

**MEMORANDUM OF TRANSFER AGREEMENT
("PENSION CREDITS")
DATED THE 3rd DAY OF November A.D., 1999**

BETWEEN: *HER MAJESTY THE QUEEN IN RIGHT OF CANADA*,
represented by the President of the Treasury Board of Canada,
hereinafter referred to as "**the Federal Minister**",

OF THE FIRST PART,

and

*HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
NOVA SCOTIA*, hereinafter referred to as "**the Province**",
represented by the Minister of Finance, hereinafter referred to as
"**the Provincial Minister**",

OF THE SECOND PART.

WHEREAS section 40.2 of the *Public Service Superannuation Act*, chapter P-36 of the Revised Statutes of Canada, 1985, as amended, hereinafter referred to as "the Act", authorizes the Minister, on terms approved by the Treasury Board, to enter into an agreement with an "eligible employer"; and

WHEREAS the Province is an eligible employer within the meaning of the Act;
and

WHEREAS the Treasury Board has authorized the Federal Minister to enter into this agreement; and

WHEREAS, it is desired to enter into an Agreement to apply to those employees of the Province who cease or ceased to be employed in the Province and become employed in the Public Service, as a result of a Sales Tax Harmonization Agreement, entered into pursuant to the *Federal-Provincial Fiscal Arrangements Act*, as amended; and

WHEREAS the Provincial Minister is authorized by section 21 of the *Public Service Superannuation Act*, Chapter 377 of the Revised Statutes of Nova Scotia, 1989, as amended, to enter into a pension transfer agreement,

NOW THEREFORE this agreement witnesseth that the parties hereto, in consideration of the covenants and agreements hereinafter contained, covenant and agree with each other as follows:

1. In this agreement,
 - (a) ***“contributor”*** means a contributor as defined in the Federal Act;
 - (b) ***“employee”*** means a person who is employed in the Public Service or by the Province on or after the date on which this agreement is executed by both parties hereto;
 - (c) ***“Federal Act”*** means the *Public Service Superannuation Act* (Canada) and includes, where relevant, the *Civil Service Superannuation Act* (Canada);
 - (d) ***“fiscal year”*** means the period from the first day of April in one year to the thirty-first day of March in the next year;
 - (e) ***“pensionable service”*** means any period of service that was counted for pension purposes under the Federal Act or under the Provincial Act;
 - (f) ***“Provincial Act”*** means the *Public Service Superannuation Act* (Nova Scotia);
 - (g) ***“Public Service”*** means the Public Service as defined in the Federal Act;
 - (h) ***“quarter”*** means the three-month period beginning on the first day of April, July, October or January;
 - (i) ***“Superannuation Account”*** means the Account referred to in the Federal Act as the Superannuation Account;
 - (j) ***“Superannuation Fund”*** means the Fund referred to in the Provincial Act as the Superannuation Fund;
 - (k) words importing the masculine gender include the feminine gender; and
 - (l) words in the singular include the plural and vice-versa.

2. The Province will direct to be paid into the Superannuation Account an amount computed in accordance with clause 3 in respect of an employee who ceased or ceases to be employed in the Province and becomes employed in the Public Service, as a result of a Sales Tax Harmonization Agreement, entered into pursuant to the *Federal-Provincial Fiscal Arrangements Act*, as amended, who,
 - (a) ceased or ceases to be employed by the Province to become employed in the Public Service;
 - (b) became or becomes employed in the Public Service on the day following the day he ceased or ceases to be employed by the Province;
 - (c) has not received or does not receive any amount as a return of contributions or any other benefit under the Provincial Act in respect of any pensionable service to his credit under the Provincial Act upon ceasing to be employed by the Province;
 - (d) executes two documents in the form of Appendix "A" and delivers one to the Provincial Minister and one to the Federal Minister within six months of the date on which this agreement is signed or within six months from the day on which written notice is sent by or on behalf of the Federal Minister to that individual informing him that he has become a contributor under the Federal Act, whichever is later, or within such longer period as both Ministers may determine where they are satisfied that the failure of the employee to deliver the two documents as hereinbefore provided was not attributable to the employee.
- 3.1 The amount which the Provincial Minister will direct to be paid into the Superannuation Account in respect of an employee to whom clause 2 applies shall be equal to the lesser of;
 - (a) an amount which, in the opinion of the Provincial Minister, is equal to the values, as of the calculation date, of all benefits accrued in respect of the pensionable service to the credit of that employee under the Provincial Act, together with interest at a rate equal to the rate which, in the opinion of the Provincial Minister, is or was payable under the Provincial Act from the said calculation date to the end of the quarter preceding the date of payment into the Superannuation Account; less any money owed by the employee to the Province with respect to an advance on a Public Service Award, and
 - (b) an amount which, in the opinion of the Chief Actuary of the Government of Canada, would have been equal to the values, as of the calculation date, of all benefits which would have accrued under the Federal Act in respect of the

