

Serving the needs of Plan members.

Summer 2010

Do you have service with another Pension Plan?

Plan members often belong to more than one pension plan over their career as a teacher. When it comes time for you to retire, wouldn't it be great to have all your pensionable service in one place? Reciprocal transfer agreements may be an option.

The Nova Scotia Teachers' Pension Plan (TPP) has a reciprocal transfer agreement with the pension plans of some other public authorities. If you had service with one or more of the following public authorities, you may be able to transfer your pensionable service from that plan to the TPP.

Participating Authorities:

- Province of Newfoundland and Labrador, Department of Finance
- Teachers' Superannuation Commission of Prince Edward Island
- Public Service Superannuation Plan, Nova Scotia Pension Agency
- Teachers' Pension Plan, Province of New Brunswick
- Commission administrative des régimes de retraite et d'assurances (Quebec)
- Ontario Teachers' Pension Plan Board
- Manitoba Teachers' Retirement Allowance Fund Board
- Saskatchewan Teachers' Superannuation Commission
- Saskatchewan Teachers' Retirement Plan
- Alberta Teachers' Retirement Fund Board
- British Columbia Pension Corporation
- Canadian Teachers' Federation Employees' Pension Plan

If you wish to receive more information on your possible eligibility for a reciprocal transfer of pensionable service, please contact one of our client services consultants. ■

What happens to my pension if I stop teaching?

Transfer Option: If you are or plan to teach elsewhere in Canada, you may be able to transfer your pensionable service to your new employer's plan. To do so, once employed, contact the pension plan in your new province of residence for the Appendix A transfer form to begin the process. This may permit you to keep years of pensionable service time, which will be important to you as you near retirement age.

Deferred Retirement: You can choose to leave your NS Teachers' Pension in the Teachers' Pension Plan. This may be particularly attractive if you think you may return to teaching in Nova Scotia. If you have accumulated at least two years of pensionable service, you are "vested" and will qualify for a monthly pension at age 55 or older. The pension plan provides you with a lifetime pension, plus survivor benefits for your eligible spouse and/or children, in the event that you predecease them.

Non-Vested Options: If you are not vested it means you have less than two years of pensionable service with the Pension Plan. If you are not vested your options are:

1. Take a refund of contributions plus interest (income tax will be deducted);
2. Transfer your contributions plus interest to a RRSP (income tax will not be deducted);
3. Transfer to another plan under the reciprocal transfer agreement.
4. If it's a temporary absence with intent to return to teaching in NS, then you may leave your pension contributions in the Plan and add to it later.

Vested Options: Vested means you have at least two years of pensionable service with the Pension Plan. If you are vested and do not yet qualify for an immediate pension, in addition to being able to draw a deferred pension when you qualify, your options may include withdrawing or transferring the value of your deferred pension. The value of your vested pension is equal to the commuted value of your pension for post-1987 service, and the amount of your contributions plus interest for pre-1988 service.

1. You can transfer the commuted value of your pension for post-1987 service to a locked-in RRSP, and either transfer the amount of your contributions plus interest for pre-1988 service to a regular RRSP (if you have adequate RRSP contribution room) or receive a refund of it (income tax will be deducted). In addition, there may be an "excess commuted value" associated with your post-1987 service, which can be transferred to a regular RRSP (if you have room) or taken as a refund (net of income tax).
2. You may be able to transfer the value of your vested pension to another pension plan under a reciprocal transfer agreement. If the amount requested by your new pension plan to recognize your service with the TPP is less than the value of your deferred pension, you may be entitled to the excess amount, subject to CRA and plan rules. ■

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Purchasing Pensionable Service

Purchases of prior service are allowed under the Teachers' Pension Act and Regulations, subject to the rules of the Canada Revenue Agency (CRA). Under the Income Tax Act (ITA), for defined benefit pension plans, a member can purchase periods of absence up to a maximum total of five years. In addition, the member can purchase parental leaves up to a maximum total of three years. For more information on this you should consult with the Nova Scotia Pension Agency.

There are three categories of purchases that you may be eligible to make:

1. Periods of absence from your employment as a teacher in Nova Scotia, e.g. maternity leave or study leave;
2. Other service when you were not a teacher in Nova Scotia, e.g. service as a teacher in another jurisdiction;
3. Service for which you previously received a refund from the Nova Scotia Teachers' Pension Plan.

If service is recognized under the pension plan as a purchasable item, you may make payment with either a personal cheque or a transfer of registered funds depending upon the CRA's regulations.

For a leave of absence, you have two options on how you may purchase the period of service:

1. Within one year of returning to work, you may pay the total of missed contributions plus interest (plus employer portion, if applicable);

2. If you wait more than one year after the leave ends, you will pay either 50% or 100% of the actuarial cost of the service.

The member shall pay as contributions the following percentage of the actuarial cost of the pensionable service:

- Maternity leave, 50%;
- Adoption leave, 100%;
- Parental leave, 100%;
- Study leave, 50%;
- An absence for taking an academic or professional course of study or engaging in an activity approved by the Plan administrator as an equivalent, 50%;
- Unpaid sick leave, 50% (note: the amount of unpaid sick leave that can be purchased is unlimited);
- Layoff, 100%;
- Compassionate care leave, 100%;
- Any leave of absence not otherwise specified above, 100%.

The "actuarial cost" is determined using a detailed mathematical formula based on your age, salary, and service and a number of assumptions regarding mortality, salary increases, investment earnings, etc. The actuarial cost is the present value of the additional pension that you will ultimately be paid as a result of making the purchase. In general terms, the closer you are to retirement (i.e. the older you are), and the higher your salary, the higher the actuarial cost. ■

Designating a Beneficiary

In the event of your death, the Plan provides for survivor pensions and other death benefits.

If you are vested (vested means you have at least two years of pensionable service with the Pension Plan) or in receipt of a pension and survived by an eligible "spouse" (as defined by the Pension Plan), he or she will be entitled to a lifetime survivor pension. If you are vested or in receipt of a pension and survived by an eligible "child" or "dependant" (as defined by the Pension Plan), your child or dependant will be entitled to a pension.

If you are not vested at the time of your death, any contributions plus interest, less any applicable income tax, may be payable as a lump sum to your eligible spouse (as defined in the Plan) or, if you do not have a spouse, to your estate.

If you are vested, and you are not survived by an eligible spouse, child or dependant who is entitled to receive a survivor pension, then a refund of your contributions plus interest may

be payable to your estate.

Once your pension and any survivor benefits associated with your pension have ceased, if the total amount of pension that has been previously paid (including survivor benefits) is less than the value of your contributions to the plan plus interest, then any difference may be paid to your estate (if applicable).

If you elected a guarantee period prior to retirement and die before the end of the period, your eligible survivor(s) is entitled to receive your pension benefit for the remainder of the period. If there is no eligible survivor your estate is entitled to receive an amount equal to the commuted value of the pension payments for the remaining guarantee period.

Instead of any refund of your contributions being paid to your estate, you can designate a beneficiary. If there is no beneficiary form on file, the refund will be paid to your estate.

Procedure for Designating a Beneficiary

You may find the Designation of Beneficiary Form on our web site at www.novascotiapension.ca, or 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 Teachers' Pension Plan and which are subject to amendment from time to time. This document explains in plain language the rules of the Nova Scotia Teachers' Pension 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.