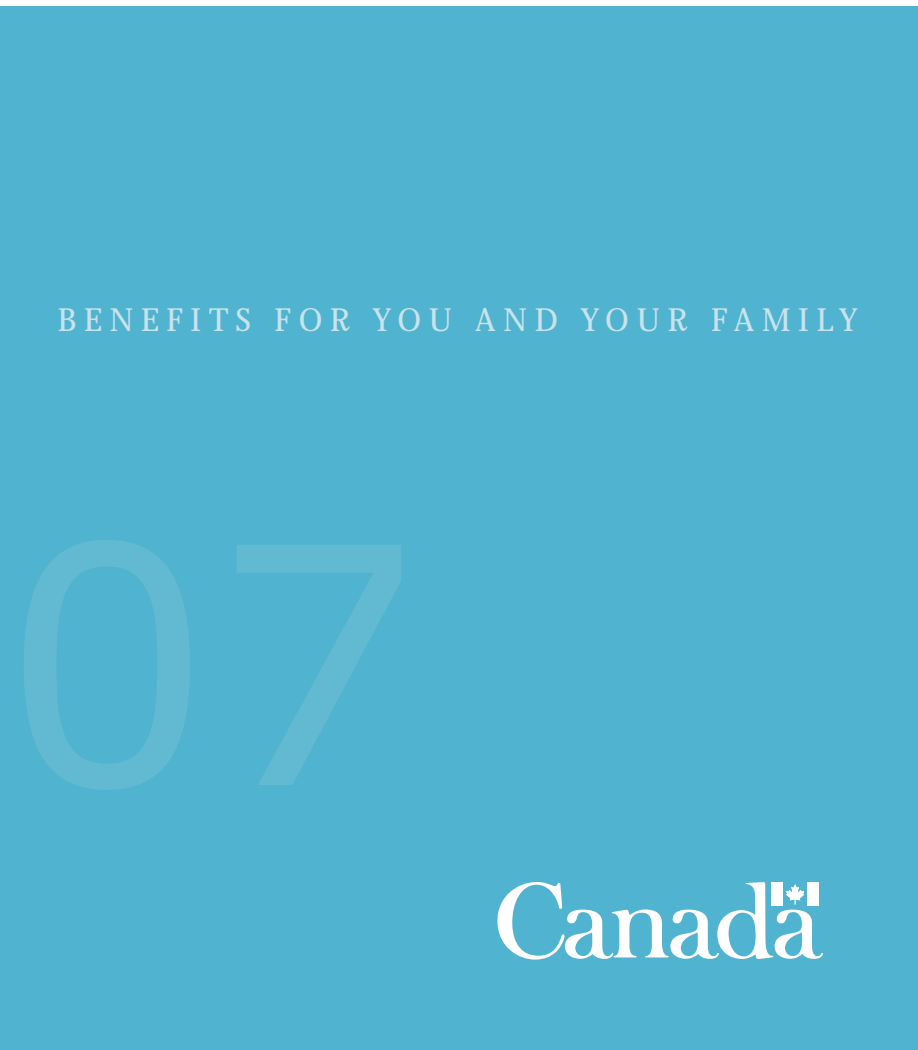




Your Pension and Benefits



GUIDE FOR EXECUTIVES



BENEFITS FOR YOU AND YOUR FAMILY

2007

The main provisions of your pension plan are described in the booklet *Your Pension Plan*, published by the Treasury Board of Canada Secretariat (TBS).

The provisions of your group benefit plans—the Public Service Health Care Plan (PSHCP), the Public Service Dental Care Plan (DCP), the Disability Insurance (DI) Plan, the Public Service Management Insurance Plan (PSMIP), and the Pensioners' Dental Services Plan (PDSP)—can be found online. For more information regarding your pension plan and group benefit plans, please visit *Your Public Service Pension and Benefits* Web portal at the following address:
<http://www.pensionandbenefits.gc.ca>

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Introduction

This Guide is intended to explain the pension benefits and options described in *Your Pension and Benefits: Statement for Executives*. It also provides you with information on your group benefit plans.

Your pension plan is designed to provide you with income during your retirement. In the event of your death, the plan provides an income for your eligible survivors and children.

Your plan is referred to as a “defined benefit pension plan.” A defined benefit plan is one in which the benefits payable upon retirement, termination of service, disability, and death are specified in the plan document, in this case, in the *Public Service Superannuation Act* and related regulations. The benefits are directly related to each employee’s salary and pensionable service under the plan.

Disclaimer

This Guide to your statement is provided for information purposes only and is not a legal document on your rights and obligations. Should there be any discrepancy between the information in this document and that contained in the *Public Service Superannuation Act* and related regulations or other applicable laws, the legislative provisions will apply. Similarly, should there be any discrepancy between the information in this document and that contained in the group benefit plan provisions or insurance contracts, the plan provisions or insurance contracts will apply.

