

Schedule A

2017 REVIEW OF THE PUBLIC SERVICE SUPERANNUATION PLAN (PSSP)

SUMMARY OF MEMBER AND STAKEHOLDER INPUT

Benefits & Eligibility

A number of comments focused on benefits and eligibility under the PSSP, including:

- (a) Should the maximum years of pensionable service (currently 35) be changed?
- (b) Should early retirement options (including 'rule of 80', 'rule of 85' and '60-years-old + 2 years of service') be curtailed/adjusted?
- (c) Should the current 2-year vesting requirement be changed?
- (d) Should the formula for calculating highest average salary (HAS) be changed?
- (e) Should the percentage amounts for accruing pensionable service be changed?
- (f) Should the small-benefit commuted value payment level be adjusted?
- (g) Should the survivor allowance amounts (66 2/3% and 60%) be reconciled?
- (h) Should the refund payable to a designated beneficiary or estate be changed so as to be equal to commuted value (rather than just contributions + interest)?
- (i) Should there be a mechanism to allow access to funds for member financial hardship?
- (j) Reconcile LTD provision in PSSP Regulations with LTD Plan rules.
- (k) Align PSSP with *Pension Benefits Act* (or make PSSP subject to *Pension Benefits Act*).
- (l) Consider PSSP changes to address inter-generational and gender inequity.
- (m) Consider using CPI for Nova Scotia, instead of CPI for Canada.
- (n) Review how "salary" is determined, including deemed exclusions (e.g. overtime) and extent of inclusion of acting pay.
- (o) Consider announced future changes to the CPP, and whether the PSSP should have continued integration with the CPP or look at de-integration, and generally what revisions to the PSSP may be necessary/desirable in light of pending CPP changes.
- (p) Should there be a minimum notice period (e.g. 10 years) prior to any benefit reduction?
- (q) Is there a need to consider changes to reciprocal transfer options?
- (r) Should the definition of "part-time employee" be reviewed and revised?
- (s) Consider removing ability to add spouse after commencement of retirement benefit.
- (t) Pension indexing – comments were across the spectrum: "have guaranteed indexing fixed to CPI"; "have no indexing whatsoever, regardless of the funded status of the PSSP"; "maintain contingent indexing, i.e. the PSSP should consider paying indexing only if and when it can safely afford to"; "have guaranteed indexing fixed to CPI minus X".
- (u) Consider making pension payments bi-weekly instead of monthly.
- (v) Consider increasing the age for continuing to pay into the PSSP to 70.

Funding Policy & Actuarial

A number of comments focused on funding policy and actuarial matters under the PSSP, including:

- (a) Should there be any changes to the funded level threshold limits?
- (b) What valuation methodology should be fixed for the PSSP – ‘market’ or ‘smoothed’?
- (c) Consider changing retirement age assumptions.
- (d) Review increases in liability for existing service and purchased service.
- (e) Consider providing members credit for ‘dangling days’.
- (f) Monitor contribution levels and increase if necessary, but continue to maintain 50/50 split between employers and employees.
- (g) If the PSSP should become over-funded at any time, the excess funds should be held in trust and invested and saved for the day when the PSSP becomes under-funded (and not used to supplement current pensioners above and beyond what has been promised by paying out inflation adjustments).
- (h) Consider having varying contribution rates for members corresponding to age and life-circumstances
- (i) Consider permitting employees to opt out of the PSSP and not participate at all, or to determine themselves what amounts they wish to contribute.

Governance

A number of comments focused on governance issues under the PSSP, including:

- (a) Should the maximum number of consecutive years a director can serve be reviewed?
- (b) Consider removing Ministerial appointment powers for directors and chair, and internalizing those with the Trustee.
- (c) Consider giving retirees a second seat on the Trustee board.
- (d) Consider developing a process for selecting the non-union employee director on the Trustee board.
- (e) Consider appropriate compensation for Trustee board directors who are not employed on a full-time basis by a stakeholder or employer of the PSSP.
- (f) Consider appointment of some number of professional directors to the Trustee board.
- (g) Consider providing a clear, fair, transparent, accessible and consistent mechanism for appeals.
- (h) Consider structuring Trustee board membership so that representatives from smaller member organizations, on both the employer and employee sides, can serve rotating terms on the Trustee board.
- (i) Review rules for purchases of prior service so that employers are not adversely affected by having to pay matching amounts for employees who no longer work for them.
- (j) Ensure that Trustee board directors have staggered terms of service.
- (k) Ensure that newer employers in the PSSP are given an opportunity to participate on the Trustee board.
- (l) There should be mandatory attendance by directors at Board and committee meetings, with limited excused absences.
- (m) Continue with the current model of joint trusteeship and do not revert to having the Minister as sole trustee.
- (n) Consider having environmental, social and governance factors be considered for reference in the statement of investment policies and goals.

'Housekeeping' Changes to the PSSP Legislation

Some comments identified that parts of the PSSP legislation are now spent or redundant, and should be adjusted or entirely removed, as appropriate:

- (a) Consider deleting *PSSA* s. 54.
- (b) Consider deleting various *PSSA* references to “the replacement Trustee”, and deleting/amending related provisions.
- (c) Consider deleting the initial powers of making regulations given to the Governor-in-Council.

Miscellaneous

Some comments did not fall clearly into any of the above-noted specific categories. These related to items such as:

- (a) Review Nova Scotia Pension Services Corporation office location.
- (b) Look at access to “Retiree Extended Health Plan”.
- (c) Consider identified concerns with process and procedure regarding the *PSSA*'s ‘supplementary pension’ (SERP) – *PSSA* ss. 82-86.
- (d) Consider “capping” the PSSP and creating a new plan, without ties to the old one, for new employees.
- (e) Consider extending the “Flexible Pension Option” for another 5 years.
- (f) What kinds of investments are being made? Can a percentage investment be made in N.S.? Can we do micro-loans?
- (g) Can we regularize the timing of the annual review of the “base year”, and the communication of “base year” decisions?
- (h) Consider the implications associated with possible “reduced” and “unsustainable” benefits over the next few decades, and a requirement for more responsible and informed decision-making and management.
- (i) Consider allowing disparate entities (e.g. “Housing Authority staff”) to join the PSSP.
- (j) Consider various expressions of a desire to increase retirement savings – including by increasing the overall costs and benefits under the PSSP, or implementing some type of additional voluntary contribution (AVC) arrangement.
- (k) Consider asking members to volunteer to participate in focus groups or to help educate other members.
- (l) Consider permitting employees to withdraw funds from the PSSP (e.g. for a first-time home purchase) and repay later.
- (m) Consider extending the time period for production and delivery of the 5-year PSSP review report.
- (n) Consider PSSP membership growth initiatives and legislative changes that would allow private corporation and quasi-government entities to participate in the PSSP.
- (o) Consider preparing a more accessible, ‘plain language’ version of the *PSSA* and regulations.
- (p) Consider social responsibilities when revising the PSSP, with attention to principles of equity, ethics, and the environment.
- (q) Publicize the final report of the independent reviewer, and advise members and stakeholders of any resulting changes or follow-up by the Trustee.
- (r) Consider offering very flexible options for purchasing prior service and leave of absence time – individualized to the ability of the member to pay.
- (s) Consider expanding the ability of members to transfer into the PSSP service earned under various external pension plans.