



Pension Plans:

A Quick Reference Guide for SUN Members



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This booklet has been produced by the Saskatchewan Union of Nurses (SUN) to assist members with general information regarding pension and retirement. The information provided is not to be regarded as professional financial advice, rather as general information.

For further information, please check with your personal financial planner, tax advisor and/or another trusted financial professional.

SUN Members' Pension Plans

One of your most valuable assets when you retire will be your pension plan. Knowledge regarding the terms of your pension plan can provide critical information to facilitate your financial health during retirement. SUN members, depending upon where they work, and how long they have worked may be enrolled in one or more pension plans. The earlier you join a plan, the better your pension will be.

SUN members will typically be members of one of these two types of registered pension plans: Defined Benefit and Defined Contribution. One of the first steps to understanding your plan is to know what type of plan you are enrolled. See page 13 for a brief description of both types of plan.

The following is some basic information about four of the pension plans that the majority of SUN members are enrolled in. If you do not know which pension plan you are enrolled in, or need additional information contact your payroll department in your health region.

Saskatchewan Healthcare Employees' Pension Plan (SHEPP)

The Saskatchewan Healthcare Employees' Pension Plan (SHEPP) administers a defined benefit pension Plan for over 33,000 healthcare workers, 65 employers, and more than 12,000 retired members and their beneficiaries.

SHEPP is a defined benefit plan, where your pension is determined by a formula based on your highest average contributory earnings and years of participation, or credited service.

Membership is mandatory if you work as a permanent full-time or permanent part-time employee of a SHEPP participating employer. If you are a non-permanent or casual employee, please review the SHEPP member booklet which can be found on the SHEPP website or contact their office directly. SUN members who work in facilities

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where the SUN/SAHO, SUN/Extendicare, or SUN/All Nations Healing Hospital collective agreements are in place will be members of this plan. (The exception will be those members that were hired by the Regina General Hospital prior to 1999 and those members that became SUN members in 1997 as a result of the Dorsey Commission decision.)

SHEPP has a service called SHEPP Web where members of the plan can obtain a PIN# (Personal Identification Number) from SHEPP, and then use the SHEPP website to review their own pension accruals, and project future pension income based on their own plans to retire.

For more information:

Saskatchewan Healthcare Employees' Pension Plan
Phone: 306-751-8300
Toll Free: 866-394-4440
E-mail: sheppinfo@shepp.ca
Website: www.shepp.ca

Regina Civic Employees' Superannuation & Benefit Plan

The Regina Civic Employees' Superannuation & Benefit Plan is a defined benefit pension plan. The Plan represents approximately 400 SUN members who were hired through the Regina General Hospital prior to 1999. Nurses hired after this date, if they meet the eligibility criteria, are now enrolled in SHEPP.

As a defined benefit pension plan, the Regina Civic Employees' Superannuation & Benefit Plan provides eligible members with a retirement income based on a formula that takes into account the member's earning history and length of service in the Plan.

Like many pension plans, the Regina Civic Pension Plan (RCPP) is facing a funding shortfall; plan changes may be required. Watch the RCPP and SUN's web page for updates on this issue.

For more information:

Phone: 306-777-7402
Web Site: www.reginapensions.ca or pensions@regina.ca

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Public Employees Pension Plan (PEPP)

A small number of SUN members who came to SUN from other unions (Dorsey Decision, 1997) remain enrolled in PEPP. PEPP is the largest Defined Contribution pension plan in Canada based on assets. Employee and Employer contributions plus any return on investment will be used to provide you with income based upon your account balance, when you retire. PEPP is governed by The Public Employees Pension Plan Act and Regulations and is administered by the Public Employees Benefits Agency (PEBA), a branch of Saskatchewan Finance.

Along with online tools, PEPP offers a variety of investment presentations and retirement workshops to all Plan members to help them make informed decisions about your investment in PEPP.

For more information contact:

Public Employees Pension Plan

1000 - 1801 Hamilton Street

REGINA SK S4P 4W3

Phone: 306-787-5442

Toll Free: 877-275-7377

Fax: 1-306-787-0244

E-mail: pepp@peba.gov.sk.ca

Website: www.peba.gov.sk.ca

Hours: Monday to Friday: 8:00 a.m. to 5:00 p.m.