YOUR PENSION AND BENEFITS VOTRE PENSION ET VOS AVANTAGES SOCIAUX RELEVÉ DES CADRES SUPÉRIEURS																									
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	Language preference / Choix de langue																								
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<table border="0"> <tr> <td style="text-align: center;">PART I Basic data for the calculation of your pension benefits</td> <td style="text-align: center;">PARTIE I Données de base pour le calcul de vos prestations de retraite</td> </tr> <tr> <td>1. Your estimated pension benefits are calculated as of: B</td> <td>Vos prestations de retraite estimatives sont calculées en date de :</td> </tr> <tr> <td colspan="2">2. Service and average salary for purposes of the pension plan C</td> </tr> <tr> <td>Date most recently joined the plan</td> <td>Service et salaire moyen dans le cadre du régime de pensions Dernière date d'adhésion au régime</td> </tr> <tr> <td>Current service</td> <td>Service courant</td> </tr> <tr> <td>Transferred service</td> <td>Service transféré</td> </tr> <tr> <td>Service buyback period</td> <td>Période de rachat de service</td> </tr> <tr> <td>• Request in process</td> <td>• Demande en traitement</td> </tr> <tr> <td>Total pensionable service</td> <td>Total du service ouvrant droit à pension</td> </tr> <tr> <td>Your five consecutive years of highest-paid service began on</td> <td>Vos cinq années consécutives les mieux payées ont commencé le</td> </tr> <tr> <td>and ended on</td> <td>et ont pris fin le</td> </tr> <tr> <td>Average salary for the five consecutive years of highest-paid service (not including overtime payments)</td> <td>Salaire moyen des cinq années consécutives les mieux payées (sans la rémunération d'heures supplémentaires)</td> </tr> </table>		PART I Basic data for the calculation of your pension benefits	PARTIE I Données de base pour le calcul de vos prestations de retraite	1. Your estimated pension benefits are calculated as of: B	Vos prestations de retraite estimatives sont calculées en date de :	2. Service and average salary for purposes of the pension plan C		Date most recently joined the plan	Service et salaire moyen dans le cadre du régime de pensions Dernière date d'adhésion au régime	Current service	Service courant	Transferred service	Service transféré	Service buyback period	Période de rachat de service	• Request in process	• Demande en traitement	Total pensionable service	Total du service ouvrant droit à pension	Your five consecutive years of highest-paid service began on	Vos cinq années consécutives les mieux payées ont commencé le	and ended on	et ont pris fin le	Average salary for the five consecutive years of highest-paid service (not including overtime payments)	Salaire moyen des cinq années consécutives les mieux payées (sans la rémunération d'heures supplémentaires)
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<p>The information in this statement is extracted from your pay and pension records. Should there be any discrepancy between the information in this document and that contained in the Public Service Superannuation Act and Regulations, or other applicable law, the legislative provisions will apply.</p> <p>Les renseignements du présent relevé ont été extraits de vos dossiers de pension et de paye. En cas de divergence entre ces renseignements et la Loi sur la pension de la fonction publique ou le Règlement connexe ou avec toute autre loi pertinente, les dispositions législatives s'appliqueront.</p>																									

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A. Your personal information—This section includes your name, date of birth, language preference, Superannuation number, and personal record identifier (PRI).

B. Calculation date—The information provided is based on your pay and pension records as of this date. These amounts will change with any additional service or salary increase after this date.

C. Service and average salary—This section contains the information used to calculate your estimated pension benefits.

D. Retirement or departure from the public service—This section provides estimated pension benefit amounts for the various options you may be entitled to if you leave the public service, based on the pensionable service you have accrued as of the calculation date.

PART II Pension Benefits under the Public Service Superannuation Act (PSSA)		PARTIE II Prestations de retraite en vertu de la Loi sur la pension de la fonction publique (LPFP)	
Your estimated pension benefits are calculated as of:		Vos prestations de retraite estimatives sont calculées en date de :	
1. Retirement or departure from Public Service D		Retraite ou départ de la fonction publique	
Your pension benefits have been shared after a divorce or separation		Vos prestations de retraite ont été partagées par suite d'un divorce ou d'une séparation	
Your pension benefits have been adjusted due to part-time service		Vos prestations de retraite ont été rajustées en raison du service à temps partiel	
You may be eligible for one of the following pension benefits or options:		Vous pouvez être admissible à l'une des prestations ou options suivantes :	
Return of contributions (less than two years of pensionable service)		Remboursement des cotisations (moins de deux années de service ouvrant droit à pension)	
Immediate annuity * at age 60 with two or more years of pensionable service or between age 55 and 60 with a minimum of 30 years of pensionable service		Pension immédiate * payable à l'âge de 60 ans avec au moins deux années de service ouvrant droit à pension ou entre 55 et 60 ans avec au moins 30 années de service ouvrant droit à pension	
Deferred annuity * payable at age 60		Pension différée * payable à l'âge de 60 ans	
Annual allowance * (reduced pension) payable at age 50, at the earliest		Allocation annuelle * (pension réduite) qui n'est payable qu'à partir de l'âge de 50 ans	
The three preceding amounts are annual pension benefits		Les trois montants précédents représentent des prestations de retraite annuelles	
Transfer value available if you leave the Public Service before age 50 and subject to the Income Tax Act limits		Valeur de transfert disponible si vous quittez la fonction publique avant l'âge de 50 ans, sous réserve des limites imposées par la Loi de l'impôt sur le revenu	
Amount within tax limits		Montant inférieur aux limites permises	
Amount in excess of tax limits		Montant supérieur aux limites permises	
Amount under the Retirement Compensation Arrangement (RCA)		Montant visé par la convention de retraite (CR)	
Total amount		Montant total	
You may also choose to:		Vous pouvez également choisir de :	
Transfer your service to a new employer's pension plan, subject to a Pension Transfer Agreement (PTA)		Transférer vos années de service au régime d'un nouvel employeur sous réserve d'un accord de transfert de pension (ATP)	
Unless you retire on account of disability, the earliest date you can retire with an immediate annuity is:		Si vous prenez votre retraite pour une raison autre que l'invalidité, vous ne pouvez pas recevoir une pension immédiate avant le :	
* Your basic PSSA pension benefits will be reduced at age 65 (or immediately if you are entitled to a CPP/QPP disability pension) by:		* Votre pension de base en vertu de la LPFP sera réduite à l'âge de 65 ans (ou immédiatement si vous êtes admissible aux prestations d'invalidité du RPC/RRQ) de :	

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E. Retirement on grounds of disability—If you retire because of disability and you have more than two years of pensionable service, you will receive an immediate annuity. This section provides estimates for your immediate annuity and the reduction of your PSSA pension due to the coordination of benefits with CPP/QPP.

F. Protection for your survivors—In the event of your death, your eligible survivor(s) and children may be entitled to the listed amounts.

G. Public Service Health Care Plan (PSHCP)—This section identifies whether you are enrolled in the PSHCP, your plan number, and what levels of coverage you have.