- pensionable service to the credit of that employee under the Provincial Act had the said period of service been a period of pensionable service under the Federal Act, together with interest at a rate equal to the rate which, in the opinion of the Federal Minister, is or was payable under the Federal Act from the said calculation date to the end of the quarter preceding the anticipated date of payment into the Superannuation Account.
- 3.2 For the purpose of clause 3.1, the calculation date shall be the date on which the employee becomes a contributor under the Federal Act and the value of the benefits shall be calculated using the actuarial assumptions contained in Appendix "C".
 4. Where the Provincial Minister is required by clause 2 to make a payment into the Superannuation Account, the payment shall be made within one year from the time the Provincial Minister receives from the employee concerned a completed document in the form of Appendix "A" or within such longer period as the Federal Minister and the Provincial Minister together may determine.
 5. Where, in accordance with clauses 2 and 4, payment is made by the Provincial Minister into the Superannuation Account in respect of an employee, the period of service of that employee that, at the time he ceased to be employed by the Province he was entitled to count as pensionable service under the Provincial Act may be counted by the employee as pensionable service under the Federal Act as provided in the regulations enacted pursuant to subsection 40.2(9) of that Act .
 6. Where the amount paid by or on behalf of the Provincial Minister pursuant to clauses 2 and 4 is less than the amount which would have been calculated in respect of the employee as being the commuted value payable to or in respect of the employee under the Provincial Act, whether or not the employee would otherwise be entitled to that commuted value, the Provincial Minister shall pay an amount equal to the amount of the difference in accordance with the provisions of the Provincial Act.
 7. The Federal Minister will pay into the Superannuation Fund an amount computed in accordance with clause 10 in respect of a contributor who,
 - (a) ceased or ceases to be employed in the Public Service and is or becomes employed by the Province;

- (b) has not received or does not receive any amount as a return of contributions or any other benefit under the Federal Act in respect of any period of pensionable service to his credit under the Federal Act upon ceasing to be employed in the Public Service; and
- (c) executes two documents in the form of Appendix “B” and delivers one to the Federal Minister and one to the Provincial Minister within one year of the date this agreement is signed or within one year of becoming a contributor under the Provincial Act, whichever is later, or within such longer period as the Provincial Minister may determine where he is satisfied that the failure of the employee to deliver the two documents herein before provided was not attributable to the employee.

8.1 The amount that the Federal Minister will pay in respect of an employee to whom clause 7 applies shall be equal to the aggregate of:

- (a) an amount equal to the amount paid in respect of that employee in accordance with clause 3.1, together with interest at a rate equal to the rate which, in the opinion of the Minister, is or was payable under the Federal Act from the date of payment as described in clause 4 to the end of the quarter preceding the date of payment by the Federal Minister into the Superannuation Fund; and
- (b) the lesser of;
 - (i) an amount calculated by the Chief Actuary of the Government of Canada as being equal to the values, as of the date of ceasing to be employed in the Public Service, of all benefits accrued in respect of the pensionable service to the credit of that employee under the Act, other than the period of service in respect of which the amount described in paragraph 8.1(a) is being determined, taking into account clause 9, together with interest at a rate equal to the rate which, in the opinion of the Federal Minister, is or was payable under the Federal Act from the said date of ceasing to be employed to the end of the quarter preceding the date of payment into the Superannuation Fund; and
 - (ii) an amount which, in the opinion of the Provincial Minister, would have been equal to the values, as of the date of becoming a contributor under the Provincial Act, of all benefits which would have accrued under the Provincial Act in respect of the pensionable service to the credit of that employee under the Federal Act had the said period of service been a period of pensionable service under the Provincial Act, other than the period of service in respect of which the amount described in paragraph 8.1(a) is being determined, taking into account clause 9, together with interest at a rate equal to the rate which, in the opinion of the Provincial Minister, is or was payable under the Provincial Act from the said date

of becoming a contributor under the Provincial Act to the end of the quarter preceding the anticipated date of payment into the Superannuation Fund.

