



## Member Handbook

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

# mypensionplan

## Are you online?

Your pension information is just a click away at [www.pspp.ca](http://www.pspp.ca).

Each year you get your pension information by mail, but now you can access it when you need it. Sign up to **mypensionplan** and get your pension information online, anytime. Registration is quick and easy.

On **mypensionplan** you can:

- update your contact and beneficiary information;
- view your most recent member annual statement;
- 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:

- the last three digits of your Social Insurance Number;
- your member ID (on your member annual statement, welcome letter or options package);
- your postal code/zip code; and
- to create verification questions for enhanced security.

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

We are committed to keeping your information confidential by using 128-bit encryption, the highest level of security available.

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## Using this Handbook

This handbook is designed to provide you with a basic overview of your pension plan. Please read it carefully so you can take full advantage of your membership in the Public Service Pension Plan (PSPP). To make it easier to use this handbook, you will find the following throughout:

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. PSPP is financed by member and employer contributions and by investment earnings.

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.

PSPP is an important part of your preparation for a secure level of retirement income. Even if you are years away from retiring, there may be choices you can make to enhance your future benefits.

## Plan Administration

On behalf of the Minister of Finance and Enterprise, 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 Minister of Finance and Enterprise 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 PSPP member ID ready when you call. Your member ID is on your member annual statement.

### Publications

In addition to plan publications such as annual report highlights and handbooks, you will also receive an annual statement detailing 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 service. 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 enrol 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 enrol 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

Your contributions to PSPP are tax deductible. Each year your pension contributions and your pension adjustment (PA) are reported on your T4 slip. Your PA is used to determine the maximum amount you can contribute to your **Registered Retirement Savings Plan (RRSP)**. You will be advised each year by the federal government of the maximum RRSP contribution you can make.

## Pensionable service

Your **pensionable service** refers to the years of employment during which you contribute to 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, pensionable salary after 35 years will continue to be recognized for benefit calculations.

The minimum length of pensionable service you need to qualify for a pension is two years. However, if you are contributing to PSPP and turn 65, you automatically qualify for a pension even if you do not have two years of pensionable service. 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.

## Optional service

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

- previous employment with your current employer;
- previous employment with another employer who participates in PSPP; or
- in some circumstances, contributory service under another pension plan.

If you would like an estimated cost of buying your optional 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

PSPP has **reciprocal transfer agreements** with a number of other pension plans. A reciprocal agreement may allow you to transfer your **pensionable service** from a previous employer to PSPP or from PSPP to a new employer.

Each pension plan has its own benefit formula and contribution rates. When you transfer pensionable service to a new plan, that plan calculates the value of that service according to its own benefit provisions. As such, you may be required to pay additional funds to receive full credit for your service.

Visit [www.pspp.ca](http://www.pspp.ca) or contact your employer's human resources staff for a list of pension plans that have reciprocal transfer agreements with PSPP.

## Leaves of absence (buying leave)



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 purchase that leave. If you take a leave with partial salary, you are still required to make pension contributions.



Your application to purchase your leave without salary on a contributions basis must be received by APS on or before April 30 for any leave ending in the previous year.

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. If your employment ends, you must apply to purchase a leave without salary within 30 days of your last day of work or by April 30, whichever is earlier.

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. For the first year of leave that you apply to 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.

## Combined pensionable service



If you stay with the same employer and move to the Management Employees Pension Plan (MEPP) or Universities Academic Pension Plan (UAPP), or from those plans to PSPP after 1993 with no break in pensionable service, you become eligible for **combined pensionable service (CPS)**.

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 both 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 or UAPP will be taken into account in calculating your five highest consecutive years of **pensionable salary** if it is greater than your PSPP pensionable salary. However, your pensionable service in MEPP 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

When you leave your job or change to a non-participating job, you stop participating in PSPP and will have several choices available to you. 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 added to the service you left in PSPP.
- transfer your pension entitlements to your new pension plan if a **reciprocal transfer agreement** exists or use your entitlements to purchase **optional service** with your new pension plan, if allowed.
- have your contributions (not your employer’s), with interest, transferred to a **RRSP**. You will not be taxed until you withdraw these funds from your RRSP.
- take a refund of your contributions (not your employer’s), with interest. You will be taxed on the refunded amount.

Note: If you are 65 years of age or older when you end employment or change employment status, you are eligible to receive a pension even if you don’t have two years of PSPP service.



If you end your employment or change employment status and no longer contribute to PSPP, you will automatically receive a Benefit Options Package. You must make a benefit choice within 90 days of the date on your Benefit Options Package. If APS, the Plan's administrator, does not receive your choice within this time frame, your 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 are eligible to receive a pension at retirement, as well as any **excess contributions**, or you can choose one of the options below.

If you are under 55, 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 added 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. You will receive any excess contributions when you retire. This option may be of greater value to you than a refund.
- transfer your pension entitlements to your new pension plan under a **reciprocal transfer agreement**, if one exists.
- have the **commuted value** of your pension transferred to a **Locked-In Retirement Account (LIRA)** and receive or transfer any **excess contributions**.

If you are 55 or older, you may:



- receive an immediate monthly pension, as well as any excess contributions. (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.)
- postpone your pension until any time up to the end of the year in which you turn age 71.
- transfer your pension entitlements to your new pension plan under a reciprocal transfer, if one exists, if you are not entitled to an unreduced pension. See the section entitled *Unreduced pension*, on page 15.

