

FEBRUARY 13, 2024

PENSIONS &
BENEFITS

Public Sector Pension Plan (PSPP)

For former members of the Education Sector Pension Plan

How to Reach the Pensions & Benefits Office

- Direct all Pension Plan inquiries to the Pensions & Benefits Office
 - Email: peipspp@gov.pe.ca
 - Website: www.peipspp.ca
 - Phone: (902) 368-4200

- Direct all Retirement Pay inquiries to your Employer



Pension Plan Enrolment

Contributing Years

Preparing for Retirement

Retirement

Survivor Benefits

Journey through the PSPP



Pension Plan Enrolment

Pension Plan Enrolment

Defined-Benefit Pension Plan

Automatic Enrolment for all permanent employees

Contribution Rates

- 8.09% on annualized earnings up to the Yearly Maximum Pensionable Earnings (\$68,500 for 2024)
- 9.75% on annualized earnings above

Salary Indexation – 3.14% @ January 1 2024

Funded Status – 122.5% @ April 1 2023; calculated each year and communicated each July

- Indexation awarded if above 100% and funded available to determine average salary
- If funded status drops below 110%, you will pay an additional 1% of contributions until above 115%
- If funded status drops below 100%, indexation is suspended until funded status is above 100%

ESPP Benefit Earned to December 25, 2021

- Calculated and indexed (*using salary indexation rate*) to retirement date or termination date, whichever occurs first

Important Considerations

Option to Purchase Service Worked Before Becoming a Member

- If you were an employee of any participating employer within the 24 months of enrolment, you may be eligible to purchase service worked in that 24-month period
- Cost - 2X contributions based on your salary at application date
- Payment Method – Lump sum via personal cheque or RRSP transfer
- You must apply within 24 of months enrolment in the PSPP

Option to Reinstate an Earlier Non-Vested Refund of Your Contributions

- If you were required to take a refund of your contributions
- You have 24 months from the refund date to apply to reinstate that service
- Cost - refund value + interest to application date
- Payment Method – Lump sum via personal cheque or RRSP transfer

Application is available at www.peipspp.ca > Forms > 4 – Purchase of Service

Contributing Years



Simplified Pension Formula



2% X Pensionable Service X Average Salary (*eff 2022*)

2% Accrual Rate (*the rate at which my pension grows each year*)

- 2% up to age 65
 - 1.3% lifetime + 0.7% temporary bridge (*ceases at age 65*)

Pensionable Service Years

- Would differ from continuous service if you haven't always been permanent (*i.e. a member of the PSPP*)

+ ESPP Benefits earned to 2022

Career Indexed Average Salary



Indexation is a growth measure of the Average Wage

...and dependent on the Funded Status; both calculated each year

- Updated funded status and indexation adjustment published each July at www.peipspp.ca
- Indexation awarded if funded status is above 100% and funding available
- If funded status is below 110%, you will pay an additional 1% of contributions until above 118%; pensioner indexation will be suspended
- If funded status is below 100%, indexation on earnings is suspended until funded status is above 115%; employer making additional contributions

April 1, 2023 Funded Status – **122.5%**

January 1, 2024 Salary Indexation – **3.14%**

Communication



PSPP annual pension statements are issued approximately 6 months after the end of each pension year

- Pension Year runs January to December
- Your 1st annual pension statement will be available on the Pension Portal early July following the year you enrolled
 - A *'How To Register Video'* is available under the Pension Portal at www.peipspp.ca
 - Contact the Pension Office at pensionportalpassword@gov.pe.ca for support, if you experience any issues accessing the Pension Portal
 - *Final ESPP annual pension statement also available on the Pension Portal*
- Notification when new statements are available will be posted at www.peipspp.ca and an email will go to your work email from peipspp@gov.pe.ca

More Important Considerations



Do you have Service with Another Pension Plan?

- You may have the option to transfer that service into the PSPP
- Contact the Pension Office to discuss your options and start the process, if applicable

Option to Purchase Periods of Maternity, Parental and/or Adoption Leave

- Application available at www.peipspp.ca > Forms > 4 – Purchase of Service
- **If application is received within first 12 months after the end of the mat/pat/adoption leave**
 - *Cost* - Employee contributions based on salary in effect at the date the leave is requested (**1X** contributions) – *approximately 9% of your current salary*
 - *Payment Method* – Bi-weekly via payroll or lump sum by personal cheque or RRSP transfer
- **If application is received within the second 12 months after the end of the mat/pat/adoption leave**
 - *Cost* – Employee and employer contributions based on salary in effect at the date the leave is requested (**2X** contributions) – *approximately 18% of your current salary*
 - *Payment Method* – Lump sum by personal cheque or RRSP transfer

An hourglass with white sand is positioned in the center, with the top bulb containing more sand than the bottom. To the right, a calendar is visible, showing dates 22, 23, 24, 29, 30, and 31. The background is a dark, muted color.

