



# Your Pension Guide

BENEFITS FOR YOU AND YOUR FAMILY

# 2007

Canada

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

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 on retirement, termination of service, disability, and death are specified in the plan document, in this case, 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.

Protected when completed / Protégé une fois rempli

**YOUR PENSION STATEMENT**      **VOTRE RELEVÉ DE PENSIONS**

A <b>Personal information</b>		Renseignements personnels	
Member's name / Nom du participant	Date of birth / Date de naissance	Language preference / Choix de langue	
Superannuation number / Numéro de pension de retraite	Personal record identifier (PRI) / Code d'identification de dossier personnel (CIDP)		

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>B</b>	Vos prestations de retraite estimatives sont calculées en date du :
2. Service and average salary for purposes of the pension plan <b>C</b>	Service et salaire moyen dans le cadre du régime de pensions
Date most recently joined the plan	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)	Salaires moyen des cinq années consécutives les mieux payées (sans la rémunération d'heures supplémentaires)

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 laws, the legislative provisions will apply.	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.
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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 <i>Public Service Superannuation Act (PSSA)</i>	PARTIE II Prestations de retraite en vertu de la <i>Loi sur la pension de la fonction publique (LPPF)</i>
Your estimated pension benefits are calculated as of:	Vos prestations de retraite estimatives sont calculées en date du :
1. Retirement or departure from the Public Service <b>D</b>	Retraite ou départ de la fonction publique
Your pension benefits have been 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:
<b>Return of contributions</b> (less than two years of pensionable service)	<b>Remboursement des cotisations</b> (moins de deux années de service ouvrant droit à pension)
<b>Immediate annuity</b> * 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	<b>Pension immédiate</b> * 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
<b>Deferred annuity</b> * payable at age 60	<b>Pension différée</b> * payable à l'âge de 60 ans
<b>Annual allowance</b> * (reduced pension) payable at age 50, at the earliest	<b>Allocation annuelle</b> * (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.
<b>Transfer value</b> available if you leave the Public Service before age 50 and subject to the <i>Income Tax Act</i> limits	<b>Valeur de transfert</b> disponible si vous quittez la fonction publique avant l'âge de 50 ans, sous réserve des limites imposées par la <i>Loi de l'impôt sur le revenu</i>
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 :
<b>Transfer your service</b> to a new employer's pension plan, subject to a Pension Transfer Agreement (PTA)	<b>Transférer vos années de service</b> 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 LPPF 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 co-ordination 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. 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 more information.

<p><b>2. Retirement on grounds of disability</b></p> <p>If you retire from the Public Service because you are disabled, you may be eligible to receive the following benefit:</p> <p><b>Immediate annuity</b> <input type="text"/></p> <p><b>NOTE:</b> If you are entitled to CPP/QPP disability benefits, your basic PSSA pension will be reduced by:</p> <p><b>3. Protection for your survivors</b></p> <p>In the event of your death, your eligible survivor(s) and children may be entitled to PSSA benefits:</p> <p><b>Survivor allowance</b> (annual amount) <input type="text"/></p> <p><b>Allowance for each child</b> (annual amount) <input type="text"/></p> <p><b>Five-Year Minimum Benefit</b> payable to your designated beneficiary or to your estate (if you have no eligible survivors) <input type="text"/></p> <p><b>Supplementary Death Benefits</b> (term-life insurance)</p> <ul style="list-style-type: none"> <li>Plan member <input type="text"/></li> <li>Lump sum benefit <input type="text"/></li> <li>Designated beneficiary (See the Guide to amend your beneficiary) <input type="text"/></li> <li>Date of most recent designation <input type="text"/></li> </ul>	<p><b>Retraite pour cause d'invalidité</b></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><b>Pension immédiate</b> <input type="text"/></p> <p><b>NOTE :</b> Si vous êtes admissible à des prestations d'invalidité du RPC/RRQ, votre pension de base en vertu de la LPFP sera réduite de :</p> <p><b>Protection pour vos survivants</b></p> <p>En cas de décès, vos survivants et enfants admissibles auraient droit aux prestations suivantes en vertu de la LPFP :</p> <p><b>Allocation au survivant</b> (montant annuel) <input type="text"/></p> <p><b>Allocation pour chaque enfant</b> (montant annuel) <input type="text"/></p> <p><b>Prestation minimale de cinq ans</b> payable à votre bénéficiaire désigné ou à votre succession (si vous n'avez aucun survivant admissible) <input type="text"/></p> <p><b>Prestations supplémentaires de décès</b> (assurance-vie temporaire)</p> <ul style="list-style-type: none"> <li>Participant au régime <input type="text"/></li> <li>Prestation forfaitaire <input type="text"/></li> <li>Bénéficiaire désigné (voir le Guide pour changer de bénéficiaire) <input type="text"/></li> <li>Date de la plus récente désignation <input type="text"/></li> </ul>
<p><b>G</b></p> <p><b>PART III</b> Post-Retirement Benefits</p>	<p><b>PARTIE III</b> Avantages à la retraite</p>
<p><b>1. Indexed PSSA Pensions</b></p> <p>All pensions under the PSSA are indexed annually to take into account increases in the cost of living.</p> <p><b>2. Supplementary Death Benefits (PSSA)</b></p> <p>Most Public Service pensioners may continue coverage under the Supplementary Death Benefit Plan (Part II of the PSSA).</p> <p><b>NOTE:</b> For more information, consult the Guide or visit the TBS Web site at the following addresses:</p> <p><i>Internet :</i> <a href="http://www.tbs-sct.gc.ca">http://www.tbs-sct.gc.ca</a> <i>Intranet :</i> <a href="http://publiservice.tbs-sct.gc.ca">http://publiservice.tbs-sct.gc.ca</a></p>	<p><b>Pensions indexées en vertu de la LPFP</b></p> <p>Toutes les pensions en vertu de la LPFP sont indexées annuellement afin de tenir compte des augmentations du coût de la vie.</p> <p><b>Prestations supplémentaires de décès (LPFP)</b></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 LPFP).</p> <p><b>NOTE :</b> Pour obtenir de plus amples renseignements, veuillez consulter le Guide ou visiter le site Web du SCT aux adresses suivantes :</p>

## 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 Statement* 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 increases 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 the 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 any period 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, that 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. You either have made or are making pension contributions toward the purchase of the elective service shown in your statement.

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.



**Please visit <http://www.pensionandbenefits.gc.ca> to access the Service Buyback Estimator.**

**Total pensionable service** means 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 to calculate 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 or payment for overtime, although certain allowances 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 affects 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 with at least two years of pensionable service for reasons other than disability or retirement, 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 Retirement Compensation Arrangement (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 payable immediately 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 per cent	<b>X</b>	Number of years of pensionable service (maximum 35 years)	<b>X</b>	Average salary for the 5 consecutive years of highest-paid service
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### 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 per cent **X** 35 **X** \$50,000 = **\$35,000 per year**<sup>1</sup>

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 will have chosen. The limit 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 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 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

### **Co-ordination of benefits with the Canada Pension Plan and the 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.

## 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:

$$1 \text{ per cent} \quad \times \quad \text{Number of years of pensionable service (maximum 35 years)} \quad \times \quad \text{Average salary of the plan member}$$

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 eligible 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.

On 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 designation 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 by visiting  
<http://www.pensionandbenefits.gc.ca>.*

## Part III—Post-retirement benefits

### 1. Indexed PSSA pensions

On 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 allowance. If you retire with entitlement to a deferred annuity, your basic pension, when it is payable, 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 retirement 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 a \$10,000 portion 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 the amount of \$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>.***

## 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://www.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 (QPP) 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>