Public Service Superannuation Plan Trustee Inc.

A newsletter for Public Service Superannuation Plan Employers

PENSION PLAN *NEWS*

PREPARING FOR THE FUTURE

Every 5 years, beginning in 2015, the Public Service Superannuation Plan Trustee Inc. (PSSPTI) is required to do a comprehensive evaluation on the funded health of the Public Service Superannuation Plan (Plan).

The purpose of the 5-year review is to:

- determine the Plan's long term financial health and its ability to afford future annual cost of living increases for the next 5 years,
- determine the adequacy of contribution rates, and
- review the Plan's benefits structure with respect to future benefits to be accrued by active Plan members.

The PSSPTI will undertake the 5-year review of the Plan in the spring of 2015. Throughout the review process, the PSSPTI's highest priority will be the Plan's long term financial health and sustainability.

Any changes such as cost of living adjustments will be announced in the summer of 2015. For more information about the Plan's 5-year review, please see the *Public Service Superannuation Act* online at:

novascotiapension.ca/publicserviceplan/pensionplanstructuretext

RETIREES RETURNING TO WORK

If a retiree is returning to a position that normally requires pension contributions, they must stop receiving their pension while they are working and resume contributing to the Plan. When they stop working again, a new pension benefit is calculated to reflect any additional service and salaries. The exceptions to this rule are:

If a retired member returns to work after the end of the year in which they reach 71 years of age, the member's pension continues to be paid. Contributions are not collected, nor are salary rates sent to the Pension Services Corp.

If a Plan member has not reached 71 years of age or 35 years of service, they may work while drawing a pension; however, this only applies if the position does not require pension contributions. For example, if the Plan member is working part-time (less than 40 per cent) or in a casual position.

If a Plan member has 35 years of service, they may return to work while drawing a pension. Contributions are not collected, nor are salary rates sent to the Pension Services Corp. for their new position.

PART-TIME EMPLOYEES

To participate in the Plan, part-time employees must be continuously employed in an eligible position and work a minimum of 40 per cent but less than 100 per cent of full-time hours.

When a part-time employee meets the requirement to be in the Plan, they remain in the Plan even if their hours of work decrease to less than 40 per cent, as long as the employment is continuous. Contributions should be collected from all part-time employees, when they are in the Plan, up to 100 per cent of full-time hours. Hours worked over 100 per cent are not pensionable and should be coded as overtime.

When a part-time employee is in the Plan, their hours of work may reduce to less than 40 per cent.

INFORMATION ABOUT RETROACTIVE SALARIES FOR EMPLOYEES CURRENTLY ON LTD OR RETURNING TO WORK

The Plan Regulations state pension contributions for employees on Long Term Disability (LTD) should be based upon the 'current rate' of the position held immediately prior to starting LTD.

Whenever there is an increase in this salary, pension contributions should also increase. This ensures the pension amount received at retirement is the same as if the employee had continued to work during the disability period.

If salary increases are retroactive to the period of LTD, and the employee:

- is on LTD, pension contributions should also increase. Notify your LTD provider of the new rates so that the pension contributions can be increased.
- has returned to work, pension contributions for the higher salaries must be collected by the Employer and salary rates provided to Pension Services Corp.
- has retired, rates should be provided to Pension Services Corp. in order to contact the employee to collect pension contributions and recalculate their pension benefit.

IMPORTANT!

Employees may be entitled to a recalculation of their LTD benefit even if they have returned to work or retired, if a retroactive salary affects their pre-LTD salary rate. In this case, your LTD provider should be notified of the higher salaries to determine if a recalculation is required and pension contributions will be collected.

Update on the NEW

PENSION ADMINISTRATION SYSTEM

Pension Services Corp.'s Technology Project team has performed an analysis of our readiness to proceed with the implementation of our new pension administration system. A decision was made to move the implementation date of the new system to Spring 2015.

Until then, we will continue testing the new system to ensure a smooth transition. We appreciate your continued support throughout this process.

EMPLOYEES WITH 35 YEARS OF SERVICE

When a Plan member reaches 35 years of service, their contributions to the Plan should cease; however, salary increases should continue to be sent to the Pension Services Corp.

Pension benefit calculations are based on an employee's 5-year highest average salary, which includes increases received beyond the 35 years.

We appreciate your feedback. If you have a comment or a suggested topic for this newsletter, please contact us at:

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