<p>2. Retirement on grounds of disability</p> <p>If you retire from the Public Service because you are disabled, you may be eligible to receive the following benefit:</p> <p>Immediate annuity <input type="text"/></p> <p>NOTE: If you are entitled to CPP/QPP disability benefits, your basic PSSA pension will be reduced by:</p> <p>See also Long-Term Disability Insurance (LTD) in Part III of this Statement.</p>	<p>Retraite pour cause d'invalidité</p> <p>Si vous prenez votre retraite de la fonction publique pour cause d'invalidité, vous pouvez avoir droit à la prestation suivante :</p> <p>Pension immédiate <input type="text"/></p> <p>NOTE : Si vous êtes admissible à des prestations d'invalidité du RPC/RRQ, votre pension de base en vertu de la LFPF sera réduite de :</p> <p>Voir aussi l'Assurance-invalidité de longue durée (AILD) à la Partie III du présent relevé.</p>
<p>3. Protection for your survivors</p> <p>In the event of your death, your eligible survivor(s) and children may be entitled to PSSA benefits:</p> <p>Survivor allowance (annual amount) <input type="text"/></p> <p>Allowance for each child (annual amount) <input type="text"/></p> <p>Five-Year Minimum Benefit payable to your designated beneficiary or to your estate (if you have no eligible survivors) <input type="text"/></p> <p>Supplementary Death Benefits (term-life insurance)</p> <ul style="list-style-type: none"> Plan member <input type="text"/> Lump sum benefit <input type="text"/> Designated beneficiary (See the Guide to amend your beneficiary) <input type="text"/> Date of most recent designation <input type="text"/> 	<p>Protection pour vos survivants</p> <p>En cas de décès, vos survivants et enfants admissibles auraient droit aux prestations suivantes en vertu de la LFPF :</p> <p>Allocation au survivant (montant annuel) <input type="text"/></p> <p>Allocation pour chaque enfant (montant annuel) <input type="text"/></p> <p>Prestation minimale de cinq ans payable à votre bénéficiaire désigné ou à votre succession (si vous n'avez aucun survivant admissible) <input type="text"/></p> <p>Prestations supplémentaires de décès (assurance-vie temporaire)</p> <ul style="list-style-type: none"> Participant au régime <input type="text"/> Prestation forfaitaire <input type="text"/> Bénéficiaire désigné (voir le Guide pour changer de bénéficiaire) <input type="text"/> Date de la plus récente désignation <input type="text"/>
<p>PART III Group Benefit Plans</p> <p>NOTE: Additional information on each plan can be found in the Guide or on the TBS Web site (under Employees/Pension and Benefits) at the following addresses:</p> <p>Internet : http://www.tbs-sct.gc.ca Intranet : http://pubservice.tbs-sct.gc.ca</p>	<p>PARTIE III Régimes d'avantages sociaux collectifs</p> <p>NOTE : Vous trouverez des renseignements supplémentaires sur chacun des régimes dans le Guide ou sur le site Web du SCT (sous Employés/Pensions et avantages sociaux) aux adresses suivantes :</p> <p>Internet : http://www.tbs-sct.gc.ca Intranet : http://pubservice.tbs-sct.gc.ca</p>
<p>Your coverage under the Public Service Group Benefit Plans is as follows:</p> <p>1. Public Service Health Care Plan (PSHCP)</p> <p>Plan number <input type="text"/></p> <ul style="list-style-type: none"> Plan member <input type="text"/> Hospital Provision Level <input type="text"/> Single/Family coverage <input type="text"/> 	<p> Votre couverture en vertu des régimes d'avantages sociaux de la fonction publique est la suivante :</p> <p>N° du certificat du Régime de soins de santé de la fonction publique (RSSFP) <input type="text"/></p> <ul style="list-style-type: none"> Participant au régime <input type="text"/> Niveau de la garantie-hospitalisation <input type="text"/> Protection de type individuel ou familial <input type="text"/>

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<p>PART III (continued) Group Benefit Plans</p> <p>2. Public Service Dental Care Plan (PSDCP)</p> <p>certIFICATE number <input type="text"/></p> <ul style="list-style-type: none"> Plan member <input type="text"/> <p>3. Public Service Management Insurance Plan (PSMIP)</p> <ul style="list-style-type: none"> Plan member <input type="text"/> Long-Term Disability Insurance: Your monthly benefit would be <input type="text"/> Basic Life Insurance <input type="text"/> Supplementary Life Insurance <input type="text"/> Accidental Death and Dismemberment Insurance <input type="text"/> Dependents' Insurance <ul style="list-style-type: none"> - Per child <input type="text"/> - Spouse/common-law partner <input type="text"/> <p>* Your LTD benefits will be reduced if you are eligible for certain other income. See the Guide for examples.</p>	<p>PARTIE III (suite) Régimes d'avantages sociaux collectifs</p> <p>N° du certificat du Régime de soins dentaires de la fonction publique (RSD) <input type="text"/></p> <ul style="list-style-type: none"> Participant au régime <input type="text"/> <p>Régime d'assurance pour les cadres de gestion de la fonction publique (RACGFP)</p> <ul style="list-style-type: none"> Participant au régime <input type="text"/> Assurance-invalidité de longue durée (AILD)* Vos prestations mensuelles seraient de : <input type="text"/> Assurance-vie de base <input type="text"/> Assurance-vie supplémentaire <input type="text"/> Assurance en cas de décès ou de mutilation par accident <input type="text"/> Assurance pour les personnes à charge <ul style="list-style-type: none"> - Par enfant <input type="text"/> - Conjoint/conjoint de fait <input type="text"/> <p>* Vos prestations d'AILD seront réduites si vous êtes admissible à certains autres revenus. Voir le Guide pour avoir des exemples.</p>
<p>PART IV Post-Retirement Benefits</p> <p>1. Indexed PSSA Pensions</p> <p>All pensions under the PSSA are indexed annually to take into account increases in the cost of living.</p> <p>2. Supplementary Death Benefits (PSSA)</p> <p>Most Public Service pensioners may continue coverage under the Supplementary Death Benefit Plan (Part II of the PSSA).</p> <p>3. Post-Retirement Life Insurance (PSMIP)</p> <p>See Guide.</p> <p>4. Group Benefit Plans</p> <p>After retirement, you and your survivors may be eligible for coverage under the plans listed below.</p> <ul style="list-style-type: none"> Public Service Health Care Plan Pensioners' Dental Services Plan 	<p>PARTIE IV Avantages à la retraite</p> <p>Pensions indexées en vertu de la LFPF</p> <p>Toutes les pensions en vertu de la LFPF sont indexées annuellement afin de tenir compte des augmentations du coût de la vie.</p> <p>Prestations supplémentaires de décès (LFPF)</p> <p>La plupart des pensionnés de la fonction publique peuvent maintenir la protection offerte par le Régime de prestations supplémentaires de décès (Partie II de la LFPF).</p> <p>Assurance-vie à la retraite (RACGFP)</p> <p>Voir le Guide.</p> <p>Régimes d'avantages sociaux collectifs</p> <p>À la retraite, vous et vos survivants pourriez être admissibles aux régimes suivants :</p> <ul style="list-style-type: none"> Régime de soins de santé de la fonction publique Régime de services dentaires pour les pensionnés

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H. Public Service Dental Care Plan (DCP)—This section identifies whether you are enrolled in the DCP and your plan number.

