



Department of Finance

Pension Changes Will Not Affect Employees Eligible to Retire

October 30, 2008 – 12:44pm

There will be no major changes to pension benefits for plan members eligible to retire in the next five years said Michael Baker, Finance Minister and Minister responsible for the Public Service Superannuation Act today, Oct. 30.

"It is true that we may need to make changes to pension contributions or benefits to improve the funded status of the pension plan over the long term," said Mr. Baker.

"However, employees currently or soon eligible to retire should have some comfort that we won't make sudden changes to the benefits they are expecting."

Specifically, the minister has committed that the pension benefit 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. In addition, no changes will be made to the date of the eligibility to retire for these employees.

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

The move is intended to reassure employees who are concerned about the current status of the pension plan. The minister, as trustee, has asked the Nova Scotia Pension Agency to provide options to improve the plan's funded status, working closely with the Public Service Pension Advisory Committee.

Calculations show that 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 recent turmoil in the financial markets is expected to further affect the plan's performance.

Mr. Baker said that despite the significance of this problem, 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's legislation are expected this fall.

"Employees should know that this is a very good pension plan and it is still solid. However, looking into the future, I must ensure the plan is well-funded so that pension benefits will be there as expected throughout the retirement of all employees," said Mr. Baker.

"As Minister of Finance, I also have an obligation to ensure the plan does not place an undue burden on Nova Scotia taxpayers."

The Public Service Superannuation Plan has some 27,500 members in the Nova Scotia public service, including employees of the Government of Nova Scotia, universities, community colleges, and other agencies.

FOR BROADCAST USE:

The minister responsible for the public service pension plan says he won't change pension benefits for employees who might retire in the next five years.

Michael Baker says a review underway to improve the funded status of the plan, which has more than 27-thousand members in the provincial government and agencies.

The funded status of the plan is expected to decline unless funding levels improve.

Over the next few months, the government will decide if that means higher contributions or benefit changes for pension plan members in future.

However, he says employees currently or soon eligible to retire should have some comfort that pension benefits they are expecting will not change.

-30-

Media Contact:

Cathy Shaw

Department of Finance

902-424-8787

E-mail: Shawcm@gov.ns.ca