



# Member Handbook

- Information about your pension plan
- Know your pension options
- Plan for your retirement

# mypensionplan

## Are you online?

Sign up to my pension plan and get your pension information online, anytime.



Go Green! Help the environment and eliminate paper waste by registering on my pension plan. We'll notify you by e-mail when your pension highlights (member annual statement) and other member publications are ready. Registration is quick and easy.

On my pension plan you can:

- update your contact and **beneficiary** information;
- view your pension highlights (member annual statements);
- view your salary, service and contributions;
- calculate pension estimates using different ages and dates for retirement; and
- keep track of your pension income and prepare for retirement

To register go to [www.pspp.ca](http://www.pspp.ca) and click on **mypensionplan**.

For registration you will need:

- your member identifier (this can be found on your pension highlights (member annual statement) or on your welcome letter);
- the last four digits of your Social Insurance Number; and
- your date of birth

or

- your first and last name;
- your date of birth;
- the last four digits of your Social Insurance Number;
- the name of your most recent employer; and
- the name of your pension plan (i.e. PSPP)

All active and deferred members are eligible to register on **mypensionplan**.

We are committed to keeping your information confidential by using the highest level of security available.

# Table of Contents

<b>7</b>	<b>Services Provided to Members</b> PSPP contact information Publications Website Information sessions and seminars
<b>8</b>	<b>Joining the Pension Plan</b> How do you become a member? Contributions Income tax treatment Pensionable service Buyback Transferring between pension plans Leaves of absence Combined pensionable service
<b>12</b>	<b>Leaving the Plan before Retirement</b> With fewer than two years of service With two or more years of service Making your decision
<b>15</b>	<b>Retirement Benefits</b> When can you retire? How is your pension calculated? Pension options Pension partner protection Coordinating your pension Member profile
<b>21</b>	<b>After Retirement</b> Working as a pensioner Cost-of-living adjustments (COLA)
<b>22</b>	<b>Other Plan Information</b> Death before retirement Marital breakdown Administrative review process
<b>24</b>	<b>Glossary</b>

## Using this Handbook

This handbook provides a brief overview of your choices and benefits, and other information about the Plan. Please read it carefully so you can take full advantage of your membership in the Public Service Pension Plan (PSPP).

Words in **bold** are defined in the glossary.



Whenever there is a time-sensitive feature, this symbol will appear.



Whenever there is an information sheet (available at [www.pspp.ca](http://www.pspp.ca)) on one of the topics in this handbook, this symbol will appear.

*This handbook provides general information only. Should anything in this handbook conflict with the governing legislation, the legislation shall apply.*

## Welcome

The Public Service Pension Plan (PSPP) has served employees of the Government of Alberta, its agencies, boards and commissions, and other participating public bodies since 1947.

*The Plan is a **defined benefit plan**, which means you will receive a pension based on your **pensionable salary** and pensionable years of service.*

This type of pension plan has many advantages. It enables you to plan for your retirement because you can estimate your future pension income. PSPP assures you a specified lifetime income regardless of market conditions or how long you live.

The Plan is financed by member and employer contributions and by investment earnings. PSPP is an important part of your preparation for a secure retirement income. Even if you are years away from retiring, there may be choices available to you now that can enhance your future benefits.

## Plan Administration

On behalf of the President of Treasury Board and Minister of Finance, Alberta Pensions Services Corporation (APS) is responsible for administering seven statutory pension plans, and two supplementary retirement plans, under the direction of four pension boards and the Government of Alberta. PSPP is one of these statutory pension plans. APS provides responsive and focused member services on behalf of the Plan. APS operates the Member Services Centre, collects member and employer contributions, maintains members' accounts, calculates and pays plan benefits.

## How is PSPP Governed?

PSPP is governed by the *Public Sector Pension Plans Act* and regulations. The President of Treasury Board and Minister of Finance holds the assets of this Plan in trust and is responsible for administering the Plan and managing its assets.

The *Public Sector Pension Plans Act* identifies the structure and the responsibilities of the Public Service Pension Board. The Board is made up of six individuals who are appointed by the Lieutenant Governor in Council. The Alberta Union of Provincial Employees nominates three employee representatives to the Board, and the Government of Alberta nominates three employer representatives.

Additional information about the Board can be found on the PSPP website under *About PSPP*.

