

Fact Sheet

Amendments to the Public Service Superannuation Act

Introduction

The Public Service Superannuation Act has been amended effective February 12, 2008. The following is a summary of the changes. We have titled each change with the topic it affects as well as the section, subsection or clause where it is found in the Act.

Summary of Amendments

Definitions – Section 2

Amended by adding definitions of “pension plan”, “school board” and “Superannuation Fund”, and adding a new definition of “spouse” and amending the definition of “salary”.

Income Tax Act (Canada)

Subsection 3A(2)

Clarifies that the Income Tax Act (Canada) limits do not apply to pension payments not made from the Superannuation Fund, e.g. to payments under the SERP.

Credit for prior service

Subsection 5(2)

Clarifies the terms under which an employee can purchase credit for prior service for which no contributions were made or for which contributions were previously made and withdrawn.

Subsection 5(3) [NEW]

Clarifies the terms under which an employee can purchase credit for prior

service for which the employee has previously transferred out the commuted value of the deferred allowance.

Designation of beneficiary

Clause 6(1)(d),

Permits a return of employee contributions to be made directly to a designated beneficiary rather than to the employee’s estate.

Subsections 7(1) & 7(2), and 17(1)

Provides for payment to an employee’s estate or designated beneficiary of any balance owing on the death of all persons entitled to an allowance.

Salary deductions and payments to Minister

Section 9

Clarifies that all employee contributions must be matched by the employer and provides clarification that references to the Minister of Finance include other employers.

Amount of annual superannuation allowance

Subsections 13(1) and (2)

Clarification of the calculation of superannuation allowance.

Subsection 16(7)

Clarification of the calculation of early retirement allowance.

Spousal and Survivor Benefits

Section 6B [NEW]

Provides for an apportionment of payments to a surviving spouse where

two persons satisfy the definition of spouse under the Act, and outlines the terms under which this would apply.

Subsection 17(1)

Updates references to reflect amended definition of spouse; clarifies the entitlement of surviving children (also adds ability to direct an estate's entitlement to a designated beneficiary – see above Designation of Beneficiary.)

Clause 27(1)(b)

Amends the definition of "Allowance earned during the marriage" to include an allowance earned during any continuous period of cohabitation immediately preceding a marriage.

Clause 27(4)(a)

Clarifies the date of commencement of an allowance to a spouse where the entitlement of an employee to a superannuation allowance is divided by the Supreme Court between the employee and the employee's spouse or former spouse.