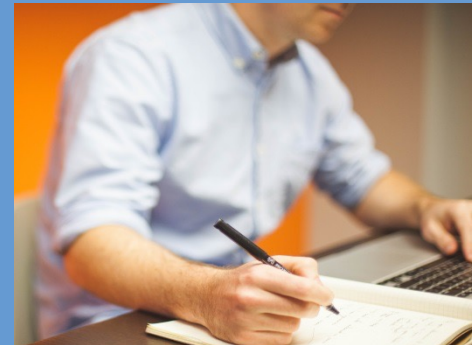


# TPP Pre-retirement Seminar

Your step-by-step guide to your pension plan



Teachers' Pension Plan

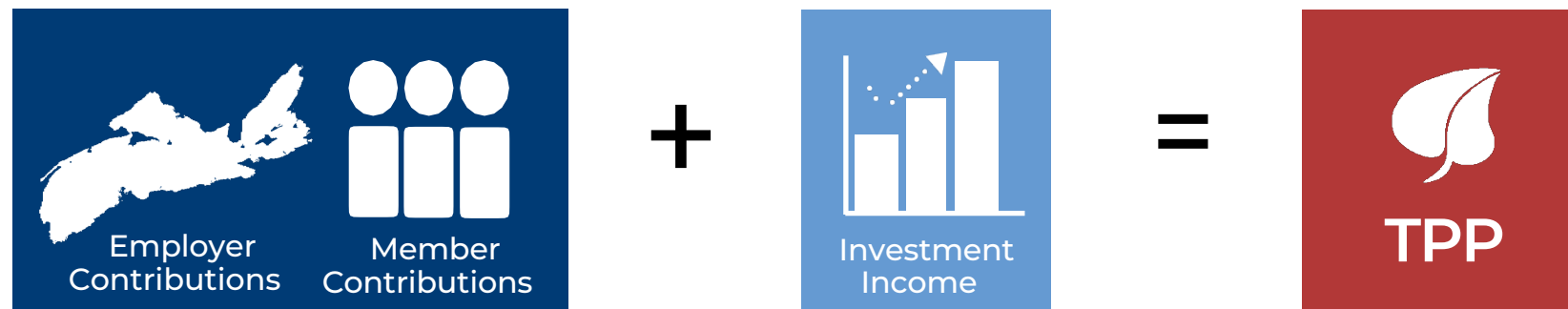
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# Your Teachers' Pension Plan

Your Teachers' Pension Plan (TPP or Plan) is one of the largest pension plans in the Province. The Plan is a registered defined benefit pension plan that offers you a lifetime pension benefit when you retire. It is an important part in helping you to be financially secure during your retirement years.

## How is your Plan funded?

Your TPP is funded by contributions made by you and your employer, as well as investment income generated by the Plan's investment assets.



## How is your pension calculated?

It is a pre-determined formula based on your pensionable earnings and years of service.

Not complete without commentary

# Common Terms

## ***Pensionable Service***

Service on which contributions have been made to the plan, including purchases and reciprocal transfers into the Plan.

## ***Maximum Pensionable Service***

When a Plan member reaches 35 years of pensionable service, they stop contributing to the Plan and any service beyond 35 years is not considered in the pension formula. However, pensionable earnings beyond 35 years of service will be included in the pension calculation.

## ***Highest Average Salary (HAS)***

Calculated as the average of the best 5 years of pensionable earnings.

## ***Maximum Age***

Pension payment must begin no later than December of the year in which age 71 is attained.

## ***Vested***

To be eligible for a pension under the Plan, you must be vested. You are vested if you have at least two years of pensionable service.

Not complete without commentary

# Contributions

Contributions rates are integrated with the Year's Maximum Pensionable Earnings (YMPE), a figure set by the Canada Pension Plan (CPP) each year. The YMPE changes on January 1<sup>st</sup>, every year, to reflect increases in the average wage.

YMPE for the year 2023 is \$66,600.