You can contact the Board by mail or e-mail at:

The Public Service Pension Board  
5103 Windermere Blvd. SW  
Edmonton, AB T6W 0S9  
e-mail: [board@pspp.ca](mailto:board@pspp.ca)

## Services Provided to Members

As a PSPP member, you are entitled to information on plan investment performance, your pension account activity and your options as a plan member.

### PSPP contact information

If you have questions about the Plan, contact the Member Services Centre:

Toll-free: 1-877-453-1PSP (1777)

Mail: PSPP c/o  
Alberta Pensions Services Corporation (APS)  
5103 Windermere Blvd. SW  
Edmonton, AB T6W 0S9

Please have your member identifier ready when you call. Your member identifier can be found on your pension highlights (member annual statement) or on your welcome letter.

### Publications

In addition to plan publications such as annual report highlights and handbooks, you will also receive an annual statement (called pension highlights) summarizing your pension contributions, service and accrued benefits.

### Website

The topics included in this handbook are explained in greater detail on the PSPP website at [www.pspp.ca](http://www.pspp.ca). There you will find a variety of plan information, electronic publications and an online pension estimator.

### Information sessions and seminars

Group information seminars may be offered through your employer. One-on-one sessions may be available for you to discuss your retirement or benefit options, or the purchase of a buyback. Contact the Member Services Centre for more information.

# Joining the Pension Plan

## How do you become a member?

As a full-time permanent employee (at least 30 hours per week), you automatically become a PSPP member as soon as you start your job. If you are a full-time employee for a period longer than one year, but not permanent, you must also participate in the Plan.

If you are employed full-time for a predetermined period that is less than a year, you may participate if your employer has a policy to enroll you.

If you are employed on a part-time permanent (at least 14 hours per week) basis, you may participate if your employer has a policy to enroll you.

## Contributions

Your contributions to PSPP are based on a percentage of your **pensionable salary** and are made through payroll deduction. Your employer's contribution rate is the same as yours. Both your contributions and your employer's contributions go directly into the PSPP **fund**, which is invested in a **diversified portfolio** on behalf of all plan members.

Contribution rates are set by the PSP Board and are subject to change. Please visit [www.pspp.ca](http://www.pspp.ca) to view current contribution rates.

## Income tax treatment

For every year that you are active in PSPP, your employer will report a Pension Adjustment (PA) which represents the value allocated by the Canada Revenue Agency (CRA) to the increase in your PSPP benefit entitlement and will reduce your **Registered Retirement Savings Plan (RRSP)** contribution room. When the CRA reviews your tax return, they will consider this PA in determining the amount of **RRSP** contribution room that will be available to you for the following year.



## Pensionable service

Your **pensionable service** refers to the service credited to you in PSPP. Your future pension payments will be based on your years of **pensionable service** and **pensionable salary**.

The maximum **pensionable service** you can accumulate is 35 years. However, your **pensionable salary** for all years following the date you reach 35 years of service will be considered towards the calculation of your highest five years of salary (highest average salary).

You must be **vested** in PSPP in order to qualify to receive a pension from the Plan. To be **vested**, you must satisfy at least one of the following conditions:

- You have two years of PSPP **pensionable service**; or
- You have contributed to PSPP after December 31, 2003, and were at least age 65 when you contributed.

See the section entitled *Combined pensionable service* on page 11 for additional information.

You may be able to increase your pension by increasing your length of **pensionable service** through one of the following methods:

## Buyback

Purchasing **prior service** will increase your length of **pensionable service** and your future pension benefit. Your previous employment in Canada may qualify as **prior service**. However, you cannot purchase **prior service** if you are receiving a pension for that service. Your employer's human resources staff will be able to tell you which types of employment are eligible.

Examples of eligible service may include:

- previous employment with your current employer;
- previous employment with another employer who participates in PSPP; or
- previous periods where you participated under another pension plan in Canada.

If you would like a Buyback Proposal to estimate the cost of purchasing your **prior service** contact your human resources office or see the online Buying Back Service Estimator at [www.pspp.ca](http://www.pspp.ca).

### Transferring between pension plans

Members of PSPP with benefit entitlements in a different pension plan may be eligible to transfer those entitlements to PSPP through a **transfer agreement**. PSPP has transfer agreements with a number of provincial and federal public sector pension plans in Canada. Visit [www.pspp.ca](http://www.pspp.ca) for a list of the pension plans that PSPP has transfer agreements with.

