

Public Service Superannuation Plan

Pension News

Serving the needs of Plan members.

Winter 2009-10



Pension Income Splitting - Good News for Retirees

The Federal Government of Canada has passed legislation regarding the splitting of pension income between spouses. This allows pensioners to split their pension plan income with their spouse or common law partner. Previously, in a household where one retiree's income was greater than their spouse's, that retiree may have been paying significantly more income tax. With this legislation, the retiree's income can be split evenly with their partner so that the retiree is then taxed at a lower income tax rate, and the overall income tax paid by the household is lower.

Pension income will not be split by the Nova Scotia Pension Agency; rather, when the retiree and his/her spouse complete their income tax returns. Please note, this legislation was implemented by the Federal Government of Canada and is therefore the responsibility of that body of government.

The Plan administrator must abide by the rules imposed on the Plan by the Income Tax Act. However, we cannot give advice on whether a retiree should split their pension income with their spouse or not. This decision must be made by the retiree in consultation with their spouse and financial advisor. For information please contact your financial advisor, or Canada Revenue Agency at 1-800-959-8281. Or, visit the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/pnsn-splt/menu-eng.html>. ■

Facts & Statistics

The following facts and statistics were published in the 2008 Actuarial Valuation Report of the Plan:

- The total membership of the Plan was 30,160. This includes:
 - 16,629 active members;
 - 11,646 pensioners and survivors;
 - 1,885 inactive/deferred members.
- The average age of an active Plan member for 2008 was 46.6; for 2007 it was 46.7.
- In 2008, the average age of a pensioner was 69.4; same for 2007.

- In 2008, 532 pensions were initiated for new public service pensioners; 547 in 2007.

The Financial Statements of the Plan reported the following:

- The total annual pension payroll at March 31, 2009 was \$205.8 million, compared to \$194.5 million at March 31, 2008.

Please note: Facts & statistics for 2009 will be published in the Plan's Financial Statements in the spring of 2010. ■

Who are We?

The Nova Scotia Pension Agency is a special operating agency of the Government of Nova Scotia. We are located in downtown Halifax at Purdy's Landing, 1949 Upper Water Street, 4th Floor.

We serve active and retired members of the Public Service Superannuation Plan and Teachers' Pension Plan, as well as other smaller plans.

Our team includes pension administrators, investment managers, accounting and actuarial professionals, data analysts, web and systems managers, and support and administrative staff.

Our goal is to protect your pension and serve you to the best of our abilities. And we count on you to let us know how we're doing. ■

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Your Pension Plan & You

Membership*

Most people who are employed in the public service of the Province of Nova Scotia are members of the Public Service Superannuation Plan. This includes permanent employees, probationary employees, employees who are designated by Order-in-Council and contract employees if the contract specifies pension plan membership. Effective April 13, 2008, seasonal employees who are members of the Nova Scotia Government and General Employees Union (NSGEU), and who are regularly scheduled for at least four months, are eligible for membership in the Public Service Superannuation Plan.

Pension Eligibility*

Under the criteria currently set out in the Public Service Superannuation Plan, you are eligible to retire and start receiving a retirement pension if you meet one of the age and service requirements listed below.

- At least 35 years of service, no age requirement;
- Age 50 and age plus years of service equals at least 80;
- Age 60 and at least 2 years of service;
- Age 55 and at least 2 years of service (this is a reduced pension).

If you are under age 65 when you retire, the pension you receive will include your lifetime pension plus a bridge pension. This bridge payment will cease when you reach age 65. For more information regarding this please contact the NSPA.

Pension Plan Guide Booklet

The Agency provides a comprehensive Plan Member Guide booklet. The booklet provides pension information on the various stages of your public service career from early contributor to retirement eligibility. You may download it from our web site by clicking on Public Service Plan, Publications and Member Guide Booklet, or you may contact our office for a copy.

Pension Calculation Formula*

The following is an example of how a Public Service pension is calculated and what then happens at age 65 when your Canada Pension Plan (CPP) benefit would normally become payable to you. For this example, John is retiring at age 58 with 32 years of pensionable service. His highest average salary (HAS) is \$55,000. His highest average CPP Salary (YMPE) is \$40,000.

| | | | | | | | |
|------|---|------------------------------|---|---------------------|---|----------|-----------------------------------------|
| 2.0% | X | Highest Average Salary (HAS) | X | Pensionable Service | = | \$35,200 | John's annual pension at age 58: |
| | | \$55,000 | | 32.000 years | | | \$35,200 |
| | | | | | | | 1.3% Lifetime Benefit |
| | | | | | | | + 0.7% Bridge Benefit |
| | | | | | | | = 2.0% Total Benefit |

Bridge Benefit Removed, upon Pension Integration with Canada Pension Plan:

| | | | | | | | |
|------|---|----------------------------------------------------|---|---------------------|---|---------|----------------------------------------------|
| 0.7% | X | Average Year's Maximum Pensionable Earnings (YMPE) | X | Pensionable Service | = | \$8,960 | John's annual pension at age 65: |
| | | \$40,000 | | 32.000 years | | | \$35,200 – \$8,960 = \$26,240** |
| | | | | | | | ** CPP benefit would be in addition to this. |

Don't Forget to Contact Your Employer & NSPA

If . . .

- your address has changed;
- your name has changed;
- your marital status has changed.

By contacting your employer as well as us, we will be sure to receive your most recent status through the payroll data employers provide us bi-weekly. ■

* The foregoing is premised on the rules and criteria which currently exist under the Public Service Superannuation Plan and which are subject to amendment from time to time.