Canadian Blood Services (CBS) Pension Plan

Canadian Blood Services employees represented by SUN join the defined benefit plan when they become eligible or are required to participate in a pension plan. Regular full-time employees join the plan after completion of three months of continuous service.

Enrollment becomes mandatory after you complete two years of continuous service. (Eligibility criteria for other classifications of CBS employees can be found on CBS's website.)

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For questions about the Canadian Blood Services Defined Benefit (DB) Pension Plan, contact Morneau Shepell Ltd.:

Canadian Blood Services Defined Benefit Pension
Administration
c/o Morneau Shepell Ltd
895 Don Mills Road, Suite 700
One Morneau Shepell Ltd Centre
Toronto, Ontario
M3C 1W3
Phone: 877-252-4442
Fax: 416-445-0588
E-mail: cbsdbadmin@morneaushepell.com
Web Page: cbsdbpension.hroffice.com

Other Sources of Retirement Income

Canada Pension Plan (CPP)

The Canada Pension Plan (CPP) is a defined pension plan for workers, which provides benefits payable for your lifetime. The amount of CPP received is based on earnings, is paid monthly, and is designed to replace approximately 25% of earnings.

The amount of CPP will depend on how many years you have contributed and your level of earnings. The basic calculation for CPP is: $25\% \times \text{years of contributions} \times \text{earnings}$. CPP benefits are annually indexed to inflation.

To obtain full information on the Canada Pension Plan visit the Service Canada's website at: www.servicecanada.gc.ca and follow the CPP link.

Old Age Security Pension (OAS)

The Old Age Security (OAS) Pensions are for Canadian citizens age 65 or older and provides a monthly pension payment. OAS begins the month after your 65th birthday. The benefits are indexed to inflation and adjusted three times a year. The basic benefit is taxable, but the Guaranteed Income Supplement Pension and the Spousal Allowance are not taxable. An application is required for this benefit.

- a. The Spousal Allowance is a monthly benefit to low income seniors between the ages of 60 and 64 who are spouses of Old Age Security Pension pensioners. This income will help bridge the

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gap until the spouse is age 65 and can access Old Age Security Pension. The amount of benefit will be based on the combined annual income from the previous year.

- b. The Guaranteed Income Supplement (GIS) is an additional monthly benefit for OAS pensioners with a very low income. Application forms are available from Service Canada; you will be required to re-apply annually and provide your income tax return with your application. GIS pension income can increase every three months based on inflation.

For more information on CPP and OAS visit the Service Canada website at: www.servicecanada.gc.ca and follow the OAS link.

Personal Sources of Retirement Income

1. RRSP contributions that you have made
2. Personal Savings
3. Personal Assets

Plan Ahead

Retirement planning should encompass all sources of potential income during your retirement. Contact your financial advisor to assist you in determining your best options. Prior planning will be most beneficial in obtaining an optimal retirement.

Are You Ready to Retire?

Most of us hope to retire early. Depending upon which pension plan you belong to, you may be eligible to retire as early as 50. (Other early retirement thresholds are 55, or when you meet the “Rule of 80” – your age + years of service = 80.) There are some SUN members who will work, either out of desire or necessity, beyond the age of 65. Others will draw on their pension funds and seek re-employment as a retiree.

No matter how and when you plan to retire it is a very important decision, so take the time to review all aspects of retiring. Seek professional advice - from a trusted person who is an expert in financial planning - prior to making the decision to retire. A few points to consider include:

Things to think about and to do:

- If you plan on accessing your pension, you are required to terminate employment. If you plan on continuing to work as a nurse, are you sure that you will be rehired? Remember: your employer is under no obligation to rehire you, once you terminate your employment.
- If you intend to continue working in any type of occupation after retirement, what will be the hours of work, working conditions, wages and benefits? How will that additional income, along with your pension, affect the amount of income tax you will pay?
- Obtain a print out of your pension status from your workplace pension plan provider. Assess the amount of pension you have accrued at work. Is it sufficient for your needs in retirement? Just because you are eligible to retire, does not necessarily mean you will have sufficient pension income.
- Ask your pension plan administrator to provide your pension income based on various options available upon retirement. For example, Life only pension, Joint and Survivor pension or Guaranteed pension. Once you sign-off on a pension option, you cannot rescind that decision.
- Your pension plan administrator can provide calculations that show you how much more pension you would receive if you postpone accessing your pension and continue working a few more years.
- The monthly increase in pension may seem minimal - to fully appreciate the increase, calculate the difference for your lifetime.
- Assess your needs for a prescription and extended health plan in retirement. Should you continue to be a member of a private