- 8.2 For the purpose of clause 8.1(b) the value of the benefits shall be calculated using the actuarial assumptions contained in Appendix "D" or "E", whichever is applicable.
9. An employee in respect of whom payment in accordance with clause 10 is to be made who,
- (a) immediately prior to the time he ceased to be employed in the Public Service, was making or was required to make payments into the Superannuation Account in respect of any period of prior service that he was entitled or eligible to count as pensionable service under the Federal Act; and
 - (b) has not made all the said payments;

shall be provided with a notice from the Federal Minister of the balance owing, as determined by the Federal Minister, in respect of this period of prior service and may pay all or any part of the balance owing within two months of the date on which the notice is mailed by the Federal Minister.

If the employee remits the entire balance owing within the time provided, the entire period of prior service will be counted as pensionable service; otherwise, the employee shall be deemed to have to his credit a portion only of that period of prior service equal to the portion thereof that the amount actually paid by him into the Superannuation Account will purchase, calculated by the Federal Minister under the relevant provisions of the Federal Act.

10. Where the Federal Minister is required by clause 8 to make a payment into the Superannuation Fund, the payment shall be made within one year from the time the Federal Minister receives from the employee concerned a completed document in the form of Appendix "B", or within such longer period as the Provincial Minister and the Federal Minister together may determine.
11. Where, in accordance with clauses 8 and 10, payment is made by the Federal Minister into the Superannuation Fund in respect of the employee, the period of service of that employee that, at the time he left his employment in the Public Service, he was entitled to count as pensionable service for the purposes of the Federal Act may be counted by the employee as pensionable service under the Provincial Act as provided in that Act.
12. Where the amount paid by or on behalf of the Federal Minister pursuant to clauses 8 and 10 is less than the amount which would have been calculated in respect

of the employee as being the transfer value payable to or in respect of the employee under the Federal Act, whether or not the employee would otherwise be entitled to that transfer value, the Federal Minister shall pay an amount equal to the amount of the difference in accordance with the provision of the Federal Act.

13. If the pension benefits accrued by an employee under the Federal Act or the Provincial Act, whichever is applicable, are subject to a division in favour of the spouse of an employee, the adjustment of the amount payable in respect of the employee, or any other adjustment required, shall be the subject of a later agreement between the parties to this Agreement, in accordance with applicable legislation.

If an employee who was subject to a division of pension credits requests or has requested a transfer before the agreement mentioned in the previous paragraph has been entered into, the transfer will not be made until such time as the agreement establishing the said provisions has been entered into between the parties hereto.

14. A French version of this agreement will follow.
15. This agreement is subject to the Federal Act and to the Provincial Act.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be signed and sealed on the day and year first above written.

THE GOVERNMENT OF CANADA

Witness

The President of the Treasury Board

***THE GOVERNMENT OF THE
PROVINCE OF NOVA SCOTIA***

Witness

The Minister of Finance

APPENDIX "A"

TO: The Minister of Finance
c/o Pension Services Group
Province of Nova Scotia
P.O. Box 371
Halifax NS B3J 2P8

and

TO: The President of the Treasury Board
c/o The Superannuation Directorate
Public Works and Government Services Canada
P.O. Box 5010
Moncton NB E1C 8Z5

I, _____
residing at _____
in the (Province/Territory) _____ Sup'n/Pension No.: _____

- (a) hereby request the Minister of Finance to make or direct to be made a payment into the Superannuation Account of the Government of Canada in respect of me in accordance with and pursuant to the agreement entered into on _____ 1999, between the Government of Canada and the Government of the Province of Nova Scotia; and
- (b) in consideration of the payment referred to in paragraph (a) being made, I hereby release and forever discharge Her Majesty, The Queen, in right of the Province of Nova Scotia and the Public Service Superannuation Fund from all manner of actions, causes of action, suits, debts, accounts, covenants, claims and demands whatsoever which against Her Majesty and the Public Service Superannuation Fund I ever had, now have, or which my heirs, executors, administrators or assigns or any of them, hereafter can, shall or may have for or by reason of any pension, return of contributions or other like benefit that I, or any other person may be, or at any time become, entitled or eligible to receive because of contributions made by me or on my behalf for pension purposes into the Public Service Superannuation Fund or because of my employment with the Province or both.

