nshepp

NOVA SCOTIA HEALTH EMPLOYEES' PENSION PLAN

Fall 2018 Newsletter

For Members of NSHEPP

In this Newsletter, we cover topics of interest to our Plan Members.

Base Year news

The Plan uses a "Base Year" to determine your annualized pensionable earnings for the earlier years of your plan membership. Annualized pensionable earnings are part of the formula that calculates your pension benefit. The Base Year was improved from 2016 to 2017 effective January 1, 2019. This will result in your earlier years' annualized earnings being adjusted to be equal to your 2017 annualized earnings for purposes of calculating your benefit (*unless an earlier Base Year provides a higher benefit).*

There is also an Income Tax restriction that if your average earnings over 3 years is lower than your Base Year earnings, that average is to be used in the Base Year calculation.

When will you receive your next pension statement?

Member pension statements are prepared on an annual basis. Your annual pension statement answers two important questions:

- *When can I retire?* Your earliest unreduced and reduced retirement dates are shown under the Personal Data section on your statement.
- *How much pension will I receive?* Your statement provides pension estimates for you from age 55 to age 65.

We are currently working with your Employer to collect your pension data so that we can prepare your annual statement for the 2018 calendar year. This statement will be sent to you in June of this year.

What happens if you become disabled?

If you are receiving monthly benefits from your Employer's long-term disability (LTD) plan, you remain a member of the Pension Plan and your contributions are waived during your disability period.

Further, you continue to earn both continuous and credited service during this period, so your pension continues to grow. Your pensionable earnings are deemed to be the same as your pensionable earnings at your date of disability, subject to any increases the Trustees may approve from time to time.

Contributions to the Plan

Both you and your employer contribute to the Plan. The contribution rates have remained unchanged since April 1, 2012 and are expected to remain unchanged for the foreseeable future.

Your current annual contribution is:

- 7.82% times your annualized pensionable earnings up to the Yearly Maximum Pensionable earnings (i.e. YMPE) under the CPP (currently earnings of $57,400 in 2019); and
- 10.18% times your annualized pensionable earnings above the YMPE

Your Employer currently matches your contributions and contributes an additional amount of 1.4% of your annualized pensionable earnings.

The NSHEPP bridge benefit

If you retire before age 65, you will receive both a lifetime pension and a bridge benefit from NSHEPP. The NSHEPP bridge benefit will be paid to you until age 65 or until your death, if before age 65.

If you decide to start your benefits from the CPP plan before age 65, this will have no impact on the benefits that you receive from NSHEPP – you will continue to receive both your lifetime pension and bridge benefit. At age 65, the NSHEPP bridge benefit will cease but your NSHEPP lifetime pension will continue along with your CPP benefits.

What do you do once you make your decision to retire?

A common question asked by our members as they approach retirement is "How do I start the retirement process?"

Once you have made the decision to retire, the first step is to advise your Employer. Your Employer will let you know what documents are required to process your pension.

Specifically, you will need to complete a Declaration of Spousal Status at Retirement. We will also require copies of the following documents:

- your proof of age (i.e. a copy of your birth certificate, passport or driver's license) along with proof of your spouse's age if you have a spouse at your date of retirement,
- a completed banking form and a void cheque or bank counter cheque,
- your marriage certificate,
- your divorce decree, if applicable;
- your separation agreement or court order, if you have had a relationship breakdown during your period of participation in the Pension Plan.

Your Employer will then send us formal notification of your retirement along with your documents. Once we receive all the information necessary to process your retirement, we will prepare a retirement option form and send it to you to sign.

How will your pension be impacted if you reduce your hours?

Reducing your hours will result in less credited service being earned during any years you work part-time. For example, if you work in an 80% part-time position, your credited service for that year will be 0.80 compared to 1.0 full year of service if you had worked full-time.

Reducing your hours does not:

- change when you will be eligible to retire *(so long as you don't end your continuous employment completely).* You will still satisfy your "Rule of 85" or "Age 60 with 10 employment years" requirement at the same date as if you continued to work full-time hours.
- reduce your earnings for Base Year purposes. Your Base Year earnings are what you would have earned if you had worked full-time hours, regardless of what your hours actually are in the Base Year.

If you are within a few years of retirement, the impact of working part-time may be less than you think. You can contact us for an estimate if you are reducing your hours and are interested in how this will affect your pension.

The Importance of naming a beneficiary

It is important that you keep your beneficiary designation information up-to-date with the pension plan. Your annual pension statement shows you the beneficiary on file with NSHEPP so you should make sure you review this information when your receive your annual statement.

If you need to change your information, you must complete an Employee Change of Information form for pension purposes. Your Employer can provide you with this NSHEPP form to complete.

Important Note: For beneficiary designation purposes, we require an original signed, dated and witnessed form. We are unable to accept faxed or scanned copies of the form.

Will your pension be impacted if you return to work after retirement?

The answer is it depends.

If you take a pension eligible position with an NSHEPP employer and are regularly scheduled to work 50% or more of a full-time position, you must join the Pension Plan after 3 months of employment (and you can join immediately at your option). As soon as you rejoin the Plan, your pension will be suspended during your period of re-employment.

If you take a pension eligible position with an NSHEPP employer that is not regularly scheduled for 50% or more of a full-time equivalent or if you take a job with an Employer who does not participate in NSHEPP, you are not required to re-join the Plan and so your pension will not be impacted.

Interesting facts

- 87 Employers in health-related sectors across the Province of Nova Scotia participate in the Plan.
- Currently there are about 31,400 active members who participate in this Plan.
- There are about 12,200 retirees receiving pensions. The number of retirees has grown by about 37% since the end of 2014.
- Pensions and bridge benefits totalled over $17.7 million per month as of January 1, 2019.

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