Preparing for Retirement

Preparing for Retirement

Earliest Retirement Age is 55

- Latest is Age 71

Unreduced Pension at Age 62 / 32 Years of Pensionable Service

- ESPP portion remains unreduced at Age 60

Automatic bridge benefit payable to age 65 (*bridge with CPP earned during same employment*)

- ESPP option to purchase a bridge at retirement remains in place for retirement dates before January 1, 2027 (*bridge with OAS*)

Benefits earned under the ESPP were calculated @ Dec. 25, 2021

- This calculated benefit will grow at the PSPP salary indexation rate until retirement, so long as you remain an active contributor to the PSPP
- Reduced based on age 60, and added to your PSPP benefits earned since January 2022

Spouse @ Retirement (Common Law Relationships)

- Requires 3 years of co-habitation for a common law partner to be deemed an eligible spouse at retirement; proven by affidavit and income tax filings at time of death

Preparing for Retirement Checklist

- ❑ **Notify your HR Manager/Employer of your intent to retire**
- ❑ **Complete and submit to the Pension and Benefits office the Application for Monthly Pension Benefits package at least 2 months before your termination date**
 - Go to www.peipspp.ca under Forms to find a pension application or contact the Pensions & Benefits office to request one
 - Within 5 days of our receiving your application, you can expect a confirmation to the email address provided on your application. If you don't receive this email, contact the Pensions & Benefits Office.
- ❑ **Contact Johnson Inc. about your eligibility for retirement Group Insurance Benefits**



A pink piggy bank is centered in the frame, sitting on a dark surface. A black umbrella is open above it, with its handle extending down to the piggy bank. The background is a dark, solid color. The word "Retirement" is written in white, sans-serif font across the middle of the image, partially overlapping the piggy bank and the umbrella.

Retirement

Apply for Pension before you Retire!

IMPORTANT

Applications for Monthly Pension Benefits received by the Pension Office after your retirement date may result in loss of benefit for that period.

Application is available at www.peipspp.ca > Forms > 1- Pension Application



Retirement

Payments made monthly on the 22nd or next business day by Direct Deposit

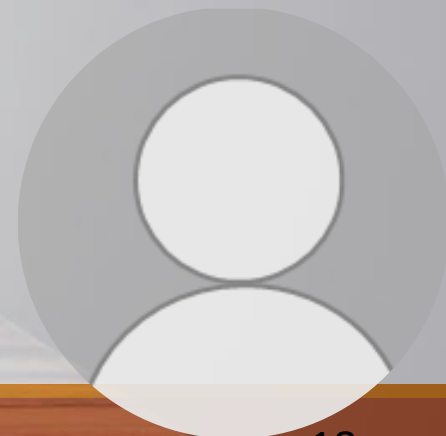
Indexed by the Consumer Price Index (Canada All Items)

- Funded Status must be greater than 110% and Funding Available to Spend on Indexation
 - If drops below 110%, no indexation awarded until funded status greater than 110%
- Adjustment applied automatically to January pension deposits
 - Pro-rated if retired during prior calendar year

Communication will be by mail to your home address on file

A pink piggy bank is centered on a wooden surface, with a grey umbrella positioned above it. The background is a light, neutral color. The text "Survivor Benefits" is overlaid in white on the piggy bank.

Survivor Benefits



Survivor Benefits



Spouse at Retirement = Spouse at Death

- 60% of the member's pension*

Eligible Dependents at Time of Death

- 10% of the member's pension up to 4 dependents*

No spouse or dependants at time of death

- 150% of the member's contribution + interest at death/retirement (*whichever happens first*)
 - For pensioner who dies without a spouse/dependants, the calculated value is reduced by the payments received, and any remaining funds are paid to the estate
- **any bridge pension would end when the member would have turned 65 had they not passed*

Wrap Up



Final Thoughts

- **Your Go To for all things re your monthly pension is the Pensions & Benefits office**
 - Remember, your employer is still your Go To for your lump sum retirement pay
- **All transactions require you to submit an application (*available at www.peipspp.ca under FORMS*)**
 - Purchase of Service
 - Retirement
 - Refund of Contributions upon Termination
 - *If vested upon termination, not retirement age, and you choose NOT to defer your pension*
 - *If non-vested; automatic refund (does not apply to those who came through the merger in December 2021; all deemed vested so would need to apply for a refund upon termination)*
- **Communication**
 - While working - using your work email from peipspp@gov.pe.ca
 - To notify you when new information is available on the website (www.peipspp.ca) and Pension Portal (e.g. annual pension statements)
 - When retired - to your home mailing address
 - A newsletter each October (*funded status, indexation for upcoming January, payroll calendar for upcoming year, etc.*)
 - Deposit Notices any time your information changes
 - T4As each year by end of February

Contact List

➤ **Direct all Monthly Pension Plan inquiries to the Pensions & Benefits Office**

- Email: peipspp@gov.pe.ca
- Website: www.peipspp.ca
- Phone: (902) 368-4200

➤ **Direct all Lump Sum Retirement Allowance inquiries to your Employer**

➤ **Contact Johnson Inc. for questions about your group insurance**

- Charlottetown area: (902) 628-3537
- Toll free: 1 (800) 371-9516
- Visit www.mybenefitplan.ca





Thank You!

QUESTIONS?