I. Public Service Management Insurance Plan (PSMIP)—This section identifies whether you are enrolled in the PSMIP and what benefit amounts your survivors would be entitled to.

J. Disability Insurance Plan (DI)—This section identifies whether you are enrolled in the DI and what benefit amounts you would be entitled to.

K. Post-retirement benefits—This section outlines the amenities and coverage you and your survivors have access to after retirement. See *Your Pension and Benefits Guide for Executives* for more information.

Part I—Basic data for the calculation of your pension benefits

1. Your estimated pension benefits are calculated as of the date indicated on your statement

The information in *Your Pension and Benefits: Statement for Executives* was extracted from your pay and pension records as they stood on the date shown in your statement. The amounts shown in your statement are based only on your pensionable service and on your average salary for the five consecutive years of your highest-paid service. It provides amounts only for those benefit options for which you have qualified as of the date of your statement.

These amounts will change with any additional service or salary increase after this date. If you have to make a decision in the near future concerning your pension options, please consult your compensation advisor in order to obtain the most up-to-date information.

2. Service and average salary for purposes of the pension plan

Current service is the period of service during which you contribute daily to the pension plan to a maximum of 35 years. It includes previous periods of employment in the public service as a contributor under the *Public Service Superannuation Act* (PSSA) for which no return of contributions was paid.

Note: You stop contributing to the pension plan on January 1 following the year you reach age 69. If you are turning 69, please contact your compensation advisor for further information.

Transferred service means any period of service transferred from another employer's pension plan that has been added to your credit under the PSSA. This is generally done through a pension transfer agreement between the Government of Canada and eligible employers. The transferred service could also include periods of service with the Canadian Forces or the Royal Canadian Mounted Police or as a member of Parliament.

Service buyback (elective service) refers to any period of employment, either in the public service or with another employer, which occurred before your most recent participation in the pension plan under the PSSA that has been purchased in order to count elective service toward your pension. It includes periods of leave without pay that you have elected to count under the PSSA. It could include service as a member of the Canadian Forces or the Royal Canadian Mounted Police.

If your service buyback request has been confirmed, your statement will show the period of prior service that will be added to your pensionable service. When you fill out a request to purchase prior service, your payments will begin even though your service buyback has not yet been confirmed. Your statement will show “yes” in the **Request in process** field if your service buyback has not yet been approved.

The Service Buyback Estimator tool is available online. It enables you to estimate the cost of buying back prior service (elective service) and to compare your pension benefits with and without the service buyback.



To access the Service Buyback Estimator, please visit <http://www.pensionandbenefits.gc.ca>.

Total pensionable service refers to the years (complete or partial) to your credit as of the date of your statement. It includes periods of transferred service and any periods of elected service, regardless of whether or not you have paid fully for that service. For purposes of determining your pensionable service, each year of part-time service counts as one year of pensionable service.

***Note:** The maximum period of pensionable service that may be used in the calculation of your pension is 35 years. This means that you stop paying contributions once you attain 35 years of service, except for one per cent of your salary for indexing.*

Average salary is based on your salary during the five consecutive years of your highest-paid pensionable service. It includes any salary you earned after completing 35 years of service, if that salary is the highest.

Salary, for purposes of the *Public Service Superannuation Act*, is defined as the basic pay received by a person in respect of whom the expression is being applied for the performance of the regular duties of a position. It does not include special


remuneration, although certain allowances, such as performance pay, may be considered as forming part of a person's basic pay. See your compensation advisor for further details.

If your salary exceeds \$126,500 in 2007, then a portion of your pension contributions and eventual pension benefits will be subject to a Retirement Compensation Arrangement (RCA).

The *Income Tax Act* (ITA) limits tax-sheltered pension contributions and pension benefits for registered pension plans, which includes the pension plan under the PSSA. The *Retirement Compensation Arrangements Regulations, No. 1* (RCA No. 1) were established to allow the accumulation and payment of benefits that are above the limits allowed under the ITA.

There is a maximum salary for which contributions can be made under a registered plan. It is referred to as the maximum contributory threshold and it fluctuates annually. For the year 2007, the maximum contributory threshold is \$126,500. This means that employees whose annual salary is in excess of \$126,500 will contribute to the pension plan under the PSSA in respect of their salary below the limit and to the RCA No. 1 in respect of the portion of their salary above this limit.

Benefits earned for service below the maximum contributory threshold will be paid from the Public Service Pension Fund (or the Superannuation Account for service prior to April 1, 2000). Benefits earned for service above the maximum contributory threshold and any other benefit that exceeds the ITA limits will be paid from the RCA No. 1 account.

 ***For more information concerning the RCA and how it impacts your pension, please visit <http://www.pensionandbenefits.gc.ca>.***

Part II—Pension benefits under the *Public Service Superannuation Act (PSSA)*

Please note that the pension benefit or options are calculated as of the date shown in your statement; however, the amounts shown may not necessarily reflect all salary adjustments at the time of printing.

1. Retirement or departure from the public service

Division of pension benefits

If your marriage or relationship of a conjugal nature breaks down, the pension benefits you have acquired during the course of that marriage or during the period of cohabitation in a relationship of a conjugal nature may, on application, be divided according to the terms of the *Pension Benefits Division Act (PBDA)*. Your statement will show if you have had a pension benefits division under the PBDA, and the annual pension amounts shown in your statement are adjusted accordingly.

Part-time service

If you have periods of part-time pensionable service, your benefits are adjusted to take into account your assigned hours of part-time work compared to the full-time hours of the position. Pensionable part-time service will be reflected in the amounts shown in your statement even if you are no longer in a part-time position. See the example of the calculation of the immediate annuity for part-time service on page 11.

Pension options

If you leave the public service, you may choose among a number of options, depending on your age and years of pensionable service to your credit. These options are a **return of contributions**, an **immediate annuity**, a **deferred annuity**, an **annual allowance**, or a **transfer value**. You may also choose to transfer your service to a new employer's pension plan if your new employer has concluded a pension transfer agreement under the PSSA or if the new employer is interested in the possibility of entering into such an agreement.



For more information concerning your pension options, please visit <http://www.pensionandbenefits.gc.ca>.