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health care plan as you enter retirement? Check the provisions of the 3sHealth Group Medical Services Retiree Plan available to health care workers:

- a. Are you eligible?
- b. Will it meet your needs?

Information about the Group Medical Services Retiree Plan can be found on the 3sHealth website, under Employee Benefits.

3sHealth Retiree Plan

A Retiree Benefits plan is available for SUN members following retirement. This retiree plan:

- Is provided by Group Medical Services.
- Has a health and dental component, which may be purchased separately or together.
- Provides either single or couple coverage.

In this plan, retirees pay for all premiums. Premiums may increase annually based on the plan usage.

When a member terminates employment to access pension, notice will be provided that advises members they have 90 calendar days to apply for the Group Medical Services Retiree Plan without a medical.

Furthermore, in order to access the Group Medical Services Retiree Plan without a medical, the member must have been eligible for the 3sHealth Extended Health and Enhanced Dental Plan while employed prior to retirement.

Full details of the plan coverage is available by visiting the www.3shealth.org website.

1. Select Employee Benefits.
2. Click on Extended Health and Enhanced Dental Plan.
3. Scroll down on that page to Retiree Benefit Program Group Medical Services.
4. Click on Commentaries and Forms.
5. Select Miscellaneous on the Commentaries and Forms page. Here you will find the commentaries and forms for the Retiree Program.

These are only a few points to consider before you retire. Please thoroughly research all of your options and the ramifications of your actions before making this important decision.

Working Beyond the Age of 65

In 2007, the mandatory retirement of age 65 ended in Saskatchewan. The Employer should advise employees who choose to work beyond the age of 65 of any earned, reduced or lost benefits coverage and/or entitlements, based on age restrictions. Unfortunately, the removal of mandatory retirement does not automatically amend age restricted benefits.

Upon turning 65 a nurse is:

- No longer eligible to participate in the 3sHealth SUN Disability Income Plan.
- Eligible for Workers' Compensation Benefits for only a maximum of a two year period from age 63.
- Still eligible to participate in the Group Life Insurance Plan, but your coverage is reduced to one times your annual salary from the previous two times salary prior to age 65.
- Still eligible to participate in the 3sHealth Core Dental Plan, Enhance Dental Plan and the Extended Health Plan based on hours worked.
- Still a member of the Saskatchewan Healthcare Employees' Pension Plan (SHEPP) and can continue to contribute to the SHEPP pension plan and retire as late as December 1 of the year in which you reach age 71.

“Retire and Rehire” as it relates to SUN Members

SUN members - who plan to terminate their employment in order to access their pension payments with the intention of being rehired - must consider the following:

1. What is the Health Region's policy as it relates to rehiring retired nurses? Some health regions have implemented a policy that states they will not rehire retired nurses. Note: Whether such a policy is in existence or not, employers are not obligated to rehire you after you have terminated your employment.
2. In order to retain you seniority, unused sick leave credits (earned in the past 24 month period), family leave credits, most recent vacation accrual rate, vacation length of service date and salary step - you must be rehired within the bargaining unit within one year. (See Portability of Benefits article in your Collective Agreement.)

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3. If you are rehired after the one year window, your previous experience will only be recognized for the purpose of determining your salary step in accordance with the Recognition of Previous Experience article in your Collective Agreement.
4. If you are rehired as a casual after retiring, and do not work for 274 calendar days, you may be removed from the casual list. If you are not employed elsewhere in the (a SUN bargaining unit) bargaining unit, you will also lose your seniority. When employees lose their employment status and seniority, they are no longer considered an employee.
5. When you are rehired, you will be considered a new employee. You will be required to be on probation in accordance with the terms and conditions outlined in your Collective Agreement. Some employers require that rehired nurses receive an orientation even when they are returning to their previous workplace.
6. Members who access pension income and continue to work, will be required to pay taxes on all sources of income.