Contribution rates increase over the YMPE. See below:

	Portion of Pensionable Earnings up to \$66,600	Portion of Pensionable Earnings in excess of \$66,600
Employee Contribution Rate	11.30%	12.90%
Employer Contribution Rate	11.30%	12.90%

Not complete without commentary

# Retirement Eligibility

## To Retire with an Unreduced Pension

You must meet the following age and years of service requirement:

**Rule  
of  
85**

You must be at  
least 55 years old



Your age + years of pensionable service = 85 years  
(ex: age 57 with 28 years of pensionable service = 85)

### If you do not meet the rule of 85:

You must be at least 60 years old with at least 10 years of pensionable service.

You must be at least 65 years old with at least 2 years of pensionable service.

**If you have attained 35 years of pensionable service, you are eligible for an unreduced pension.**

Not complete without commentary

# Retirement Eligibility

## *Reduced Pension (Early Retirement)*

Age	Years of Service	The early retirement reduction is:
50 years	At least 30 years	5% for each year prior to qualifying for an unreduced pension
55 years	At least 2 years but less than 10 years	Based on actuarial equivalent value of pension if it started at age 65
55 years	At least 10 years but less than 20 years	Based on actuarial equivalent value of pension if it started at age 60
55 years	At least 20 years	<ul style="list-style-type: none"><li>• 0.4% for each of the first 24 months, and</li><li>• 0.3% for each month beyond 24 months from the date the member would first qualify for an unreduced pension</li></ul>

A reduced pension means your pension is reduced because you are retiring early and you will be receiving your pension over a longer period of time.

Not complete without commentary

# Your Pension Benefit

## Lifetime Pension

Your lifetime pension is calculated as 1.3% of your HAS, up to the average YMPE plus 2.0% of your HAS above the average YMPE\* times your pensionable service. This pension is payable from the date you start receiving your pension until death.

\* The average YMPE is based on the same time period as your HAS.

## Bridge Benefit\*\*

Your bridge benefit is calculated as 0.7% of your HAS, up to the average YMPE times your pensionable service, and is payable from the date you start receiving your pension until age 65.

- The bridge benefit is designed to supplement your income until unreduced benefits are payable from CPP at age 65

\*\* You must be at least 55 years old with at least 10 years of pensionable service for the bridge benefit to be payable.



*If you retire before age 65 and decide to begin receiving a reduced CPP benefit, you will still receive the bridge benefit until age 65.*

## Unreduced Pension Calculation (Example)

- 1.** A Plan member has met the age and years of service requirement for an unreduced pension (age 55 plus 30 years of pensionable service). Their HAS is \$125,000 and the average YMPE is \$57,780 (earnings of \$67,220 are above the average YMPE).

	At age 55	At age 65
1.3% x \$57,780 x 30 years (lifetime)	\$22,534.20	\$22,534.20
2.0% x \$67,220 x 30 years (lifetime)	+ \$40,332.00	+ \$40,332.00
0.7% x \$57,780 x 30 years (bridge)	+ \$12,133.80	+ \$0.00
Annual Pension	= \$75,000.00	= \$62,866.20
Monthly Pension	\$6,250.00	\$5,238.85
Difference in Monthly Pension	\$1,011.15	



*The Plan member's annual pension benefit will be \$75,000.00 until age 65. After age 65, the bridge benefit is no longer paid and the member's annual lifetime pension will be \$62,866.20.*



## Reduced Pension Calculation (Example)

2.

A Plan member is retiring early at age 55 with 20 years of pensionable service (i.e. 5 years early as their unreduced age is 60). Their HAS is \$125,000 and the average YMPE is \$57,780 (earnings of \$67,220 are above the average YMPE).

	At age 55	At age 65
1.3% x \$57,780 x 20 years (lifetime)	\$15,022.80	\$15,022.80
2.0% x \$67,220 x 20 years (lifetime)	+ \$26,888.00	+ \$26,888.00
0.7% x \$57,780 x 20 years (bridge)	+ \$8,089.20	+ \$0.00
Annual Pension	= \$50,000.00	= \$41,910.80
Reduction (60 months early = 20.4%)	- \$10,200.00	- \$8,549.80
	= \$39,800.00	= \$33,361.00
Monthly Pension	\$3,316.67	\$2,780.08
Difference in Monthly Pension	\$536.59	

Reduction = 0.4% per month for first 24 months  
= 0.3% per month for next 36 months



*The Plan member's annual pension benefit will be \$39,800.00 until age 65. After age 65, the bridge benefit is no longer paid and the member's annual lifetime pension will be \$33,361.00.*