Return of contributions

A return of contributions is a reimbursement of all current service and prior service contributions you have made to the Public Service Pension Fund and the RCA account, if applicable. Whatever the reasons for your departure from the public service, if you have less than two years of pensionable service under the PSSA, you or your eligible survivors are normally entitled only to a return of contributions. It includes interest calculated quarterly and related to the investment return of the pension fund.

Immediate annuity (annual amount)

An immediate annuity is a pension benefit that is immediately payable to contributors who retire at or after age 60 with at least two years of pensionable service or between age 55 and 60 with 30 or more years of pensionable service. It is calculated according to the following basic pension formula:

$$2 \text{ per cent} \quad \times \quad \text{Number of years of pensionable service (maximum 35 years)} \quad \times \quad \text{Average salary for the 5 consecutive years of highest-paid service}$$

Example 1—Immediate annuity (full-time service)

For example, Jean is 60 years old and she retires with 35 years of pensionable service and an average salary of \$50,000 for the five consecutive years of highest-paid service. She will be entitled to an immediate annuity that would be calculated as follows:

$$2 \text{ per cent} \times 35 \times \$50,000 = \mathbf{\$35,000 \text{ per year}^1}$$

1. Jean's retirement benefits will be reduced at **age 65** or immediately if she is entitled to a Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) disability pension because the PSSA benefits are coordinated with the CPP/QPP. See the explanations of the coordination of benefits with the CPP/QPP.

Example 2—Immediate annuity (part-time service)

If Jean had 25 years of full-time service, along with 10 years of part-time service working 22.5 hours during a standard 37.5 hour week, the calculation would be as follows:

$$\begin{array}{rcl}
 2 \text{ per cent } \times 25 & \times & \$50,000 & = & \$25,000 \\
 & & \text{plus} & & \\
 2 \text{ per cent } \times 10 & \times & (\$50,000 \times 22.5/37.5) & = & \$6,000 \\
 & & \text{Immediate annuity} & = & \text{\$31,000 per year}^2
 \end{array}$$

Deferred annuity (annual amount)

A deferred annuity is a pension benefit that is payable at age 60 to contributors who are not entitled to an immediate annuity at the time of their departure from the public service. A deferred annuity is calculated using the same formula as that described for an immediate annuity. If you choose this benefit, you may, at any time after you reach age 50, request an annual allowance (reduced pension). If you become disabled before age 60, please see the section entitled “Retiring on grounds of disability.”

Annual allowance (annual amount)

An annual allowance is a reduced pension payable as early as age 50 to contributors who are eligible for a deferred annuity. If you leave the public service and opt for an annual allowance, the deferred annuity that would be payable to you at age 60 is reduced to take into account the early payment of benefits. If you choose an annual allowance, the **reduction is permanent** except in the case of disability. See the section entitled “Retiring on grounds of disability.”

An annual allowance is calculated using one of two formulas, depending on your age when you retire or when you opt for the annual allowance and on the years of service you have to your credit.

2. Jean’s retirement benefits will be reduced at **age 65** or immediately if she is entitled to a CPP/QPP disability pension because the PSSA benefits are coordinated with the CPP/QPP. See the explanations of the coordination of benefits with the CPP/QPP.

Reduction Formula 1

The amount of your deferred annuity is reduced by five per cent for every year, to the nearest one-tenth of a year, that you are under age 60 at the time the allowance is payable.

Reduction Formula 2

If you have 25 or more years of pensionable service and are at least 50 when you leave the public service, an annual allowance is calculated by determining the amount of your deferred annuity and reducing it by the greater of the following two amounts:

- ▶ five per cent for every year, to the nearest one-tenth of a year, that you are younger than 55 when you retire or when you opt for the annual allowance, whichever is later; or
- ▶ five per cent for every year, to the nearest one-tenth of a year, that your pensionable service is less than 30 years.

If Formula 1 results in a lesser reduction than Formula 2, your pension will automatically be calculated using Formula 1. In other words, your annual allowance would be determined using the more beneficial formula.

 ***For examples of calculations of annual allowances, please visit <http://www.pensionandbenefits.gc.ca>.***

Transfer value

If you leave the public service before you reach age 50, you may take your earned pension benefits as a transfer value rather than as a future monthly pension. A pension transfer value is a lump sum equal to the value of your future pension benefit (deferred pension). If you choose this option, you must do so within one year of leaving the public service.

In accordance with the limits specified in the *Income Tax Act* (ITA), a transfer value may have three components:

▶ Amount within tax limits

This is the amount that will be transferred on a tax-sheltered basis to a retirement pension plan or vehicle that you choose. The limit is calculated as follows: multiply the annual pension payable at age 65 (plus applicable

indexing) by nine. This portion of the transfer value is not paid to you directly. Instead, it must be transferred to one of the following:

- another registered pension plan; or
- a locked-in Registered Retirement Savings Plan (RRSP) that complies with the requirements of the *Pension Benefits Standards Act, 1985* (PBSA) (Canada) and that is administered in accordance with the requirements of those provisions; or
- a financial institution to buy an annuity.

► Amount in excess of tax limits

Where a portion of the transfer value exceeds the tax limits, the payment will be made directly to you and that amount becomes part of your taxable income. If you have sufficient contribution room in your RRSP, no tax will be deducted on the amount that you transfer to your RRSP. A T4 will be issued to you and your financial institution will provide you with a receipt for tax-filing purposes.

► Amount under the Retirement Compensation Arrangement (RCA)

If your average salary exceeds the PSSA maximum contributory threshold, the transfer value calculation will include an amount in addition to the two amounts described above—the amount that would be paid under the RCA established under the *Special Retirement Arrangements Act*. The RCA transfer value amount cannot be transferred to a tax-sheltered vehicle; it must be paid directly to you and taxed as required by the ITA. For a more detailed explanation of the RCA and how it may affect you, see “[Average salary](#)” in Part I of this Guide.

The amount of a transfer value can vary widely, depending on prevailing interest rates. When you know your termination date, you can obtain an estimate of the transfer value of your pension through your compensation advisor.

Transfer your service

If you leave the public service to work for another employer who has entered into a pension transfer agreement under the PSSA, it may be possible for you to transfer all or part of your PSSA pensionable service to your new employer’s pension plan.

