

Public Service Superannuation Plan

Pension News



Serving the needs of Plan members.

Summer 2010

Retirement Eligibility ~ Rule of 80/Rule of 85

Recent amendments to the Public Service Superannuation Act have changed retirement eligibility rules for employees who start working for the Province of Nova Scotia or a participating employer on or after April 6, 2010.

If you started work on or after April 6, 2010 a new Rule of 85 applies to you. You may be eligible to retire and receive a pension when you satisfy one of these rules:

- **Rule of 85 (New)** - You must be at least 55 years of age, and your age plus years of service must equal at least 85;
- **Age 60 Rule** - You must be at least 60 years of age and have at least 2 years of service;
- **Age 55 Rule** - You must be at least 55 years of age and have at least 2 years of service (this is a reduced pension);
- **Attainment of 35 years of service.**

If you started work prior to April 6, 2010 your retirement eligibility **rules remain the same**. You may be eligible to retire and receive a retirement pension once you satisfy one of these rules:

- **Rule of 80** - You must be at least 50 years of age, and your age plus years of service must equal at least 80;
- **Age 60 Rule** - You must be at least 60 years of age and have at least 2 years of service;
- **Age 55 Rule** - You must be at least 55 years of age and have at least 2 years of service (this is a reduced pension);
- **Attainment of 35 years of service.**

For further information on your retirement eligibility, please contact the Nova Scotia Pension Agency. ■

New Indexing Method for All Pensioners

Effective April 6, 2010 indexing rules under the Public Service Superannuation Plan have changed to a new method. These changes apply to ALL pensioners, present and future; including those retirees already receiving a pension, active members near to retirement, and any and all future retirees.

January 1, 2011 to December 31, 2015

Indexing has been established at 1.25% per year.

January 1, 2016 to December 31, 2020

Indexing for this 5-year cycle will depend upon the Plan's funded ratio as of December 31, 2014.

If the funded ratio of the Plan is 100% - 110%, the Trustee may provide Indexing so long as the Plan's funded ratio is not projected to fall below 100% at the end of the 5-year cycle.

If the funded ratio of the Plan is above 110%, indexing will be paid. A contribution rate decrease and other changes to the Plan may be considered. However, no actions can be taken that would cause the Plan's funded ratio to fall below 100% at the end of the 5-year cycle.

If the funded ratio of the Plan is less than 100%, indexing cannot be paid. Also the Trustee must implement a contribution rate increase and must consider any other necessary changes to the Plan in order to bring the funded ratio of the Plan to at least 100% (on a projected basis) within 10 years.

January 1, 2021 and thereafter

This process will be replicated on a 5-year cycle.

Deferred Pensions

Indexing rules are also changing for members who have terminated their employment, kept their accrued pension contributions in the Plan, and deferred their pension benefit to some future date.

Effective January 1, 2011 indexing will no longer be earned in the deferral period. If you have a deferred public service pension or have terminated employment but not yet elected an option:

- You will retain any and all indexing earned in the deferral period up to January 1, 2011. This indexing will be included in your pension when you retire.
- Effective January 1, 2011 your deferred pension will not earn or accrue any further indexing.
- If you terminate employment any time on or after January 1, 2011 and defer your pension, your deferred pension will not earn or accrue any indexing. ■

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New Survivor Benefit Rules

There are new survivor benefit rules which only apply to employees who started working for the Province of Nova Scotia or a participating employer on or after April 6, 2010. These new rules are highlighted below.

Surviving Spouse

If You Die in Service

If you started work prior to April 6, 2010 and you die in service, your surviving spouse would be entitled to receive 100% of the pension benefit for a period of five years that you would have been entitled to receive if you were eligible for retirement. After the end of the five-year guarantee period, your spouse would receive 66⅔% of your pension benefit, payable for life.

NEW: If you first started work on or after April 6, 2010, the survivor entitlement is the same except at the end of the five-year guarantee period, your spouse would receive approximately 60% of your pension for life.

If You Die During the 5-Year Guarantee Period

If you die within five years after retiring, your surviving spouse would receive 100% of your pension benefit for the rest of the five-year guarantee period.

If You Die After the End of the Five Year Guarantee Period

If you started work prior to April 6, 2010 and you die after the 5-year guarantee period, your surviving spouse would be entitled to receive 66⅔% of the pension benefit that you were receiving, payable for life.

NEW: If you started work on or after April 6, 2010 and die after the end of the five-year guarantee period, your spouse will receive approximately 60% of your pension, payable for life.

Surviving Children

If you started work prior to April 6, 2010, surviving children are eligible to receive 10% of the pension benefit up to 18 years of age (or 25, if in full-time attendance at an

educational institution). If there are more than 3 eligible children, 33⅓% of the member's pension benefit is divided equally among them. Note that during the 5-year guarantee period, children's benefits are deducted from the 100% benefit paid to a surviving spouse. If there is no surviving spouse, eligible surviving children would be entitled to share the 66⅔% spouse's benefit.

NEW: If you started work on or after April 6, 2010, surviving children are eligible to receive 10% of the pension benefit up to 18 years of age (or 25, if in full-time attendance at an educational institution). If there are more than 4 eligible children, 40% of the member's pension benefit is divided equally among them. Note that during the 5-year guarantee period, children's benefits are deducted from the 100% benefit paid to a surviving spouse. If there is no surviving spouse, eligible surviving children would be entitled to share the 60% spouse's benefit.

Surviving Dependant

Survivor benefits may also be available to a person related to you who was dependent on you by reason of mental or physical infirmity. If you started work prior to April 6, 2010 and have no spouse or children, but have an eligible dependant, the dependant is entitled to receive the 66⅔% spouse's benefit.

NEW: If you started work on or after April 6, 2010 the entitlement to an eligible dependant would be 60% of the spouse's benefit.

No Surviving Spouse, Children or Dependants

If you die in service and are not survived by a spouse, children, or dependants, a refund of your pension contributions plus interest will be paid to your estate. If you retire and then die before receiving pension payments at least equal to your pension contributions plus interest, a refund of the difference will be paid to your estate.

Need more information? If you need further details regarding survivor benefit rules and your own specific pension situation, please contact the NSPA. ■

Annual Report

The Annual Report of the Pension Plan for the year ended March 31, 2010 will be available in June 2010. You may download it from our web site. Click on Public Service Plan, Publications. Alternatively, please contact us for a copy. ■

All articles in this newsletter are premised on the rules and criteria which currently exist under the Nova Scotia Public Service Superannuation Plan and which are subject to amendment from time to time. This document explains in plain language the rules of the Nova Scotia Public Service Superannuation Plan. Plan members, beneficiaries and others who wish to determine their legal rights and obligations under this plan should refer to the governing legislation, regulations or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.