible to start receiving unreduced CPP benefits, your PSPP pension will be reduced as follows:		
Offset (CPP integration); Maximum 35 years	$55,783 x 0.6% x 33 years	($ 11,045)
Lifetime annual PSPP pension after age 65		**$ 37,480**

D. Reduced Early Retirement – Scenario 1

- 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 than 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 #5: Reduced Early Retirement (with 30 years of service) and Retiring Prior to January 1, 2020

Assumptions

- You are retiring at age 52
- Your HAS is $50,000 and the average YMPE is $54,600.
- You have been credited with 33 years of pensionable service.
- Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%.

NOTE: This example builds off the calculations shown in Example #4.

Pension before CPP integration		$ 32,350
Early retirement reduction (%)	36 months x 0.5%	18%
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	$9,000 x (100% - 18%)	($ 8,118)
Lifetime annual PSPP pension after age 65		**$ 18,409**

E. Reduced Early Retirement – Scenario 2

- 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 than age 60) if you were a member of the Plan on December 31, 2014, and meet this criterion before December 31, 2019:

Example #6: Reduced Early Retirement based on 'Rule of 85/88' and Retiring After December 31, 2019		
Assumptions - You are retiring at age 59 on January 31, 2020. - Your HAS is $50,000 and the average YMPE is $54,600. - You have been credited with 29 years of pensionable service. - Your pensionable service includes the three years from April 1993 to March 1996 where the accrual rate was less than 2%. - You have opted to start receiving your PSPP pension benefit immediately.		
Pension Calculation = HAS x accrual rate x years of service		
26 years at normal accrual rate of 2%	$50,000 x 2.0% x 26 years	$ 26,000
April 1993 – March 1994 at reduced accrual rate of 1.1%	$50,000 x 1.1% x 1 year	$550
April 1994 – March 1996 at reduced accrual rate of 1.8%	$50,000 x 1.8% x 2 years	$ 1,800
Pension before CPP integration		$ 28,350
Early retirement reduction (%)	12 months x 0.5%	6%
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)	$50,000 x 0.6% x 29 years x (100% - 6%)	($ 8,178)
Lifetime annual PSPP pension after age 65		**$ 18,471**

8.6 Will my pension increase in retirement / is my pension indexed?

Indexing refers to an increase in your pension in relation to general inflation in Canada as measured by the Consumer Price Index (CPI).

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 1 for retirees who have reached age 65. The annual increase is equal to 60% of 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.

9.0 Preparation for Retirement and Application for Pension Benefits

9.1 What should I do to prepare for retirement?

In preparing to retire 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 pension application should be forwarded to Provident10 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.

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 delay processing of your pension application.

9.2 What documents are required with my pension application?

Your pension application includes an initial pension calculation prepared by your 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 is the legally married spouse or cohabiting partner, including one of the same sex.

10.0 Disability Pension

10.1 Can I receive a pension benefit if I become disabled?

Yes. After exhausting all your sick leave credits (where applicable) you may qualify to receive a disability pension. The criteria for eligibility includes, but is not 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 provided the plan member has access to sick leave;
- There is no minimum age requirement.

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

11.0 Survivor Benefits

11.1 What happens to my pension 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.

A. Death prior to achieving five years of pensionable service

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.

B. Death after achieving five years of pensionable service

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

1. A lifetime pension equal to 60% of the benefit earned to the date of death, or
2. 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 (option 1), 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.

11.2 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:

1. until the youngest child attains age 18, or
2. 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.

11.3 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 already, the offset is removed from the survivor pension when the Plan member would have reached age 65.

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

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

12.0 Termination of Employment

12.1 What if my employment is terminated?

A. Non-Vested Member

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

1. receive a cash refund of your (employee) contributions and interest (less required withholding tax); or
2. transfer your (employee) contributions and interest to an individual RRSP, thus deferring tax implications; or
3. transfer your (employee) contributions and interest directly from the PSPP to the pension plan of your new employer (provided your new employer's pension plan permits such transfers); or
4. leave your (employee) contributions in the PSPP, enabling you to link your accumulated service at the date of termination with future pensionable service should you be re-employed in a pensionable position under the PSPP.

B. Vested Member

If you have at least five years of pensionable service, you are a vested member meaning you have earned the right to a lifetime 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 receive the commuted value of your pension entitlement subject to the provisions of the Income Tax Act, 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 and more than 5 years of pensionable service and have not been continuously employed for 10 years, and are not yet age 45, you may elect within 90 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, subject to the provisions of the Income Tax Act.

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 90 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.

Plan members who do not elect an option within 180 days after termination are deemed to have elected a deferred pension.

C. Commuted Value / Termination Benefits

The commuted value will not be less than the value of the employee contributions and interest.

If you choose to remove your termination benefit 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.

13.0 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.

13.1 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, Provident10 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 <u>or</u> 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.

13.2 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:

- 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 these plans.

14.0 Marriage Breakdown

14.1 What happens to my pension if I divorce?

Pension benefits acquired during the marital period are considered 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 however we cannot provide you with legal or financial advice. Please consult a family law lawyer before making any decisions regarding your pension.

15.0 Canada Revenue Agency and the PSPP

15.1 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.

15.2 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 to the following 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.

16.0 Other Frequently Asked Questions

16.1 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 to the Plan.

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

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

16.3 What happens 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 the employer is participating in the GMPP. Furthermore, there is a reciprocal arrangement whereby credits may be transferred between the GMPP and the PSPP.

16.4 Are there information seminars for plan members?

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

16.5 Are plan members provided with benefit statements?

Yes, pension benefit statements are prepared on an annual basis and distributed to plan members.

16.6 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 is 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 - business professional who applies 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 an 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 except for 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 or cohabitating partner of an employee, pensioner, or deferred pensioner.

***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.

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

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.

Reciprocal 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