If your new employer does not have such an agreement but would be interested in discussing the possibility of entering into one, you should ask your new employer to contact the Pensions and Benefits Sector at the address below:


Treasury Board of Canada Secretariat
L'Esplanade Laurier
300 Laurier Avenue West, P3 West
Ottawa ON K1A 0R5

Coordination of benefits with the Canada Pension Plan and Quebec Pension Plan

When the Canada Pension Plan (CPP) and the Quebec Pension Plan (QPP) came into effect on January 1, 1966, the federal government, like most Canadian employers offering a pension plan for their employees, decided to coordinate the new CPP/QPP with the pension plan under the PSSA. It did this so that its employees would not have to set aside a greater proportion of their salary for retirement savings. It means that while you are employed in the public service, you and the federal government, like all Canadian workers and employers, must also contribute to the CPP, if you work outside Quebec, or the QPP, if you work in Quebec.

The coordination of the pension plan under the PSSA with the CPP/QPP affects not only your contributions but also your benefits. You contribute less to the pension plan under the PSSA on earnings up to the maximum covered by the CPP/QPP (\$43,700 for 2007) and your PSSA pension is reduced to partially recognize benefits payable from CPP/QPP. This means that PSSA pension benefits are reduced automatically by a standard formula once you reach age 65, which is the normal age of eligibility for CPP and QPP benefits, or immediately if you are entitled to a CPP/QPP disability pension.

The amount of reduction shown in your statement is calculated as if you started receiving the CPP or QPP pension benefit on the date of your statement.

 ***For more information on the coordination of your pension plan with the CPP/QPP, please visit <http://www.pensionandbenefits.gc.ca>.***

2. Retiring on grounds of disability

Disability is defined under the PSSA as a physical or mental impairment that prevents a plan member from engaging in any employment for which he or she is reasonably suited by virtue of his or her education, training, or experience and that can reasonably be expected to last for the rest of that person's life.

For you to qualify for retirement on grounds of disability, Health Canada must certify that your situation corresponds to this definition.

If you retire because of disability and you have **more than two years of pensionable service**, you will receive an **immediate annuity**, regardless of your age. If you were entitled to an annual allowance, your immediate annuity would be adjusted to take into account any amount you had already received as an annual allowance.

If you are receiving a pension under the PSSA and you become entitled to a disability pension under the CPP or QPP before you reach age 65, your basic PSSA pension will be reduced immediately.

The amount of reduction shown in your statement is calculated as if you started receiving the CPP or QPP pension benefit on the date of your statement.

You may also be eligible for benefits under the long-term disability (LTD) portion of the Public Service Management Insurance Plan (PSMIP). Part III of your statement describes your coverage.



More information about your group benefit plans is available at <http://www.pensionandbenefits.gc.ca>.

3. Protection for your survivors

Survivor allowance (annual amount)

Generally, once you have two or more years of pensionable service to your credit, your eligible survivors and children become entitled to an immediate allowance in the event of your death.

The term “survivor” refers to (a) a person who was married to the contributor (plan member) at the time of the contributor's death or (b) a person who, in accordance with subsection 25(4) of the PSSA, “establishes that he or she was

cohabiting in a relationship of a conjugal nature with the contributor for at least one year immediately before the death of the contributor.”

The basic benefit formula below is used to calculate the survivor allowance:

1 per cent	X	Number of years of pensionable service (maximum 35 years)	X	Average salary of the plan member
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This survivor allowance is generally equal to 50 per cent of your basic pension entitlement; that is, one-half of your immediate annuity, even if you opted for an annual allowance. A survivor allowance can be apportioned if you are survived by both a legal spouse and another eligible survivor with whom you were living in a relationship of a conjugal nature at the time of your death.

 ***For more information about benefits for your survivors, please visit <http://www.pensionandbenefits.gc.ca>.***

Allowance for each child (annual amount)

The term “child” refers to your natural child, your stepchild, or a child that you have adopted either legally or in fact. To be eligible for an allowance, your child must normally be under age 18. Children between 18 and 25 may receive allowances if they are enrolled in a school or other educational institution on a full-time basis and have attended continuously since their 18th birthday or the date of your death, whichever is later.

Eligible children are entitled to allowances equal to one-fifth of the survivor benefit. If you have no eligible survivor, the children’s allowances will be doubled.

The combined amount of children’s allowances payable can be no more than four-fifths of the survivor benefit or, if there is no survivor, four-fifths of your basic pension. If there are more than four eligible children, the maximum combined amount payable may be divided among them.

If there is no survivor, orphan children receive double the amount of a regular child’s allowance. Each orphan will receive two-fifths of the survivor benefit, up to a maximum of eight-fifths.

Five-year minimum benefit

The PSSA provides for a minimum benefit equal to the payment of your pension for a period of five years (five-year minimum benefit). If you and your eligible survivors have not received, in total, pension payments equal to five times the amount of your annual pension entitlement, the balance in the form of a lump sum becomes payable to your designated beneficiary or, if none, to your estate.

The minimum benefit is therefore payable only when there are no longer any eligible survivors or children to whom pension payments can be made.

Your designated beneficiary is the beneficiary you have named under the Supplementary Death Benefit Plan.

Supplementary Death Benefit Plan

The Supplementary Death Benefit Plan is a decreasing term-life insurance designed to protect your family during the years you are building up your pension. It is provided pursuant to Part II of the PSSA.

Upon your death, the plan provides a benefit equal to twice your annual salary. If that amount is not a multiple of \$1,000, the benefit amount is adjusted to the next highest multiple of \$1,000. The amount of the benefit automatically goes up as your salary increases.

***Note:** Some employers who participate in the pension plan under the PSSA do not participate in the Supplementary Death Benefit Plan. Refer to Part II of your statement, under “Protection for your survivors,” to see if you are a plan member.*

Designated beneficiary

As a participant in the Supplementary Death Benefit Plan, you may, at any time, change your designated beneficiary. It is important to update the designation of your beneficiary to ensure that your selection still corresponds to your wishes. If you have not named a beneficiary, the benefit will be paid to your estate or succession.

The name of your designated beneficiary is not stored electronically. If you want to know the name of your designated beneficiary, please contact the call centre at the number indicated in the letter enclosed with your statement. If you want to change your designated beneficiary, you must fill out a form entitled “Naming or Substitution of a Beneficiary” (PWGSC 2196) and forward it to:

Public Works and Government Services Canada
Superannuation, Pension Transition and Client Services
P.O. Box 5010
Shediac NB E4P 9B4



You can find this form at
<http://www.pensionandbenefits.gc.ca>

Part III—Group benefit plans

As an executive in the Public Service, you are eligible for coverage under the following group benefit plans:

1. the Public Service Health Care Plan (PSHCP);
2. the Public Service Dental Care Plan (DCP); and
3. the Public Service Management Insurance Plan (PSMIP), which includes long-term disability benefits.

