

Teachers' Pension Plan

Pension News

Serving the needs of our members.

Spring / Summer 2009



Teachers' Pension Plan 2008 Financial Results

The Teachers' Pension Plan Trustee Inc. is a board of representatives who act as trustee of the fund and are responsible for directing and monitoring investment of the Teachers' Pension Fund assets. The Nova Scotia Pension Agency administers and invests the pension assets at the direction of the Trustee.

The following are some frequently asked questions and answers as drafted by the Trustee.

The investment results show a -16.8 per cent return on investment for 2008. What is the significance of this?

The investment results show a -16.8 per cent return on investment for 2008 and a funded level of 70.8 per cent (a funding level drop of approximately 20 per cent from December 31, 2007). Preliminary results indicate that this performance is on par with other major Canadian pension plans.

The value of being a member of a defined benefit plan is that your pension benefits earned to date are safe. Unlike defined contributions where your benefits are tied to market returns, your benefits will be paid in keeping with the text of the plan.

The reduction in the funding level below 90 per cent does mean that those who retired after August 1, 2006 will not receive indexing this year. For these pensioners, pension payments from the Teachers' Pension Fund will remain unchanged. As part of the 2005 agreement, the Province will make a contribution to the Nova Scotia Teachers' Pension Fund equal to the actuarial value of indexing not paid. This amount is estimated to be \$3.5 million.

Except for approximately 33 pre-August 1, 2006 pensioners

who chose the variable pension option, teachers who retired prior to August 1, 2006 are not affected by the change in the funding level and will receive indexing on July 1, 2009 at a rate of Consumer Price Index (CPI) minus one per cent.

If I'm thinking of retiring, what does this mean to me?

The value of being a member of a defined benefit plan is that your pension benefits earned to date are safe. Pension members will continue to receive the pension payments specified as part of their pension plan.

In the current economy, the conditions are not in place to offer indexing, and there will be no indexing until the funded level of the pension exceeds 90 per cent. At that point, the Trustee will review the potential for indexing.

How long before indexing returns?

It's impossible to predict the performance of the financial markets. There will be no indexing until the funded level of the pension exceeds 90 per cent. At that point, the Trustee will review the potential for indexing.

What steps will the Trustee take to improve funded levels?

The preferred step is to wait for a market rebound. The Teachers' Pension Plan Trustee Inc. has invested the funds in a diverse selection of bonds, equities and real estate, and is poised to maximize the fund's performance when the market does improve.

How is the Pension performing today (versus the end of December 2008)?

March 31 results are not yet available, but we will see those results in May. ■

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Compassionate Care Leave

Under Section 31 of the Teachers' Pension Plan Regulations, there is now provision for a teacher to purchase a period of pensionable service for Compassionate Care Leave. This provision is made retroactively for leaves taken on or after August 1, 2008.

To make this purchase the Plan member shall pay as contributions 100% of the actuarial cost of the pensionable service.

If you have taken a Compassionate Care Leave from your work as a teacher and wish to get information on your eligibility to purchase that leave for pension purposes, please contact us. ■

Nearing Retirement? - Please Note

While working as a teacher you would have been accustomed to receiving a biweekly pay cheque. This changes when you retire and begin to draw your pension from the Teachers' Pension Plan. Pensions are paid once a month on the third last banking day of each month. The first payment is made at the end of the month following the month you retire. You would receive your pension by automatic direct deposit to an account at the financial institution of your choice. ■

Flexible Pension Options

Plan members may participate in the Flexible Pension Options Plan between the dates of August 1, 2000 and July 31, 2011. Flexible options allow a Plan member to teach at a reduced amount of service but be credited with the same amount of pensionable service the Plan member was receiving in the year immediately prior to the year of reduced service.

This is provided that:

- during the period of reduced service, the member makes the contributions which would otherwise be required to be made if the member were employed on the same basis as he or she was employed in the school year immediately prior to the period of reduced service;
- for school years commencing on or after August 1, 2008, the member teaches at least 40% of the school year;
- the period or periods of reduced service do not apply to more than two school years during the member's lifetime, unless all of the service is prior to August 1, 2008; and
- the period of reduced service ends by July 31, 2011.

For more information on Flexible Pension Options please contact us. ■

Member Profile - Teachers' Pension Plan

As of December 31, 2008 the total membership of the Teachers' Pension Plan was 29,785. Active teachers accounted for 13,742 (46.1%), pensioners and survivors were 11,089 (37.2%), and inactive teachers were 4,954 (16.6%). An inactive teacher is one who has made contributions to the Plan but is no longer teaching or contributing. ■

Annual Report 2008

The Annual Report of the Pension Plan for the year ended December 31, 2008 will be available in May 2009. You may download it from our web site. Click on Teachers' Pension Plan and Publications. Alternatively, please contact us for a copy. ■

Have You Moved Recently?

If so, please ensure that you inform **us** as well as your **employer**. By contacting your employer, we are sure to receive your most recent status through the payroll data the employers provide us biweekly. Important documents such as your Pension Benefit Statement will not reach you if we do not have your correct address on file. ■