

In this Fall Newsletter, we cover questions that are frequently asked by Plan Members.

### **Base Year News**

The Base Year is being improved from 2015 to 2016 effective January 1, 2018. This will result in earlier years' annualized earnings being adjusted to be equal to 2016 annualized earnings, (*unless an earlier Base Year provides a higher benefit*).

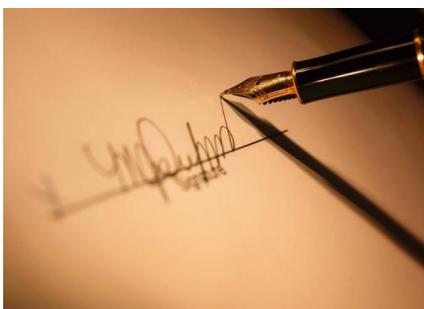
*There is also an Income Tax restriction that if your average earnings over 3 years is lower than your base year earnings, that average is to be used in the base year calculation.*



### **Pension Division on Relationship Breakdown**

On the breakdown of a spousal relationship in Nova Scotia, a Pension Plan member's spouse may be assigned up to one-half of the pension benefits earned by the member during the years of the applicable spousal relationship.

If a pension is to be divided, the Plan requires a court order or separation agreement directing the division of the pension that clearly states the period of the relationship and the percentage division (not to exceed 50%).



The pension is only divided when the member terminates, retires or in the event of the death of either the member or former spouse.

### **Changing your Beneficiary**

Under pension laws in Nova Scotia, you have a spouse for Pension Plan purposes if you are in a relationship with someone who meets the following definition:

**"Spouse" means either of two people:**

- (1) who are married to each other;
- (2) who are registered domestic partners under the terms of the Nova Scotia Vital Statistics Act; or
- (3) who are living together in a conjugal relationship for at least the following time periods
  - a. If neither person is married to someone else, one year; or
  - b. If either person is married to someone else, three years.

This legislation provides that, subject to very limited exceptions, any pre-retirement death benefits payable from a registered pension plan must be paid to your spouse at the date of death.

Naming a beneficiary enables you to direct benefits to a specific person *if there is no qualifying spouse at that time*. This is noted on our Employee Enrolment Applications and Employee Change of Information Forms.

However, pension laws also provide that your spouse can waive their entitlement to any pre-retirement death benefits by completing a waiver form approved for this purpose. Please contact us if you need more information on this option or to request a copy of the waiver form. To be effective, the waiver form must be properly executed and delivered to the Plan before the member's death.

Once you are divorced, the former spouse would no longer qualify as a spouse under the above definition. You should file a copy of your divorce decree with us once this is finalized as well as a copy of any applicable court order or separation agreement.

### **Contributions to the Plan**

Both you and your Employer contribute to the Plan.

Your current annual contribution is:

- 7.82% times your pensionable earnings up to the YMPE (currently earnings of \$55,300 in 2017); and
- 10.18% times your pensionable earnings above the YMPE



Your Employer currently matches your contributions and also contributes an additional amount of 1.4% of your pensionable earnings.

These contribution rates have remained unchanged for the last five years and are expected to remain unchanged for the foreseeable future.

### **What happens if you Pass Away Before Retirement?**

If you pass away before your retirement, a benefit will be paid to your spouse, dependent children, beneficiary, or estate depending on your spousal status at your date of death.

If you have a spouse at your date of death, your spouse will have the option of either a lump sum commuted value of your lifetime pension benefit earned up to your date of death or a monthly lifetime pension that has the same commuted value.

If you die with 10 or more years of continuous service, your eligible dependent children (to a maximum of 3), will each receive a monthly pension equal to 10% (20% if both parents are deceased) of your earned lifetime pension for as long as they qualify (up to age 18 or age 23, if a full-time student).

If you do not have a spouse at your date of death (or if your spouse has waived the right – see page 1), the lump sum commuted value of your pension benefit earned up to your date of death (reduced by the commuted value of any benefits for dependent children) will be paid to your named beneficiary, or to your estate (if you have not named a beneficiary).

### **How will my pension be impacted if I reduce my hours?**

Reducing your hours does not:

1. Change when you will be eligible to retire (so long as you don't end your continuous employment completely). You will still satisfy your "Rule of 85" or "Age 60 with 10 employment years" requirement at the same date as if you continued to work full-time hours.
2. Reduce your earnings for Base Year purposes. Your Base Year earnings are what you would have earned if you had worked full-time hours, regardless of what your hours actually are in the Base Year.

The only impact of reducing your hours will be that you will be credited with less service during any years you work part-time. If you are within a few years of retirement, the impact may be less than you think. You can contact us for an estimate if you are reducing your hours and are interested in how this will affect your pension.

### **Interesting Facts**

Currently there are about 30,700 active members who participate in this Plan. In addition, there are about 11,400 retirees receiving pensions. Pensions and bridge benefits totalled over \$15.8 million per month. The number of retirees has grown by about 51% since the end of 2012.

### **Financial Position of the Plan**

As at October 1, 2017, the Pension Plan has assets of \$7.6 billion and is fully funded, with a solvency value, of 106.5%. This means that there are more assets than liabilities in the Plan.

### **Note from our new CEO, Stefan Cowell**

I would like to take this opportunity to extend my thanks to the wonderful team here at NSHEPP. Their dedication to assisting every member is to be commended.

I want to acknowledge the hard work and attention to detail provided by your employer who ensures all members commence participation as required and earn the benefits they are entitled to. We were pleased to host 66 Employer representatives who recently took a day out of their busy schedules to learn about the administration requirements of participating Employers.

Our team is always here to help, so please reach out at any time with suggestions or comments on how to make your plan better.