

Information for Members of the Public Service Superannuation Plan Regarding Minister Michael Baker's news release of October 30, 2008 Benefits for Employees Eligible to Retire before 2014

What were the changes to the pension benefits announced by Finance Minister Michael Baker on Oct. 30, 2008?

Minister Baker, trustee of the Public Service Superannuation Plan (PSSP), has made no changes in 2008 to pension benefits or contribution amounts for any member of the Public Service Superannuation Plan.

On October 30, he made a public commitment that the pension benefits of any member of the Public Service Superannuation Plan who is or becomes eligible for an unreduced pension on or prior to March 31, 2014 will remain unchanged.

The minister also said there will be no change to the benefits received by retired employees.

The minister wants to reassure valued employees who are concerned about the current status of the pension plan.

Why is there talk of changes to the pension benefits or contributions anyway?

The minister has a responsibility to ensure the plan is well funded so that pension benefits will be there as expected throughout the retirement of all employees.

The funded status declined from 83.5 per cent at Dec. 31, 2007 to 79.6 per cent at June 30, 2008, and if the current trends remain, the plan's funding levels will decline 33 per cent over 29 years. (The funded ratio is equal to the plan's assets divided by its liabilities, expressed as a percentage.) The recent turmoil in the financial markets is expected to lower the funded ratio even more.

In July 2008, the minister asked the Nova Scotia Pension Agency to look at options to improve the plan's funded status, working closely with the Public Service Pension Advisory Committee.

What about employees who will retire after 2014? Do we know for sure that there will changes to their benefits?

No decisions have been made about exactly how the government will choose to improve the funded ratio of the plan. The decision making process is expected to take several months; and major changes to the plan may require legislation.

The minister has made it clear that there are three ways to fund a pension plan:

- Improve performance on the plan's investments.

- Increase contribution rates, or
- Modify or reduce benefits

The plan's actuaries have stated that it would be "imprudent" to rely solely on improved investment performance to improve the funded ratio of the plan. So, the minister believes the government may need to consider changes to contribution rates or benefits.

The government will take some time to consider the options carefully with the needs of all plan members in mind. No changes to the plan are expected this fall.

If an employee is eligible to retire within the time frame up to March 31, 2014, but chooses to work past that date, will there be any impact on their benefits?

It is the 'being eligible' within that time frame that matters; one doesn't actually have to retire within that time frame, just be eligible to retire. One may work past that date, and their benefits will be covered, per Minister Baker's remarks, no matter when they retire.

Will pension contributions go up for all plan members?

No decision has been made on whether there will be changes to pension contributions in future.

However, any increase to employees' contributions will be matched by an increase in employer contributions, as the costs are equally shared.

Also, pension contributions are paid by all active employees, regardless of their retirement date.

Why can't the government put in a lump sum amount to help finance the plan, as has been done in the past?

The minister has stated that he is committed to the policy of having the plan funded 50-50 by the employees and the employers. To be fair to taxpayers, he does not plan to change that commitment.

What does "eligible for an unreduced pension" mean?

This refers to the date when a plan member may retire with an un-reduced or full pension benefit. Today, a member attains this eligibility when they satisfy the 'Rule of 80' or the 'Age 60 Rule' provisions of the plan.

'The Rule of 80' is satisfied when a member reaches the minimum age of 50 and has enough years of service that, added together, their age + years of service = 80.

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The 'Age 60 Rule' is satisfied when a member reaches the minimum age of 60 and has acquired at least 2 years of service.

Note: This does not mean the member is also eligible for the maximum potential pension. In order to receive the maximum pension amount payable, a member must have attained 35 years of service.

What is the Public Service Pension Advisory Committee?

The [Public Service Pension Advisory Committee](#) was established in January 2006, by the Minister of Finance in his capacity as Trustee of the plan. The Committee provides a forum where stakeholder representatives review issues related to the administration and investment of the Public Service Superannuation Plan and provide advice and recommendations to the Minister. Committee members represent a cross section of active and retired plan members and employers.

Where do I find more details about the Public Service Superannuation Plan?

Please consult the Nova Scotia Pension Agency website for more details about the pension plan, including its legislation and regulations. Please click [here](#).

I am wondering about my own pension entitlements? Where do I call?

Please contact the Nova Scotia Pension Agency at (902) 424 5070 or at 1-800-774-5070 toll free. You may also contact the Agency via email at: pensionsinfo@gov.ns.ca