



Strength Today.
Growth for Tomorrow.

Summer 2007

NOVA SCOTIA TEACHERS' PENSION PLAN

Serving our Retired Members

PENSION NEWS

PLEASE READ THIS FIRST:

Pension News is sent to you for your information only. You are not required to respond to any of the articles or information in this newsletter. You only need to contact us if you have questions or comments about your pension benefit that you would like to discuss with us. You will receive this newsletter twice annually – once in the summer and once in the winter. We hope it fulfils its purpose and provides you with some useful information you may not otherwise be aware of.

REMINDER— WE'VE MOVED

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B3J 2P8

E-mail Address

PensionsInfo@gov.ns.ca

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1-800-774-5070 toll free
424-5070 local, 424-0662 fax

OUR NEW WEBSITE—COMING SOON!

NOVASCOTIAPENSION.CA

Watch for the launch of our new website. Our goal of providing you with the best service possible will be reflected in improved navigation, content, and reader-friendly language.

In the Teachers' Pension Plan section of the site you will find information on a number of topics including:

- Cost of living adjustment (COLA)
- Frequently asked questions
- Web links for pensioners
- Forms for pensioners

You may also download publications such as this issue or past issues of Pension News, as well as our Annual Report, Actuarial Valuation and the pension plan's Financial Statements.

The screenshot shows the NSPA website interface. At the top left is the NSPA logo. To the right is the tagline "protecting your pension". Below this is a navigation bar with tabs for "Teachers' Plan", "Public Service Plan", "MLA Plan", "Sydney Steel Plan", "News Releases", and "About NSPA". A "Home" link is also present. The main content area features a "Quick Links" section with items like "Business Plan 2007-2008", "Contribution Rate Increase under the Public Service Plan", and "We've Moved!". A featured article titled "A matter of trust" discusses the government's responsibility to pensioners. On the right side of the article is a photograph of an elderly couple sitting at a table outdoors, smiling.

Please See Reverse

GOOD NEWS FOR RETIREES—PENSION INCOME SPLITTING

The Federal Government of Canada is in the process of passing new legislation regarding the splitting of pension income between spouses. This will allow 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. When this new legislation passes, 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 splitting is intended to start in the tax return for tax year 2007. Pension income will not be split by us, the Nova Scotia Pension Agency, but rather when the retiree and his/her spouse complete their income tax returns. Please

note, these new legislative changes are to be implemented by the Federal Government of Canada and are therefore the responsibility of that body of government.

We, the Plan administrators 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/or financial advisor. For more information please contact your financial advisor, or Canada Revenue Agency at 1-800-959-8281. Or visit the Canada Revenue Agency website at www.cra-arc.gc.ca/agency/budget/2007/pension-e.html.

PENSION BENEFIT REDUCTION AT AGE 65—WHY DOES THIS HAPPEN?

We are often asked "Why is my teacher's pension reduced at age 65?" The bottom line is that the reduction comes when the bridge portion of your Teachers' Pension (TPP) benefit ceases at age 65. You receive a lifetime benefit from retirement to death and a bridge benefit from retirement to age 65. The bridge benefit is only meant to supplement your pension until you start receiving the Canada Pension Plan (CPP) benefit at age 65. You **do not** receive the TPP bridge benefit for life.

This paragraph provides the technical explanation. Contribution rates are set at two different levels, a lower one on the portion of your salary below the YMPE (Year's Maximum Pensionable Earnings), and a higher one on the portion of your salary above the YMPE (i.e. if you earn above the YMPE). The higher rate covers the cost of paying the full portion of your pension on your salary above the YMPE for life. The lower rate, however, only

covers the cost of paying the bridge portion of your pension up to age 65. This is the maximum salary that is pensionable under the Canada Pension Plan ("CPP"). For 2007, the YMPE is 43,700.

By choosing to draw your CPP benefit at age 60, you enjoy that benefit for an extra 5 years, but at a reduced level. (Effectively, you are borrowing from the benefit that would be starting at age 65). **You must remember, at age 65 the TPP bridge benefit ceases, resulting in a reduction of your monthly TPP benefit.** Note that the date you choose to begin receiving your CPP benefit does not affect the amount of your TPP pension benefit. Also remember that Old Age Security starts at age 65 and may also contribute to offsetting any reduction in your overall pension income. For a more in-depth explanation you may contact our office.

Nova Scotia Pension Agency

- ☎ 424 5070 (Halifax area)
- ☎ 1 800 774 5070 (toll free in NS)
- ☎ fax: 902 424 0662
- ✉ e-mail: PensionsInfo@gov.ns.ca
- ✉ PO Box 371, Halifax NS B3J 2P8

www.novascotiapension.ca

COST OF LIVING ADJUSTMENT

Effective July 1, 2007 you will receive a Cost of Living Adjustment (COLA) on your monthly pension benefit from the Teachers' Pension Plan. You will see this adjustment on your July pension benefit paid on the July 27, 2007. A notice will be mailed to your home. If you elected last summer to receive your indexing under the new **Variable Indexing Method**, your COLA will equal 0.7%. If you opted to remain under the old indexing method, CPI minus 1%, your COLA will equal 0.5%.