Visit [www.pspp.ca](http://www.pspp.ca) for a list of pension plans that PSPP has transfer agreements with.



Each pension plan has its own benefit formula and contribution rates. If you transfer your **pensionable service** from your former pension plan into PSPP, the value of the benefit attached to that transferred-in service will be calculated according to the PSPP benefit provisions.

If you have a service with another pension plan that does not have a **transfer agreement** with PSPP, please see the PSPP information sheet *Can't Transfer? Buy Prior Service*, for more information on buying all or a part of that service as **prior service** under PSPP.

### Leaves of absence

If you take a leave without salary or with partial salary, you may add that period of leave to your **pensionable service**. You have the option of making pension contributions while on leave without salary or waiting until you return to work to purchase that leave.



If your employer notifies PSPP that you have a leave of absence that can be purchased, you will be sent a Buyback Proposal. This Buyback Proposal will be sent to you early in the year and will inform you what is required to purchase the gap in your service. You must elect to purchase your

leave of absence by the earlier of 90 days from the date you are sent your Buyback Proposal or May 1st of the year following your return to work. The election due date shown on your Buyback Proposal will be set based on these limits. Payment(s) must be made based on the schedule shown on your Buyback Proposal. If you miss this deadline, you can still purchase your leave without salary but it will be on an **actuarial reserve** basis, which is generally more expensive.

For the first year of leave that you purchase on a contributions basis, your employer pays the employer share of contributions. After the first year, you are responsible for paying both the member and employer share of contributions.

The maximum leave without salary you can purchase is five years, plus up to three years of parenting leave provided the parenting leave occurred after June 30, 2002.

If your employment ends, you must apply to purchase a leave without salary within 30 days of your last day of work.

### Combined pensionable service



If you stay with the same employer and move between PSPP and the Management Employees Pension Plan (MEPP) or the Universities Academic Pension Plan (UAPP) with no break in **pensionable service**, a **combined pensionable service (CPS)** relationship is established.

**Combined pensionable service** can be a significant advantage in determining when you reach certain milestones affecting your pension. **Combined pensionable service** means your **pensionable service** in multiple plans will be combined to determine:

- if you have enough **pensionable service** to qualify for a pension; and
- when you qualify for an unreduced pension.

Another significant advantage of **combined pensionable service** is that your **pensionable salary** in MEPP and/or UAPP will be taken into account in calculating your highest average salary, subject to the salary cap. However, your **pensionable service** in MEPP and/or UAPP will not be used in the benefit formula that determines your pension payments from PSPP.

Any **combined pensionable service** you have will also be included in determining when you reach the maximum service limit of 35 years.

## Leaving the Plan before Retirement

You will have several choices available to you when you leave your job or change to a non-participating job and stop participating in PSPP. Since pension benefits may be a major source of your retirement income, you should carefully consider each of the following options before making your decision.

Note: The word “**service**” throughout the remainder of this handbook refers to “**pensionable service**.”

### With fewer than two years of service



If you have fewer than two years of service (including any **CPS**), you are not eligible to receive a pension. You can do any one of the following:

- leave your contributions with PSPP, where they will earn interest, until you decide which option you want. If you join PSPP again, your new service will be connected to the service you left in PSPP.
- transfer your pension entitlement to another pension plan under a **transfer agreement**.
- have your member contributions with interest transferred to an **RRSP**.
- take a refund of your member contributions with interest. You will be taxed on the refunded amount.

*Note: If you are at least 65 years of age while you are contributing to PSPP, you are eligible to receive a pension even if you do not have two years of service.*



If you end your employment or change employment status and no longer participate in PSPP, you will automatically receive a Termination Statement. You must make a benefit choice within 90 days of the date on your Termination Statement. If APS does not receive your choice within this timeframe, your member contributions, with interest, will automatically be sent to you by cheque. You will be taxed on the refunded amount.

### With two or more years of service



With two or more years of service (including any **CPS**) you become **vested** and eligible to receive a pension at retirement.