## Division of Pension

- Your pension may be subject to division following a legal divorce. A copy of the court order from the Supreme Court must be provided in order for us to divide the pension.
- Your former spouse or common law partner is entitled to receive up to one half (50%) of your pension benefit earned during the period of marriage (date of marriage/cohabitation to date of separation). The percentage and period of marriage must be defined in the court order.
- If the relationship ends after you have retired, payment to your former spouse/partner is in the form of a monthly pension.
- If the relationship ends before you retire, your former spouse/partner is entitled to a monthly pension at the earliest of your retirement, or age attainment of age 65.



*A separation is not recognized for the purposes of a division of your TPP pension. If you are not divorced, you are still considered legally married.*

# Flexible Pension Option

The TPP offers a flexible pension option for part-time employees. This option allows a Plan member who accepts an assignment working less time than 100% of the school year (but a minimum of 40%) to contribute to the Plan at 100% and accrue the same amount of pensionable service as for a full school year.

## What you need to know about the Flexible Pension Option:

- The Plan member's employer will match the contributions made by the member.
- CRA requires that the Plan member must have worked for 36 months before the period of reduced service and the salary during the period of reduced service must be less than the previous year's salary.
- Plan members are permitted to use the Flexible Pension Option for a maximum of 2 school years during their career.
- You must complete a Teacher Status Advice (Flexible Pension Option) Form. You can obtain this form from your Employer.
- The completed Form must be forwarded to your employer for approval.

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# Purchases of Service

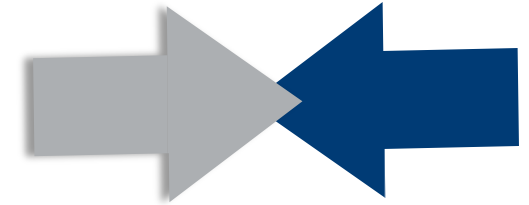
- TPP members may be permitted to purchase outside service, prior service, or leaves of absences. This could allow you to increase your pension amount and/or retire sooner.
- Eligible purchases include:
  - Outside service
    - Service with other pension plans or outside teaching services recognized by the NS Department of Education
    - Must have at least two years of pensionable service in TPP in order to apply.
  - Prior refunded service
    - Reinstates prior service that has been previously refunded.
    - You must have worked a minimum of 50 pensionable teaching days in order to apply.
  - Leaves of Absence (e.g. Parental leave, general leave approved by your employer)
    - You must have 150 consecutive teaching days prior to a break in service and be a vested Plan member to be eligible to purchase service.
- Purchases are subject to CRA rules such as the maximum of years that can be purchased.

Not complete without commentary

# Reciprocal Transfer

## Transferring from another plan

The TPP has reciprocal transfer agreements with other teachers' pension plans in Canada. If you had service with one or more of these plans, you may be eligible to transfer your pensionable service from that plan to the TPP.



If you have service with the NS Public Service Superannuation Pension Plan, you may be eligible to transfer the service to the TPP.

# Your Retirement Picture

When you retire, your retirement income will come from different sources:

## TPP

plus any other employer-sponsored pension plans that you may have belonged to

## CPP and/or OAS

Government-sponsored pension plans

- Canada Pension Plan  
Maximum monthly benefit at age 65 = \$1,306.57.
- Old Age Security Maximum monthly benefit at age 65 = \$691.00. (Restrictions apply, depending on total net income)

## Your personal savings

Not complete without commentary

# Termination Benefits

If you terminate employment, you will be entitled to one of the following:

Not vested (less than 2 years of service)	Vested and under 55:	Vested and over 55:
Refund of contributions + interest (cash less tax, or RRSP)	<p>You may choose to defer your pension until you are eligible to receive it.</p> <p>You may transfer the commuted value of your accrued pension to a locked-in RRSP, or another pension plan (if permitted).</p>	<p>You may choose to start your pension immediately or defer it until your unreduced date.</p> <p>You cannot transfer your accrued pension to an RRSP or receive a refund.</p>
<p>Under all scenarios: You can do a reciprocal transfer to a teachers' pension plan recognized under the National Reciprocal Agreement; or to the NS Public Service Superannuation Plan.</p>		



If you are vested and terminate employment there may be an amount that exceeds the maximum transfer limits under the Income Tax Act. This amount can be taken as cash (minus applicable deductions), or transferred to a personal RRSP provided you have the contribution room.