Pension and Benefit considerations for SUN members:

NOTE: (Check the Portability of Benefits Article in your Collective Agreements for status of benefits when a member terminates employment and is rehired.)

- 1. Pension Contributions.** The Canada Revenue Agency (CRA) does not allow individuals to contribute to the same pension plan from which they receive monthly pension income. For example, if a nurse was a member of SHEPP, terminated employment, accessed a SHEPP pension, and is then rehired by a Health Region, regardless of her status of employment, casual or part time or full time, or out-of-scope the nurse will not be allowed to be enrolled in SHEPP.
- 2. Life Insurance.** Great West Group Life Insurance coverage ceases the date you terminate your employment. Your coverage will be reinstated once you have completed the eligibility requirements as outlined in the plan document. You have 30 days following your termination to choose to convert to a private life insurance plan of your choice.

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- 3. Extended Health Benefits.** If you are a registered nurse and are rehired within 30 days, 3sHealth currently has a practice of continuing a nurse's Extended Health Benefits based on their level of eligibility prior to the termination date. Check with 3sHealth to ensure the 30-day rule is still applicable prior to retiring. If you retire, access your pension and are rehired for example, as a casual, you must work at least 40 per cent of Full-Time in the previous full calendar year to the year to which you retire to remain eligible for the 3sHealth Retiree Extended Health programs. *Note: Health Shared Services Saskatchewan (3sHealth) formerly known as Saskatchewan Association of Healthcare Organizations (SAHO).*
- 4. Long Term Disability Plan.** Registered nurses, who retire and access their pension, if rehired, have the option to choose not to enroll in the Long Term Disability Plan (LTD Plan). The LTD Plan has a provision that any income from another source will be deducted from the potential disability income. Pension income will offset disability income. Depending on the amount of pension income, it could render your disability income to zero. SUN members should assess the advantages of continuing to remain in the disability plan when they are in receipt of pension income. If you are receiving disability income, your benefit will automatically end the first of the month following your 65th birthday.
- 5. Canada Pension Plan.** You will be eligible to receive your the full Canada Pension Plan (CPP) retirement income at age 65. If you plan to take your CPP retirement pension and keep working, you will have to make contributions to the new Post-Retirement CPP Benefit, which adds to your retirement income. If you delay taking your CPP retirement pension until after age 65, you may increase the CPP income you receive. If you access your CPP retirement pension before age 65, your CPP benefit will be reduced. Remember that you must pay tax on all sources of income.

If you plan to access CPP retirement benefits prior to reaching age 65, it is a good idea to check with CPP to determine what income you will receive. Check to see how much it would increase by working one or two more years. Ensure that you let CPP know if you have had time away from your workplace to raise children. To minimize the negative effect of these low-earning years, CPP excludes those years (up to a set maximum) when calculating your benefit.

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- 6. Old Age Security .** Old Age Security (OAS) is a taxable monthly pension income available to most Canadians age 67 or older. New Old Age Security Pension rules 2012 delay the entitlement to Old Age Security Pension from age 65 to 67 for those born after 1958. This change will be gradually implemented over a number of years. Check the Old Age Security Pension website for further details.

Each year, the federal government adjusts the maximum net income amount an individual can earn from other sources before they are required to repay a portion of their OAS pension benefit. Seniors over 65 who have high incomes, may lose some or all of their Old Age Security Pension benefits.

- 7. Retiree Benefits Plan.** When making an application for the 3sHealth Group Medical Services Retiree Benefits Plan, a medical certificate is not required if the SUN member has been eligible for the Extended Health and Enhanced Dental Plan while employed. Members who have lost their benefits due to working less than 40% of full-time hours in the previous year will be required to supply a medical certificate when applying to join this retiree plan. This can be problematic for the member or their spouse should they have pre-existing medical conditions. Group Medical Services can decide whether they will accept the application or charge additional premiums should the applicant have a pre-existing medical condition.

For information on employee benefits/disability income contact:
1-866-278-2301; 306-525-1960 or ebp@3shealth.ca

Glossary of Pension Terms

The following are a few terms used in pension and retirement discussions and documents. They may be of some assistance to you as you research these issues.