If you are under 55, you are eligible to receive a benefit which reflects the value of the pension you have earned on your service. In this case you have the following options:

- leave your pension entitlements with PSPP where they will earn interest, until you decide which option you want. If you start contributing to the Plan again, your new service will be connected to the service you left in PSPP.
- choose a **deferred pension** to start any time between age 55 and the end of the year in which you turn 71.
- transfer your pension entitlements to your new pension plan under a **transfer agreement**, if one exists.
- have the **commuted value** of your pension transferred to a **Locked-In Retirement Account (LIRA)**. You will receive a refund of any **excess contributions** and any funds that cannot be transferred to a **LIRA**.

If are 55 or older, you may:

- receive an immediate monthly pension. (If you choose to receive your pension before you turn 65 or before your age and years of service add up to 85, your pension will be reduced. See the section entitled Reduced pension, on page 15.)
- defer your pension until any time up to the end of the year in which you turn age 71.
- if you are not entitled to an unreduced pension, transfer your pension entitlements to your new pension plan under a **transfer agreement**, if one exists.

If the pension earned on your PSPP service is lower than a minimum amount established under PSPP rules, you will be offered an opportunity to have the value of the pension paid as a single payment. This amount can be paid directly to you as a taxable cash payment or transferred tax sheltered to an **RRSP**.

### Making your decision

Once you make your benefit choice and the payment is made or payments begin, you cannot change your selection. If you die before making your choice, your **pension partner** (unless he or she has signed a **pre-pension commencement death waiver**) or your estate will be entitled to certain benefits.

You may wish to make your decision based on how close in age you are to qualifying for a pension. It may be helpful to speak to someone in the financial or retirement planning industry before making your decision.

# Retirement Benefits

When can you retire?

## Unreduced pension

You can retire with an unreduced pension starting at age 65. You must start your pension by December 31 of the year you turn age 71.



You can also receive an unreduced pension as early as age 55 if you have 85 points. You reach 85 points when your years of service plus your age total at least 85. Any **CPS** you may have will be included in this calculation.

For example, if you are age 55 with 30 years of service (including any **CPS**), you are eligible to retire with an unreduced pension ( $55 + 30 = 85$ ). The same would apply to a 56-year-old with 29 years of service, a 57-year-old with 28 years of service, and so on.

## Reduced pension

You can retire any time after you reach age 55 if you are **vested**. Your pension will be reduced by 3% for each year you retire early. This reduction will be based on the number of years you are short of age 65 or 85 points, whichever is less. The maximum pension reduction is 30%. The reduction will be prorated for partial years.



*Note: Please send your pension application to APS, through your employer, no more than three months prior to your retirement date.*

## How your pension is calculated



Your pension benefit is based on your years of service, your highest average salary and a legislated benefit rate.

The benefit rate is a percentage of your highest average salary for each year of **pensionable service**.

For PSPP, the benefit rate is:

- 1.4% of your highest average salary earned up to the matching average **Year's Maximum Pensionable Earnings (YMPE)** times your years of PSPP pensionable service; and
- 2% of your highest average salary above the matching average **YMPE**, times your years of PSPP **pensionable service**.

PSPP has a salary cap on post-1991 service which increases annually in relation to the federal tax rules. This may affect the amount you contribute and the pension benefit you receive. Members who earn more than the annual salary cap can only contribute on pensionable salary up to the cap. In addition, the pension calculation for those members will be based on their highest average salary, up to the salary cap. If your highest average salary is greater than the salary cap, you will not receive a benefit on the amount greater than the cap.

Your PSPP benefit is defined, regardless of how much money is in the pension **fund**. Visit [www.pspp.ca](http://www.pspp.ca) to use the pension estimator to estimate your pension.





## Pension options

When you retire, you can choose from a selection of pension options. All pensions are based on a base form (normal form) and will be adjusted to take into account factors such as the length of any guaranteed period and the provision of **pension partner** survivor benefits. Depending on whether or not you have a **pension partner** at pension commencement, your pension options will vary.

### Single Lifetime Guaranteed At Least 5 Years - Normal Form

This pension option is the normal form of pension for PSPP and is paid for your lifetime. It is guaranteed for a five-year period following the commencement of your pension. If you die before the end of the guaranteed period, payments will continue to your designated beneficiaries until the end of the guaranteed period. This means that if you die before the guaranteed period ends, payments will continue to your designated beneficiaries or your estate for the remainder of the five-year period.

### Single Lifetime Pension

A Single Lifetime pension is paid for your lifetime only and stops at the time of your death, regardless of the number of payments made.