# Survivor Pension Benefit

## Definitions of Survivors

### Spouse:

Either of two persons who:

- Are married to each other, or
- Are registered domestic partners, or
- Are cohabiting in a relationship and have cohabited in that relationship for at least three years.

### Eligible Child(ren):

- Your natural or adopted child(ren) or a child(ren) for which you are a legal guardian.
- Your child(ren) must be under age 18 or between 18 and 25 but still in full-time attendance at a recognized educational institution.

### Dependant(s):

- An individual defined by the TPP regulations who is by reason of mental or physical disability, fully dependent on you for financial support.
- Must be considered a dependant by CRA for income tax purposes.

Not complete without commentary



# Survivor Pension Benefit

1.

## Spouse

Pre-retirement death: 60% for life with post-1991 bridging removed.

Post-retirement death: Based on the survivor option elected at retirement (the minimum is 60%).

2.

## Eligible child(ren)

Each child receives 10% of your accrued pension, to a maximum total of 40% shared equally among all children (if more than 4 eligible children).

If there is no surviving spouse, eligible children split the spousal entitlement of 60% as well as receiving the child benefit.

# Survivor Pension Benefit

3.

## Dependant

If you have no surviving spouse and no eligible children, the eligible dependant would receive 60% of your accrued pension for their lifetime.

4.

## Beneficiary or Estate

If no eligible survivors, a refund of your contributions plus interest will be paid to the designated beneficiary or estate as a one time lump sum payment.



*If you have designated a beneficiary, it will appear on your annual statement. If you did not designate a beneficiary or wish to make a change, you can do so at anytime by completing a Member Information Form.*

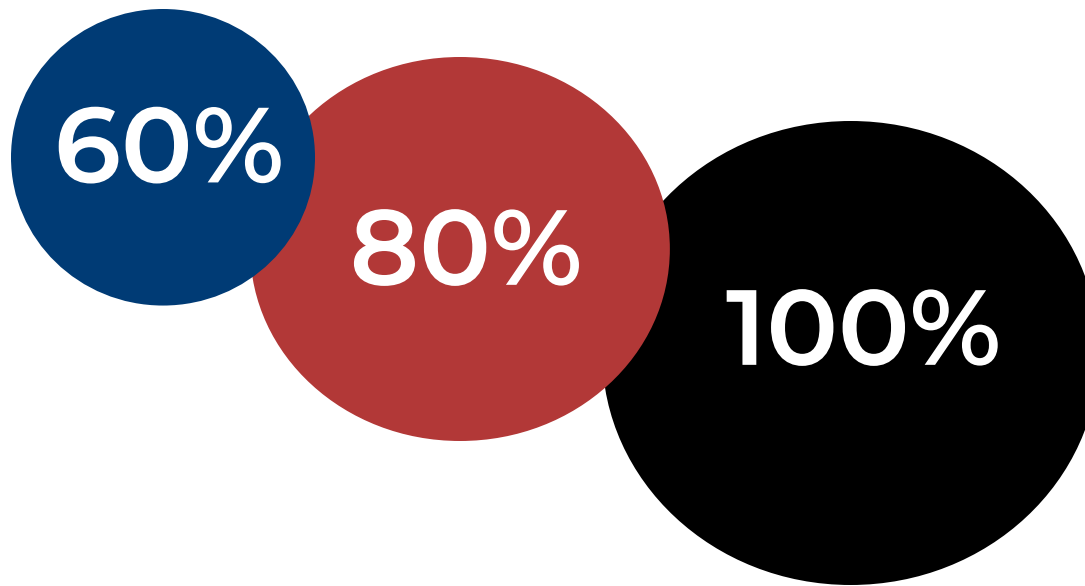
## Survivor Pension Options

When you retire, you will have the option to choose to accept a slight reduction in your pension in return for a guarantee and/or enhanced survivor's pension.

# Survivor Pension Options

You may choose the following Survivor Pension Options:

- A. Choose a survivor pension as a percentage of your pension. The percentage options are:



\* The higher the percentage, the greater the reduction to your pension.

