

# Public Service Superannuation Plan

# Pension News



Serving the needs of Retired members.

Summer 2010

## Message from the Minister of Finance, The Honourable Graham Steele Trustee of the Public Service Superannuation Plan

The Public Service Superannuation Plan (PSSP) offers a competitive pension benefit package to more than 30,000 current and retired public servants. The Plan has some of the most generous benefits in Canada – many of which were defined when most citizens didn't live as long as they do now.

However, the Pension Plan is seriously underfunded – about 69 percent as of the last valuation report, and projected to decline to 30 percent over the next three decades. The Plan's assets are some \$1.5 billion short of covering the existing liability, and the interest alone on this deficit is more than \$100 million a year.

Aside from these structural issues, the recent turmoil in financial markets has caused a significant drop in the value of the Plan's assets. We need to make changes to the Pension Plan's finances now to make sure the money will be there to cover pension benefits to all Plan members.

The cost of this Pension Plan must be affordable for the Nova Scotia taxpayer – not only today but in future. The employer, and active and retired Pension Plan members are all taking

part in the solution to this problem. All current employees contribute to the PSSP through employee deductions, which are matched equally by the employer. Contribution rates were increased last year and are 8.4 percent and 10.9 percent below and above the YMPE.

We are planning a new approach to pension indexing, also known as the Cost of Living Allowance. Indexing of 1.25 percent for each of the next five years will be guaranteed. After that time, the trustees will follow a comprehensive process to determine the level of indexing the Plan can afford in the future.

First-time employees who started work on or after April 6, 2010 will be offered a different pension package which will continue to be competitive with other public sector pension plans across Canada.

The changes were developed in a way that is fair to active employees, pensioners, and the employer. We recognize that every member of the Plan will be affected in some way. However, at the same time, no one group of Plan members is treated preferentially.

All of these measures together should return the public service Pension Plan to approximately 100% funding by the end of 2010 – strengthening the Plan for the long term. ■

## Your Monthly Deductions

Income tax is deducted from your monthly Public Service pension benefit. At any time you may choose to have additional income tax deducted. To exercise this option, you should write to the Nova Scotia Pension Agency and say the following:

“Please increase the total additional income tax being deducted from my monthly pension benefit to the amount of (you specify amount here) \$ \_\_\_\_ per month.”

You must also supply the following: your full name, full address with postal code, date of birth, and telephone number. ■

## Your Pension Payments

Remainder of 2010		2011	
May 27	Sep 28	Jan 27	Jul 27
Jun 28	Oct 27	Feb 24	Aug 29
Jul 28	Nov 26	Mar 29	Sep 28
Aug 27	Dec 29	Apr 27	Oct 27
		May 27	Nov 28
		Jun 28	Dec 28

Phone: 424.5070 (Halifax area) | 1.800.774.5070 (toll free in N.S.) | Fax: 902.424.0662

Email: pensionsinfo@gov.ns.ca | PO Box 371, Halifax, N.S. B3J 2P8

[www.novascotiapension.ca](http://www.novascotiapension.ca)

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## New Indexing Method for All Pensioners

Indexing (or Cost of Living Adjustment) 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 percent 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 to 110 percent, the Trustee may provide indexing so long as the Plan's funded ratio is not projected to fall below 100 percent at the end of the 5-year cycle.

If the funded ratio of the Plan is above 110 percent, 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 projected funded ratio to fall below 100 percent at the end of the 5-year cycle.

If the funded ratio of the Plan is less than 100 percent, 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 percent (on a projected basis) within 10 years.

### January 1, 2021 and thereafter

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

## Designating a Beneficiary

In the event of your death, if you, the member are not survived by a spouse, children, or eligible dependant entitled to a monthly pension, the plan may be required to refund a portion of your contributions and interest. If the total of all pension payments paid to you, your spouse, children, or eligible dependant does not exceed your contributions and interest, the plan will refund any excess funds.

Only you, the Plan member, can designate a beneficiary. If there is no beneficiary form on file, the Public Service Superannuation Act would require any funds available to be paid to your "Estate".

As the Public Service Superannuation Plan (PSSP) provides a guaranteed lifetime pension for a spouse, you would not designate your spouse on the beneficiary form. Children are not entitled to a lifetime pension under the PSSP plan so you may designate your children. A summary of pension benefits available for children is outlined on page one of the beneficiary form. You may also designate any person(s) or organization whom you wish to receive a refund in the event of your death.

**Note:** In the event that you have been retired for a few years, designation of beneficiary may not be pertinent to you, as there may not be any contributions remaining to be refunded.

Also please note, you are **not required** to designate a beneficiary - it is **completely optional** to you.

### Procedure for Designating a Beneficiary

You may download the Designation of Beneficiary Form from our web site. Please complete, and mail or fax the form to the Nova Scotia Pension Agency. To download the form go to: <http://www.novascotiapension.ca>, click on Public Service Plan, Pensioners, Forms. Alternatively, please contact the Agency for a copy. ■

## 2009-10 Annual Report

The Annual Report of the Pension Plan for the year ended March 31, 2010 will be available on our web site in June 2010. Please 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.