### Single Lifetime Guaranteed Term Pensions

A Single Lifetime Guaranteed Term option is paid to you for as long as you live. If you die before the end of the guaranteed period, payments will continue to your designated beneficiaries until the end of the guaranteed period. Below is a list of the Single Lifetime Guaranteed Term options:

- Single Lifetime Guaranteed At Least 5 Years (normal form)
- Single Lifetime Guaranteed At Least 10 Years
- Single Lifetime Guaranteed At Least 15 Years

### Joint Lifetime Pension

A Joint Lifetime pension is paid as long as either you or your **pension partner** continues to live. The amount of monthly payment is tied to your age, and the age and gender of your **pension partner**. Joint

Lifetime pensions are guaranteed for a five-year term. This means if both you and your **pension partner** die before the five-year term is over, the pension will be paid to your **beneficiary** for the remainder of the five years. Your **beneficiary** may apply to have the remainder paid out as a one-time payment.

### **Joint Lifetime Guaranteed at Least 5 Years**

A Joint Lifetime Guaranteed at Least 5 Years pension is payable for the lives of you and your **pension partner**. On the death of either you or your **pension partner**, the pension is paid to the survivor for his or her life. The same monthly payment is paid as long as either you or your **pension partner** is alive.

### **Joint Lifetime Reduced by 1/3 Guaranteed at Least 5 Years**

A Joint Lifetime Reduced by 1/3 Guaranteed at Least 5 Years pension is payable for the lives of you and your **pension partner**. At the first death of either you or your **pension partner**, the monthly payment is reduced by 1/3. This reduced pension will continue to be paid to the survivor for his or her life. This means that if your **pension partner** dies before you, your pension will be reduced to 2/3 of the pension amount.

### **Pension partner protection**

If you have a **pension partner** when you begin your pension, you must choose a joint life pension with your **pension partner** as your **nominee**, which guarantees an income for that individual in the event of your death. By doing this, your **pension partner** will be guaranteed a pension for life.

Your **pension partner** can choose to sign a **pension partner** waiver form giving up their right that requires you to select a Joint Lifetime pension, meaning your **pension partner** gives up his or her entitlement. If your **pension partner** signs a waiver form giving up his or her rights to the survivor benefit, you can choose one of the Single Lifetime pension options.

It is important to understand who qualifies as a **pension partner**, how he or she can waive his or her rights to this **pension partner** protection, and other factors that might affect your choice. Please contact the Member Services Centre or visit [www.pssp.ca](http://www.pssp.ca) for further details.

Note: If there is a **Matrimonial Property Order (MPO)** filed with APS, the order must be followed. See the section entitled “*Marital breakdown*” on page 22 for additional information.

### Coordinating your pension



Coordination is a feature offered to eligible members who retire before age 65. Coordination lets you increase your monthly payment temporarily from the time you retire until you turn 65. At age 65, the increase to your monthly payment stops *and a permanent reduction to your monthly pension payment begins. The reduction will continue as long as you live and may add up to more than the increase you received before 65.*

To use coordination effectively, you should have enough additional income at age 65 to compensate for the permanent, and possibly significant, reduction to your pension income. There is more information about coordination at [www.pssp.ca](http://www.pssp.ca).

If you are near retirement and ready to make your pension choice, you are advised to seek independent financial advice to make the choice best suited to your financial circumstances.

## Member Profile

*Member profiles are about individuals who demonstrate a real-life value in participating in a defined pension plan, such as PSPP.*

### World Traveller Enjoys Retirement

Hans retired from the Alberta government over 20 years ago. The former environmental inspector was employed with the departments of environment and agriculture. His career afforded travel to many locations around the province of Alberta. But these days, Hans points his compass towards international destinations.

Since he retired, Hans has been to Australia (six times), New Zealand (twice), Portugal, Hawaii and continental Europe. Also noteworthy was a trip to Southeast Asia. While touring exotic ports such as Thailand, Indonesia and Bali, he felt right at home in the hands of his former boss, who started a travel agency after retiring.

Hans enjoyed something of a second career after he retired from the government. For several years, he inspected pipelines under construction in Alberta, Saskatchewan, Manitoba and Ontario. He did not work full time, but just enough to remain active and to contribute to the RRSPs that have helped him and his wife support international travels and vacations to Arizona each winter.