Actuary: A professional in the pension area who is responsible for calculating the liabilities of pension plans and the costs of providing pension plan benefits. In Canada, a person must be a member of the Canadian Institute of Actuaries (CIA) to be recognized as a professional actuary.

Actuarial Valuation Report: A regular measurement of a pension plan's funding (for example, assets and liabilities), which must be produced as required by the Pensions Benefits Act at least every three years.

Bridge Benefit: A bridge benefit provides income from the date the member takes early retirement to the date when the member is entitled to receive their full pension entitlement under the pension plan, age 65. In SHEPP, this Bridge Benefit is known as the Rule of 80. $\text{Age} + \text{years of service (credited service)} = 80$ to obtain bridge/early pension.

Buy Back: Many pension plans allow members to purchase, or buy back, months or years of service they have worked without contributing to the pension plan (for any number of reasons). This service can then be counted toward the member's years in the pension plan (credited service).

Canada Pension Plan (CPP): The CPP provides an individual or his/her dependants with some financial protection if the individual becomes disabled, or when they retire or die. The amount of CPP benefits depends on how much and for how long the individual contributes to the plan. The CPP operates in every province and territory except Quebec, which has a similar pension program, the Quebec Pension Plan (QPP).

Commutated Value: The present value of the retirement wage to be paid at retirement. The commuted value is calculated and may be paid out when members leave the plan prior to meeting the early or normal retirement rules.

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Credited Service: The length of time (in months and years) the member has contributed to, or is deemed to have contributed to, the pension plan.

Defined Benefit Plan: A retirement plan in which the retiree receives a set amount of money each month once he/she begins receiving benefits. That is, the benefits the retiree receives are not dependent on the performance of the portfolio in which the contributions are invested. The amount of the benefit is determined according to a set formula that accounts for the amount of contributions and the length of time the retiree contributed.

Defined Contribution Plan: A retirement plan in which the employee and/or employer contribute a set dollar amount each month. The pension amount of a defined contribution plan are not set, and depend upon how well the contributions are invested before the pensioner starts to make withdrawals. The disadvantage of a defined contribution plan is the possibility that the investments will not perform as well as expected, giving the pensioner a less secure retirement income.

Locked-in Registered Retirement Savings Plan: A personal retirement savings account offered by financial institutions. Similar to a Registered Retirement Savings Plan (RRSP), except that it is locked in. A locked-in RRSP can also be used to hold money that is transferred out of a pension fund on termination of employment. Locked-in RRSPs are governed by the Pension Benefits Standards Act and the Income Tax Act.

Money Purchase Pension Plan: See defined Contribution Plan.
Old Age Security Program (OAS): The OAS basic pension is a monthly payment that is paid to people who are 65 years of age and over, who meet residency requirements. If, for whatever reason, a person is unable to save for retirement, the Government of Canada also provides the Guaranteed Income Supplement (GIS) for low income seniors.

The Pension Benefits Act (PBA): The law regulating pension plans of employees employed in areas of included employment in Saskatchewan. It sets out minimum standards for benefits, administration, information to members, the investments.

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Pensionable Earnings: The part of a member's wage that is used to calculate his/her required pension contributions. It is also used as the amount for average earnings in the defined benefit formula for calculating the retirement wage. In most plans, pensionable earnings do not include any overtime or premium incomes.

Registered Retirement Income Fund (RRIF): A personal retirement income fund offered by financial institutions. A RRIF is used to provide an ongoing minimum flow of income. The Income Tax Act determines the minimum withdrawal amounts, and governs RRIFs. Transfers to RRIFs from federally registered pension plans are not permitted.

Registered Retirement Savings Plan (RRSP): A personal retirement savings account offered by financial institutions, to a specified amount. RRSP contributions can be deducted from an individual's taxable income. The Income Tax Act governs RRSPs.

Year's Maximum Pensionable Earnings (YMPE): A Canada Pension Plan term setting out the maximum annual earnings on which Canada Pension Plan contributions and benefits can be calculated. The Yearly Maximum Pensionable Earnings Limit is changed each January 1st to reflect average wage levels.

Notes

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Healthy Members, Healthy Union, Healthy Communities

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