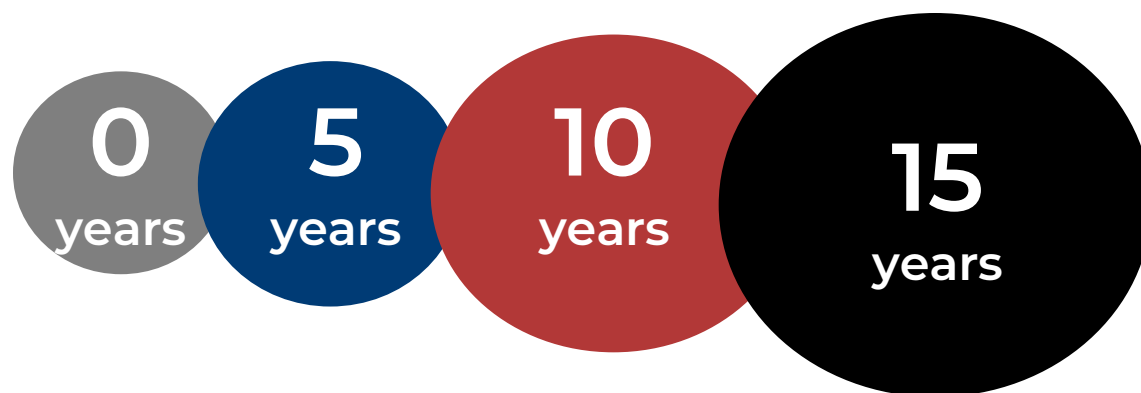
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# Survivor Pension Options

You may choose the following Survivor Pension Options:

**B.**

Select a guarantee period that your pension will be paid for.  
A guarantee period can be:



\* The longer the guarantee period is, the greater the reduction to your pension.

- The guarantee period refers to the minimum period for which your pension will be paid, regardless of when you die.
- If you select one of the guarantee periods, the TPP will continue to pay your pension at the rate at which it was originally paid to you for the remainder of the guarantee period, even if you die before the end of the guarantee period. Your pension is paid for your lifetime, this does not change.

\* Payment to a designated beneficiary will be in the form of a lump sum equal to the value of the pension payments for the remaining guarantee period.

Not complete without commentary

## Cost-of-living Adjustment (COLA)

- The TPP has a Variable Indexing Method for retirees. This means an annual increase in your pension benefit will be granted when the Plan is fully funded (100% or more).

# The Retirement Process

## You need to apply for your pension!

You must submit your notice of retirement to your Employer at least 3 months prior to your planned retirement date.

You must request a Retirement application package from us which includes:

- A retirement checklist
- An application for a service pension
- A Member Information Form
- Income Tax forms
- A Direct Deposit Form
- A Retirement Benefit Statement



You must provide copies of the following:

- Your birth certificate or passport
- Your spouse's birth certificate or passport, if applicable
- Marriage certificate, if applicable

Not complete without commentary

# My Retirement Plan Website

[nspensions.hroffice.com](https://nspensions.hroffice.com)

The website allows active TPP members secure access to their personal pension information online.

You can use the website to:

- View your annual Member Statement(s)
- Obtain a pension estimate
- View retirement and financial planning resources

You should have received two letters containing your username and password. If you do not have your letters, or cannot successfully change your password online, please contact our office by phone.



*This site does not allow Plan members on a leave of absence, members enrolled in the flexible pension option, or substitute teachers to obtain a pension estimate. These individuals should contact our office to request an estimate.*

Not complete without commentary



## Resources

***[www.nstpp.ca](http://www.nstpp.ca)***

Includes important TPP information, such as:

- Investment and financial information
- Career stage information in relation to your pension
- News updates
- Forms
- Newsletters and other publications
- Pension payment dates

Follow us on social media:



[www.facebook.com/yournstpp](http://www.facebook.com/yournstpp)



[@yournstpp](https://twitter.com/yournstpp)

***[novascotiapension.ca](http://novascotiapension.ca)***

Includes information about Nova Scotia Pension, the services we offer, and the plans we administer.

### Our contact information:



1-800-774-5070 (toll free in NS)  
902-424-5070

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