***Note:** Some employers subject to the PSSA participate in the group benefit plans offered to public service employees, some participate in one or more of the plans, and some do not participate in any of the plans. If your employer does not participate in a plan, your statement will indicate that you do not have coverage. You may, however, have coverage under a similar plan offered by your employer.*

1. Public Service Health Care Plan (PSHCP)

The PSHCP is an optional health care plan for you and your family. It is designed to supplement your provincial health insurance plan. If you and your spouse or common law partner are eligible under the PSHCP, and if you both have family coverage, you may coordinate eligible expenses between each other's coverage.

The PSHCP provides a wide array of benefits under the extended health provision (e.g. prescription drugs, vision care, some medical equipment expenses, and medical practitioner services, such as private nursing, physiotherapist, and massage therapist services). It also provides hospital benefits.

Hospital benefits cover hospital charges for semi-private or private hospital room accommodation in excess of standard ward charges up to specified limits. The Plan provides three levels of hospital benefits coverage:

- ▶ Level I, which pays a maximum of \$60 per day toward the cost of your accommodation;
- ▶ Level II, which pays a maximum of \$140 per day; and
- ▶ Level III, which pays a maximum of \$220 per day.

Level I is provided automatically to all participating employees.

Value to plan members

As an executive, your employer assumes the entire cost of the benefits provided under the extended health provision, and you are automatically entitled to family Level III coverage. You are responsible for an annual deductible amount (currently \$60 per person or \$100 per family) for claims incurred under the extended health provision benefits. After that, you are reimbursed 80 per cent of your expenses except for emergency benefits while travelling and emergency travel assistance services, which are reimbursed at 100 per cent and to which no deductible applies. Expenses for hospital benefits are reimbursed at 100 per cent up to the specified limit and no deductibles apply.

There is no limit on the maximum eligible expenses payable for drug benefits, except for smoking cessation aids, which are limited to \$1,000 in a lifetime. For all other benefits, there may be limits. For example, there are dollar limits on psychologist and physiotherapist services and time limits on eye examinations and replacement of medical equipment.

The PSHCP is operated on a self-insured basis: i.e. the employer pays all plan costs over and above the amounts contributed by plan members. In 2005, executive plan members used the PSHCP at the average annual amount of \$1,088 per member for extended health provision and Level III hospital benefits.

You can obtain further information by visiting:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>;
- ▶ the PSHCP Trust website at <http://www.pshcptrust.ca>; or
- ▶ the Sun Life Financial website at <http://www.sunlife.ca/member>.

Note: The Sun Life Financial website contains directions on how to obtain the required access identification and a personal identification number (PIN) to access your personal account.

2. Public Service Dental Care Plan (DCP)

The DCP is a dental care plan for you and your family. It covers specific dental services and supplies not covered under your provincial or territorial health or dental care plan. Examples of eligible dental services are diagnostic services, such as examinations and X-rays; preventative services, such as cleaning and polishing; restorative services, such as fillings; and endodontics, such as root canal therapy.

The DCP covers only reasonable and customary dental treatment necessary to prevent or correct a dental disease or defect if the treatment is consistent with generally accepted dental practices.

Preventative and minor restorative procedures are reimbursed at 90 per cent and major restorative and orthodontic procedures are reimbursed at 50 per cent of the previous year's provincial or territorial dental fee schedule, up to the maximum reimbursement amount for the calendar year per covered person for eligible dental expenses (excluding orthodontic services), currently set at \$1,600.

Orthodontic services are covered for both adults and children, subject to a lifetime maximum of \$2,500 for each person.

Value to plan members

The DCP is a self-insured plan, entirely paid for by your employer. You do not have to contribute, except during periods of certain types of leave without pay. The DCP contributions paid by your employer are a taxable benefit in some provinces (e.g. Quebec).

You are responsible for an annual deductible of \$25 per person or \$50 per family. If you were covered under the DCP before July 1, you could be reimbursed for amounts up to the annual maximum limit. However, if you became covered after July 1, you or your eligible family members could have a maximum reimbursable limit of \$800 for that year.

You are responsible for the difference, if any, between the amounts reimbursed under the DCP based on the previous year's fee guide and the amounts charged by your dentist.

If your spouse or common law partner is also a public service employee and a member of the DCP, you and your spouse or common law partner may coordinate benefits. It is important for you to inform the Plan Administrator (Great-West Life) when you submit a claim that you want your benefits coordinated and provide the details of both plans.

During the 2005 Plan year, the employer's costs averaged \$628 per employee plan member.

You can obtain further information by visiting:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>; or
- ▶ the Plan Administrator at Great-West Life Assurance Company at <http://www.greatwestlife.com>.

Note: The website contains directions on how to obtain the required access identification and a personal identification number (PIN).

3. Public Service Management Insurance Plan (PSMIP)

The PSMIP provides executives and employees in managerial or confidential positions and others who are members of certain designated groups with long-term disability insurance, which is compulsory. Certain other optional coverage is available, namely group life insurance, accidental death and dismemberment insurance, and dependants' insurance, as follows:

Long-Term Disability Insurance—a program designed to protect against loss of income if you are unable to work for long periods because of a totally disabling illness or injury;

Basic Life Insurance—a lump sum benefit roughly equal to twice your annual salary, payable to your named beneficiary in the event of your death;

Supplementary Life Insurance—an optional additional layer of insurance equal to the amount of your annual salary;

Accidental Death and Dismemberment Insurance (AD&D)—a lump sum benefit payable to your beneficiary if you are killed in an accident (on or off the job) or to you directly if you are maimed in an accident; and

Dependants' Insurance—a lump sum benefit payable to you in the event of the death or accidental dismemberment of your spouse, common law partner, or child.

Value to plan members

Long-Term Disability Insurance (LTD)

As an executive, your employer pays the full cost of your disability insurance premiums. During 2006, employer costs averaged \$2,080 per plan member.

If you become disabled and the insurer approves your claim, your monthly benefits will equal 70 per cent of your insured annual salary. Benefits continue for as long as you meet the test of total disability under the plan or until you reach age 65. Benefits are increased annually to reflect increases in the cost of living to an annual maximum of three per cent.