Hans speaks with excitement and pride about all he has been able to accomplish in his retirement. He is in good health, but admits he doesn't golf and cycle as much as he used to. However, he and his wife make a point to work out at the gym three times a week. And the two are always up for more travel!

Hans gives the PSPP pension full credit for making this time of life so pleasurable for him. "It has been the backbone of my retirement income," he says.

# After Retirement

## Working as a pensioner



As a working pensioner, you will continue to receive your pension from PSPP even if you start working for another employer. However, if you work for any employer under PSPP or MEPP, you will not be permitted to contribute to PSPP or MEPP.



Let your employer know if you are receiving a pension from PSPP or MEPP so contributions are not deducted from your pay. If you work for an employer under another pension plan, you may be required to contribute to their plan.

## Cost-of-living adjustments (COLA)

Every year after you begin to receive your pension, you will get a cost-of-living increase of 60 per cent of the increase in **Alberta's Consumer Price Index (ACPI)**. This is a significant feature of your pension plan. COLA increases are calculated by taking the average of the **ACPI** during a 12-month period (November to October), and comparing it to the immediate previous year's 12-month average.

Note: the **ACPI** is a weighted average of the cost of a basket of goods and services that are normally purchased by Alberta households.

COLA will also be applied to a **deferred pension** for the years your pension entitlements are left in the Plan.

For additional information, including how COLA is calculated, please visit [www.pspp.ca](http://www.pspp.ca).

## Other Plan Information

### Death before retirement



It is your **pension partner's** right to be paid a lifetime pension benefit if you die. However, pension rules allow your **pension partner** to waive his or her right to the death benefit that would be paid to him or her if you die before you retire by signing a waiver form.

If your **pension partner** completes the waiver and you die before retirement, your death benefit will be paid to your designated beneficiaries.

Only the **pension partner** can revoke the waiver and the revocation of this waiver must be received before you die. To be valid, the revocation of the waiver must be made in writing and must fully describe the document that is to be revoked.

If you die with fewer than two years of PSPP **pensionable service**, your **pension partner** or **beneficiary** will receive a one-time payment of your member contributions and interest.

If you die with two or more years of PSPP **pensionable service**, your **pension partner** can choose either an immediate pension or a one-time payment. A one-time payment must be transferred to your **pension partner's LIRA**. Beneficiaries other than a **pension partner** will receive a one-time payment. This one-time payment cannot be transferred to a **LIRA**, and must be taken as a cash payment (with income tax withheld).

### Marital breakdown



If you are currently undergoing a marital breakdown, your pension benefits may be subject to division and distribution between you and your soon to be ex-spouse. For pension benefits to be divided and distributed, a court-certified copy of a **Matrimonial Property Order (MPO)** must be obtained and filed with APS. You should consult your legal counsel about obtaining and filing an **MPO** and the division and distribution of your pension benefits.

Under the Matrimonial Property Act, an **MPO** can only be obtained in respect of a legal marriage. In certain circumstances, the regulations governing PSPP allow for the division and distribution of your pension benefits by making a one-time payment to the non-member ex-spouse without having to wait for the member to become eligible for a benefit. If you are a PSPP member going through a marital breakdown, your legal counsel should take these regulations into account when working on your matrimonial property settlement.

For details on how marital breakdown can affect your pension, please visit the PSPP website at [www.pspp.ca](http://www.pspp.ca) or the APS website at [www.apsc.ca](http://www.apsc.ca).

### Administrative review process



If you disagree with a decision made by APS about your PSPP benefits, you can request APS provide a full explanation. If you are not satisfied with the response to your initial inquiry you can request an internal review. This request should be made in writing to APS within

30 days from the date you received a written response to your initial inquiry.



If, after the internal review, you feel your rights have not been recognized, you can request the Public Service Pension Board to review APS' administrative decision. While the Board can make a final decision, it can only provide benefits based on the legislation governing PSPP.

A request for an administrative review must be made in writing to the Board within 60 days of the internal review.

Note: The Public Service Pension Board will only review decisions by APS that involve the use of some judgment or discretion. Your request may have been denied because legislated provisions are being followed or enforced, and APS is not able to comply with your request. If that is the case, or if your request would require changes to legislated plan rules, then the Board may not review APS' administrative decision.

