SUPERANNUATION

PURPOSE

1. The Government values the service of its employees. It wishes to protect long-service employees and their families from total loss of income after employment ends.

2. The Government participates in the Federal Public Service Superannuation Plan. This plan is governed by the *Public Service Superannuation Act* (*PSSA*).

3. Pension benefits are indexed to compensate for cost of living increases.

APPLICATION

4. These guidelines and procedures apply to all employees except:

   - employees who are on leave of absence from another employer and who contribute to the pension plan of that employer;
   - seasonal employees who have not completed six months of continuous employment;
   - employees appointed for a term of six months or less, and who do not have six months continuous employment;
   - employees who are 71 years of age or older;
   - employees who work fewer than 12 hours per week; and

5. For purposes of pensionable employment, a break in service of one day or less is considered to be continuous.

DEFINITIONS

6. **Average Annual Salary** is the average of the highest five consecutive years of salary.

7. **Interest** is as determined by Treasury Board of Canada, and can be found in the Superannuation Administration Manual (SAM) Chapter 4.2.3.

8. **Locked In** means that funds remain in the plan until normal retirement age.

9. **Pensionable Service** is the service on which benefits are based when employment ends.

10. **Return of Contributions** is the return of money paid by an employee to the superannuation plan plus accumulated simple interest.

11. **Salary** is the pay received for performing the regular duties of a position. Allowances, payment for overtime or other compensation are not part of pay unless listed in the Regulations.

12. **Retirement** is termination of employment with entitlement to an immediate annuity under the *PSSA*.

PROVISIONS

13. If any part of this policy conflicts with legislation, the legislation prevails.

14. Pension takes one of the following three forms:

    - an "immediate annuity" (an unreduced pension that starts when employment ends);
    - a "deferred annuity" (an unreduced pension that starts at age 60);
    - an "annual allowance" (a reduced pension that begins on or after age 50).

15. An employee who works at least 12 hours per week is required to contribute to the superannuation plan.

16. An employee contributes 7.5% of salary to the superannuation plan. The Government contributes 2.14 times the employee's contribution.

17. The *PSSA* is integrated with the Canada and Quebec Pension Plans (CPP and QPP). An employee's contributions are reduced to 4.0% on salary up to the yearly maximum pensionable earnings (YMPE) for CPP.

18. The *PSSA* pension benefit is reduced by the employee's pension entitlement under CPP when the employee reaches the age of 65 or when the employee becomes eligible for a disability benefit under CPP. The amount of the reduction is based upon the CPP benefit earned by the employee while a contributor under the *PSSA*.

19. Annual pension is 2% of the average annual salary, multiplied by the years of pensionable service to a maximum of 35 years. The maximum pension is 70% of the average annual salary.

20. For an employee with less than two years of pensionable service Superannuation must pay out a return of contributions when employment ceases.

21. An employee who leaves the Government to work for another employer may transfer pension credits if there is a pension transfer agreement with that employer. If the new employer participates in *PSSA*, the pensionable service remains to the employee's credit with *PSSA*.

22. An employee who terminates employment under age 50 with two or more years service, has the option of taking a transfer value instead of leaving the pension for a deferred annuity or annual allowance. The employee would receive the actuarial value of their pension, which must be transferred to a locked-in RRSP, another registered pension plan, or used to purchase a life annuity.

Survivor Benefits

23. A surviving spouse and dependent children are eligible for benefits.

24. Benefits received under CPP do not affect survivor benefits.

25. If there are more than four dependent children, the maximum benefit is divided among them, as determined by Treasury Board of Canada.

26. If there is no surviving spouse or dependent children, the employee's estate is paid the greater of the total paid into the plan by the employee plus interest, or five years pension payments. Any pension that has already been paid is deducted from the amount the estate receives.

Marital Breakdown

27. In case of marital breakdown, the *Pension Benefits Division Act* provides for the splitting of pension assets between spouses. Employees should consult with the Compensation and Benefits Division in Finance if they require further details.

28. At the start of eligible employment, the Compensation and Benefits Division of Finance helps an employee complete the superannuation documents. A copy of the employee's marriage certificate and birth certificates for the employee and immediate family members are sent to the Superannuation Directorate.

29. After 35 years of pensionable service an employee's contribution to superannuation is reduced to 1% of salary. This service may be a combination of Government service, prior elective service and service transferred by a transfer agreement.

30. An employee who wishes to retire must contact Compensation and Benefits three months prior to retiring. They will help the employee complete the required forms and send these forms to the Superannuation Directorate.

31. An employee who intends to work after age 65 must complete a Pension Information Release form. This allows pension deductions to continue if the employee's contribution period is less than 35 years.

32. The Pension Information Release form authorizes the Superannuation Directorate to contact CPP for information. On the form, employees also declare CPP pension benefits received.

33. If an employee dies, the Superannuation Directorate must receive the death certificate before surviving dependants can receive benefits.

34. Where the interpretation of the *PSSA* and Regulations is unclear, Compensation and Benefits consults with the Public Works and Government Services Canada Advisory Group in Edmonton, or the Superannuation Directorate. The Superannuation Directorate provides advice or rulings and, where necessary, seeks legal advice.

AUTHORITIES AND REFERENCES

35. *Public Service Superannuation Act*

36. Public Service Superannuation Regulations

37. Superannuation Administration Manual
Published by the Department of Supply and Services, Government of Canada.

38. Your Superannuation Plan
Employee information booklet prepared by Treasury Board of Canada, 1991.

39. Main Collective Agreement with the NEU
    Article 37 Superannuation and Benefits

40. Senior Managers' Handbook
    Pension Plan

41. Excluded Employees' Handbook
    Pension Plan

42. *Pension Benefits Division Act*

CONTACTS

43. For further information or clarification, please contact:

    Director Compensation and Benefits
    Department of Finance
    Iqaluit, Nunavut
    975-5881