Your LTD benefits will be reduced if you are eligible for certain other income. For example, your benefits will be reduced if you are entitled to a benefit under the PSSA, a disability pension under CPP/QPP, benefits paid for injuries incurred at the workplace, or disability benefits under another group insurance plan.

Disability benefits are taxable.

Life Insurance

The premiums for all other components of PSMIP, with the exception of optional Supplementary Life Insurance, are also entirely paid for by your employer. Premiums for Supplementary Life Insurance are based on your salary, age, and sex. In 2006, there were no costs to the employer for AD&D and Dependents' Insurance due to a premium holiday.

Under the PSMIP, you can designate a beneficiary by completing the forms designed for this purpose. These forms are available from your compensation advisor.

You can obtain further information by visiting:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>.

Part IV—Post-retirement benefits

1. Indexed PSSA pensions

Upon your retirement, your pension is indexed to take into account increases in the cost of living. It will be adjusted each year, based on increases in the Consumer Price Index (CPI). The first increase, payable the year after you retire or leave the public service, will be pro-rated to reflect the number of full months since your retirement or departure date. If there is no change in the CPI, or if it goes down, your pension will not be adjusted that year.

The indexing applies not only to your retirement benefits but also to your disability pension, survivor benefit, and child's allowance.

If you retire with an entitlement to a deferred annuity, when it is payable, your basic pension will be increased by a percentage equal to the increases in the cost of living since you left the public service.

If you become re-employed in the public service and begin to make contributions under the PSSA, payment of your benefit, including indexing, will cease. When you again cease to be employed in the public service, indexing will be based on the amount of your basic pension at that time. Your retirement date for determining the annual percentage increase will be the most recent termination date.



For more information about pension indexing, please visit <http://www.pensionandbenefits.gc.ca>.

2. Supplementary Death Benefit Plan (under the PSSA)

If you leave the public service with an entitlement to an immediate annuity or an annual allowance payable within 30 days of ceasing to be employed, you are deemed to have elected to continue your participation in the Supplementary Death Benefit Plan. In other words, you do not have to take any action. The required contributions will be deducted automatically from your monthly pension.

If you decide to retain this benefit, you will be covered for the exact amount for which you are covered at the time you leave the public service. Beginning at age 65, you will no longer be required to pay contributions for \$10,000 of your coverage. This portion of your coverage is known as the paid-up benefit and will be provided to you for life at no cost.

Beginning at age 66, your basic supplementary death benefit coverage will decline by 10 per cent of the initial amount each year until your coverage reaches \$10,000, which represents the paid-up benefit mentioned in the previous paragraph.



More information about the Supplementary Death Benefit Plan is available at <http://www.pensionandbenefits.gc.ca>.

3. Post-Retirement Life Insurance (PSMIP)

As an executive, if you retire with an immediate (reduced or unreduced) PSSA pension, you will be eligible to carry on post-retirement life insurance under the PSMIP. Coverage is equal to 100 per cent of your final insured salary in the first year of retirement, 75 per cent in the second year, 50 per cent in the third year and 25 per cent for life thereafter. This benefit is entirely paid for by your employer.

There is also a time-limited conversion privilege which gives you the option of purchasing the amounts of insurance in excess of your Post-Retirement Life Insurance coverage. Evidence of health is not required.

You can obtain further information by visiting:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>.

4. Group benefit plans

Health and dental care plans

As a pensioner under the *Public Service Superannuation Act*, you or your survivors will be eligible for coverage under the Public Service Health Care Plan (PSHCP) and the Pensioners' Dental Services Plan (PDSP).

The PSHCP is the same plan as the plan for federal public service employees. (See Part III of this Guide.) As a pensioner, you and your eligible dependants can be covered for the same extended health care benefits and the same three levels of hospital benefits as are offered to employees. However, you will contribute for your coverage at rates established for pensioners. Your rates will vary, depending upon the level of coverage you choose and the number of dependants you cover. The government shares in the costs of pensioners' PSHCP benefits.

Once you indicate in writing to your compensation advisor that you wish to continue your coverage after retirement, contributions to PSHCP will be deducted from your pension.

For further information, please visit:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>;
- ▶ the PSHCP Trust website at <http://www.pshcptrust.ca>; or
- ▶ the Sun Life Financial website at <http://www.sunlife.ca/member>.

Note: The website contains directions on how to obtain the required access identification and a personal identification number (PIN) to access your personal account.

The PDSP is a completely separate plan from the Public Service Dental Care Plan (DCP) for employees. The PDSP is voluntary and contributory. As a pensioner, you and your eligible family members can be covered for similar benefits to those provided under the DCP for employees. The government shares in the costs of the PDSP.

Pensioners who meet specific criteria can join the PDSP at any time. Your compensation advisor will assist you with enrolment. Contributions for the PDSP are deducted from your pension.

For further information, please visit:

- ▶ Your Public Service Pension and Benefits Web Portal at <http://www.pensionandbenefits.gc.ca>.

Appendix—List of Useful Links

Acts and Regulations

The Department of Justice Canada provides up-to-date legislative material. The *Public Service Superannuation Act* governs your pension plan.

<http://www.canada.justice.gc.ca>

Compensation Sector Website—Pension Benefits Calculator and Service Buyback Estimator (PWGSC)

This website makes tools available to Public Service Pension Plan members that enable them to estimate the value of their future pension benefits (Pension Benefits Calculator) and the cost of buying back prior pensionable service (Service Buyback Estimator).

<http://pwgsc.gc.ca/compensation/>

Old Age Security and Canada Pension Plan

Links to Old Age Security Benefits and the Canada Pension Plan can be found on the home page of Service Canada.

<http://www.servicecanada.gc.ca>

Public Sector Pension Investment Board

This site provides information on the Investment Board that is responsible for investing the employer and employee contributions in the financial markets.

<http://www.investpsp.ca>

Quebec Pension Plan

This site provides information on the Quebec Pension Plan and the benefits available to plan contributors.

<http://www.rrq.gouv.qc.ca>

Treasury Board of Canada Secretariat Website

This site provides access to a variety of links and information on your pension and benefits.

<http://www.tbs-sct.gc.ca>

Your Pension and Benefits Web Portal

This web portal provides access to all of your pension and benefits information and tools.

<http://www.pensionandbenefits.gc.ca>