# Glossary

## **Actuarial Reserve**

The estimated cost to PSPP of providing the increased benefits gained by a member who buys or transfers prior service. An actuarial reserve calculation takes into account a number of factors including salary scaling and mortality tables.

## **Alberta's Consumer Price Index (ACPI)**

A weighted average of the cost of a basket of goods and services that are normally purchased by Alberta households. It includes such things as clothing, food, housing, gasoline, health, personal care services, recreation and education.

## **Average Year's Maximum Pensionable Earnings (Average YMPE)**

The average YMPE is determined by taking the YMPE (see definition of "YMPE") of the coinciding years of your five highest average salary. Your employer or PSPP can tell you the amount of the current or past years' YMPES.

## **Beneficiary**

Your pension partner is automatically your sole beneficiary if you die before retirement. If you have no pension partner, you should let PSPP know who would receive the benefit.

A Beneficiary is the person(s) you designate to receive a benefit if:

- you die before retirement; or
- you die before the end of the guaranteed period. This is only applicable if:
  - you chose one of the Single Lifetime Guaranteed Term options; or
  - you chose one of the Joint Lifetime options and both you and your pension partner die within the guaranteed period.

You can designate one or more beneficiaries or a charitable organization.

Even if you have a pension partner you should designate a beneficiary. That way PSPP knows to whom the benefit is to be paid if your pension partner predeceases you or if your pension partner has waived the right to a benefit. If you have not designated a beneficiary and your Will does not specifically mention PSPP, payment will be made to your estate.

## **Combined Pensionable Service (CPS)**

By staying with the same employer and moving between PSPP and MEPP and/or UAPP with no break in pensionable service, you become eligible for combined pensionable service provided the move occurred on or after January 1, 1994. Once a CPS relationship has been established, service and salary information under these plans will be used in key elements of the calculation of your PSPP pension.



- Your pensionable service from these plans will be used to determine if you are vested under each plan. Under PSPP, you become vested once you have two years of pensionable service, which will consider service under a **CPS** relationship.
- Your pensionable service from these plans will be used to determine if you are entitled to an unreduced pension in PSPP.
- Your pensionable salaries from these plans will be used to determine the highest average salary in PSPP.
- Your pensionable service from these plans will be used to determine when you will reach the 35-year maximum service limit.

### **Commutated Value**

The actuarial present value of accrued benefits, determined using actuarial assumptions and methods recommended by the Canadian Institute of Actuaries. This represents the amount of money that must be set aside today, based on current interest rates, to provide pension payments at a future date.

### **Deferred Pension**

A pension that does not commence immediately following termination from PSPP. A deferred pension may not commence earlier than the member's 55th birthday, unless the member qualifies for a disability pension, and must commence before December 31 of the year the member turns age 71.

### **Defined Benefit Plan**

A plan which pays a monthly pension based on your pensionable salary and length of pensionable service. The pension plan's obligation is to pay a stated benefit to each employee based on the employee's salary and length of service. The main benefits of a defined benefit plan are:

- Your benefit is guaranteed and you are provided a specified lifetime income regardless of market conditions or how long you live.
- You can plan for your retirement because you can estimate your future pension income. The pension estimator allows you to estimate your future monthly payments.

### **Diversified Portfolio**

The Alberta Investment Management Corporation (AIMCo) manages the pension plan fund in accordance with the Plan's *Statement of Investment Policies and Goals*, and applicable legislation. The portfolio comprises equities (both domestic and international), bonds and mortgages.

### **Excess Contributions**

The amount of contributions with interest returned to the member to ensure that the member's contributions with interest in the account do not exceed 50% of the commuted value. Contributions paid and service credited for prior service are not included when calculating excess contributions.

## **Fund**

A fund established under the legislation governing PSPP to hold all employee and employer contributions and investment income. All benefits are paid from the fund. All assets in the fund can only be used to pay the promised benefits and cover administrative costs.

## **Locked-in Retirement Account (LIRA)**

A special type of RRSP designed specifically to hold locked-in pension funds. Alberta public sector pension plans, like PSPP, are not subject to the *Employment Pension Plans Act* (EPPA) however, once locked money is transferred out of PSPP it must be locked-in under the rules of the EPPA. Most financial Institutions offer LIRAs however APS will only send the locked-in funds to a financial institution that appears as a LIRA provider on the Alberta's Superintendent's List of Financial Institutions Offering Locked-in Pension Products.