Signed the _____ day of _____, 199_____
in the presence of:

Witness

Signature

APPENDIX "B"

TO: The President of the Treasury Board
c/o The Superannuation Directorate
Public Works and Government Services Canada
P.O. Box 5010
Moncton NB E1C 8Z5
and

TO: The Minister of Finance
c/o Pension Services Group
Province of Nova Scotia
P.O. Box 371
Halifax NS B3J 2P8

I, _____
residing at _____
in the (Province/Territory) _____ Sup'n/Pension No.: _____

- (a) hereby request the President of the Treasury Board to make payment into the Public Service Superannuation Fund in respect of me in accordance with and pursuant to the agreement entered into on _____ 1999, between the Government of Canada and the Government of the Province of Nova Scotia; and
- (b) in consideration of the payment referred to in paragraph (a) being made, I hereby release and forever discharge Her Majesty the Queen in right of Canada from all manner of actions, causes of action, suits, debts, accounts, covenants, claims and demands whatsoever which against Her Majesty I ever had, now have, or which my heirs, executors, administrators or assigns or any of them, hereafter can, shall or may have for or by reason of any pension, return of contributions or other like benefit that I, or any other person may be, or at any time become, entitled or eligible to receive because of contributions made by me or on my behalf for pension purposes into the Superannuation Account of the Government of Canada, or because of my employment in the Public Service, or both.

Signed the _____ day of _____, 199
in the presence of:

Witness

Signature

APPENDIX "C"
METHODS AND ACTUARIAL ASSUMPTIONS USED

1. For the purposes of Clause 3.1 of this agreement, the value of the benefits will be calculated using the methods and actuarial assumptions contained in the *Actuarial Report on the Pension Plan for the Public Service of Canada (Public Service Superannuation Act)* as of December 31, 1992 ("*the 1992 PSSA Actuarial Report*"), except for and/or as noted in the following:
 - a) the initial rate of interest, applicable during the first 15 years, shall be 7.65%;
and
 - b) the interest rate for each succeeding year thereafter shall equal 6.61%; and
 - c) the rate of increase in the Consumer Price Index shall be 3.0%,
 - d) the rate of increase in salaries shall be set at 3.5% per year plus the merit increases used in the 1992 PSSA Actuarial Report.
2. For the purposes of paragraph 3.1(a) of this agreement, the initial salary to which the increases specified in paragraph 1(d) above shall be applied shall be the salary as of the date of ceasing to be employed with the Province.
3. For the purposes of paragraph 3.1(b) of this agreement, the initial salary to which the increases specified in paragraph 1(d) above shall be applied shall be the salary as of the date of becoming a contributor under the Federal Act.

APPENDIX “ D ”
METHODS AND ACTUARIAL ASSUMPTIONS USED

1. For the purposes of paragraph 8.1(a) of this agreement, the values of the benefits will be determined using the methods and assumptions contained in the ***Actuarial Report on the Pension Plan for the Public Service of Canada (Public Service Superannuation Act)***, (“***the actuarial report***”), most recently laid before Parliament in accordance with the *Public Pensions Reporting Act*, except for and /or as noted in the following:
 - a) the rate of interest shall be 7.25% ; and
 - b) the rate of increase in the Consumer Price Index shall be 3.0% per annum; and
 - c) the rate of increase in salaries shall be 4.0% per annum, plus the merit increase contained in the actuarial report.
2. The methods and assumptions, except those specified in paragraphs 1(a) to 1(c) above, will automatically be amended each time a new actuarial report is laid before Parliament. The new methods and assumptions will take effect on the first day of the second month following the month in which the actuarial report is laid before Parliament and will apply to applications for transfer made after that date.
3. All or any of the assumptions specified in paragraphs 1(a) to 1(c) above can be amended by the Federal Minister. The new assumptions will take effect on the first day of the second month following the month in which written notification is sent by the Federal Minister to the Provincial advising him of the new assumptions and will apply to applications for transfer made after that date.

APPENDIX “ E ”

METHODS AND ACTUARIAL ASSUMPTIONS

For the purposes of paragraph 8.1(b) of this agreement, the values of the benefits will be determined using the Accrued Benefit Method (also known as Projected Unit Credit) and the following assumptions:

Economic Assumptions:

1. Interest Rate:	7.64%
2. Inflation Rate:	3.00%
3. YMPE Growth Rate:	3.50%
4. Salary Growth Rate:	3.50%
5. Rate of Increase of Maximum Benefits under Income Tax Act:	3.50%
6. Rate of Indexing of Pension in Payment:	3.00%

Demographic Assumptions:

1. Mortality Table:	GAM-83
2. Gender Split:	Actual gender is used
3. Proportion With Spouse:	85% (m) and 75% (f) have spouse at retirement
4. Age Difference Between Spouses:	Male spouse 3 years older than female spouse
5. Retirement Age:	Average of (i) earlier of age 60 and 32.5 years of service but not before age 55 and (ii) earlier of age 62 and 30 years of service, but not before age 55
6. Withdrawal Rate:	NIL
7. Disability Rate:	NIL