## **Matrimonial Property Order (MPO)**

A matrimonial property order (MPO) is a court order made at the time of or after divorce that divides the assets (usually those acquired during the marriage) of the spouses or ex-spouses between them.

If you are currently undergoing a marital breakdown, your pension benefits may be subject to division and distribution between you and your soon to be ex-spouse. For pension benefits to be divided and distributed, a court-certified copy of an MPO must be obtained and filed with Alberta Pensions Services Corporation. You should consult your legal counsel about obtaining and filing an MPO and the division and distribution of your pension benefits.

Under the Matrimonial Property Act, an MPO can only be obtained in respect of a legal marriage. In certain circumstances, the regulations governing PSPP allow for the division and distribution of your pension benefits by making a one-time payment to the non-member ex-spouse without having to wait for the member to become eligible for a benefit. If you are a PSPP member going through a marital breakdown, your legal counsel should take these regulations into account when working on your matrimonial property settlement.

## **Nominee**

The person you name to receive your Joint Lifetime pension if you die first. If you have a pension partner on the effective date of your pension, the nominee must be your pension partner unless they sign a waiver sent with the Retirement Benefit Statement. The nominee must be a valid nominee under the Income Tax Act (e.g. a spouse, an ex-spouse or ex-common-law partner).

## **Pension Partner**

A “pension partner” means:

- (i) a person who, at the relevant time, was married to a participant or former participant and had not been living separate and apart from him or her for 3 or more consecutive years, or;
- (ii) if there is no person to whom subclause (i) applies, a person who, as at and up to the relevant time, had lived with the participant or former participant in a conjugal relationship
  - (A) for a continuous period of at least 3 years, or
  - (B) of some permanence, if there is a child of the relationship by birth or adoption;

Persons are living separate and apart

- if they are living apart and either of them has the intention to live separate and apart from the other, or
- if, before the relevant time,
  - they had been living separate and apart for any period, and
  - that period was interrupted or terminated by reason only that either of them become incapable of continuing to live separate and apart or of forming or having the intention to continue to live separate and apart of that person’s own volition,and the separation would probably have continued if that person had not become so incapable.

## **Pensionable Salary**

Basic pay for the performance of your regular duties. Salary also includes pay for shift work, weekends, and acting pay if the employer treats it as pensionable salary under the employer’s salary policy and if it is paid on a uniform and consistent basis. Salary does not include earnings such as expense allowances or overtime payments. The salary used in the calculation of your PSPP benefit entitlement will be subject to any limits set out under the tax rules.

## **Pensionable Service**

Your years of service during which you contribute to the pension plan, plus service recognized from a transfer or purchase of prior service. The maximum pensionable service limit in PSPP is 35 years.

## **Pre-Pension Commencement Death Waiver**

The pension partner may waive their right to a lifetime pension by completing the Pension Partner Waiver of Pre-Pension Commencement Death Benefit. This allows the pension to be paid to the beneficiaries on file with APS instead of the pension partner. This waiver can be completed by the pension partner any time before pension commencement, but it may only be revoked by the pension partner prior to the member’s death.

### **Prior Service (Buyback or Past Service)**

Previous employment during which you participated in (or could have participated in) a pension plan. You may be able to buy this period of service if you are not receiving a pension in respect of the service. Only some types of prior service are eligible.

### **Registered Retirement Savings Plan (RRSP)**

A type of tax-deferred investment that is set up to hold and invest your savings until you retire. Most funds can be withdrawn at any time, but you will be taxed on the amount withdrawn.

### **Transfer Agreement**

An agreement negotiated with another pension plan that allows members to transfer their pension when they move between plans.

### **Vested**

A term used by pension plans that means you are eligible to receive a monthly pension. Members of PSPP are vested after two years of combined pensionable service or immediately if you are active in PSPP at age 65 or later.

### **Year's Maximum Pensionable Earnings (YMPE)**

The maximum amount of earnings on which contributions to the Canada Pension Plan (CPP) are based.





For more information about your pension,  
contact:

PSPP c/o  
Alberta Pensions Services  
Corporation (APS)  
5103 Windermere Blvd. SW  
Edmonton, Alberta  
Canada T6W 0S9

Toll free: 1-877-453-1PSP (1777)

Fax: 780-421-1652

[www.pspp.ca](http://www.pspp.ca)