Note: Under PSPP rules you can have the commuted value of the pension paid to you if the pension or commuted value you are eligible to receive is lower than an amount established annually. This payment can be paid directly to you by cheque (you will be taxed on the refunded amount), or it may be transferred to your non-locked-in **RRSP** (you will not be taxed on the amount transferred into 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.

If you are eligible for an unreduced pension and postpone your pension until after age 65, the amount of the pension will increase over and above cost-of-living adjustments (please see section entitled *Cost-of-living adjustments*, on page 21). This is because the pension may be paid for a shorter period of time.

## Reduced pension

You can retire any time after you reach age 55 if you have at least two years of service (including any CPS). Your pension will be reduced by three per cent for each year you retire early. This reduction will be based on the number of years your age is short of 65, or on the number by which your age plus years of service is short of 85 points, whichever gives you the higher pension.

## How your pension is calculated



Your pension amount is based on your years of service, the average of your five highest consecutive years of salary (highest average salary in respect of all service, including any **CPS**) and a legislated benefit rate.

The benefit rate is a percentage of your highest average salary for each year of **pensionable service**. CPS is not considered when calculating your pension amount.

For PSPP, the benefit rate is:

- 1.4 per cent of your highest five-year average salary earned up to the average **YMPE (Year's Maximum Pensionable Earnings)**; and
- two per cent of your highest five-year average salary for any earnings you had that were above the average YMPE.

Visit [www.pspp.ca](http://www.pspp.ca) for the current year's **YMPE** or to use the pension calculator to estimate your pension.

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 make more than the annual salary cap will only be able to contribute to the Plan 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.

Please visit [www.pspp.ca](http://www.pspp.ca) to find the most recent salary cap.

## Pension options



When you retire, you can choose from a selection of pension options including normal, guaranteed term, single life or joint life pension. All pensions are paid for your lifetime, and are based on the same **actuarial value**. The monthly payments vary because of the differences in the optional features.

### Normal pension

A normal pension is the basic pension offered under PSPP and is guaranteed for your lifetime or for five years, whichever is longer. If you die before the five-year term is over, the pension will be paid to your **beneficiary** for the remainder of the five years. If you do not have a beneficiary, your estate will receive a one-time payment equivalent to the value of the remaining term.

### Guaranteed term pensions

You can choose a pension guaranteed for either 10 or 15 years. Guaranteed term pensions are paid for your lifetime. If you die before your guaranteed term of 10 or 15 years has expired, your pension is paid to your **beneficiary** for the remainder of the term. (For example, if you choose a 10-year guaranteed term pension and die four years later, the pension will be paid to your beneficiary for the remaining six years.) Your beneficiary may apply to have the remainder paid out as a one-time payment. If you outlive the guaranteed term, the pension will continue to be paid until your death.

### Joint life pension

A joint life pension is paid as long as either you or your **nominee** continues to live. If you choose a joint life not-reduced pension, on your death or your nominee's death, the survivor will be paid the same amount you were paid for as long as the survivor lives. If you choose a joint life reduced-by-one-third pension, the pension paid to the survivor will be reduced by one-third after your death or the death of your nominee.

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

If you have a **pension partner** when your pension starts, you must choose a joint life pension, unless your pension partner signs a pension partner waiver form giving up their right to require you to select a joint life pension, meaning your pension partner gives up his or her entitlement.

The amount of monthly payment is tied to your age, and the age and gender of your nominee.

### **Single life pension**

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

## 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.

You can choose either a joint life not-reduced or a joint life reduced-by-one-third pension, each has a five-year guaranteed term.

It is also 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.pspp.ca](http://www.pspp.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 an optional feature of PSPP that is available if you retire before age 65. It 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 reduction to your monthly payment begins. The reduction will continue for as long as you live. If you die, coordination of your pension stops and the pension paid to your **pension partner** or **beneficiary**, if any, reverts to your original base pension choice.

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.pspp.ca](http://www.pspp.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 the Management Employees Pension Plan (MEPP), you will not be permitted to contribute to PSPP or MEPP.



Let your employer know if you are receiving a pension from PSPP 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)**.

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



If you have a pension partner and die before retirement, your pension partner is automatically your beneficiary (unless they have signed a pre-pension commencement death waiver). If you do not have a pension partner, benefits will be paid to your beneficiary or estate.

Various benefit options will be available depending on the circumstances. If you would like complete information regarding the options available, such as for estate planning purposes, please contact the Member Services Centre.

### Marital breakdown

When a marriage breaks down, pension benefits are viewed as matrimonial property. The pension benefit can be one of the most valuable matrimonial assets.



If you undergo a marital breakdown, your pension may be subject to a division between you and your spouse. For a pension to be divided, a **MPO** must be filed with APS. You should consult your legal counsel about the division of your pension and filing a MPO.

Only people who have been legally married can obtain a MPO under Alberta's *Matrimonial Property Act*. This means that people in common law relationships cannot get a MPO or split a pension under that act. MPOs from other jurisdictions may be effective to divide pension benefits.

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 the pension plan of providing the increased benefits gained by a member who buys or transfers optional service. An actuarial reserve calculation takes into account a number of factors including salary scaling.

## **Alberta 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 YMPE (Yearly Maximum Pensionable Earnings)**

The Canada Pension Plan sets a maximum amount of earnings on which you can contribute to that plan. This maximum is called the Year's Maximum Pensionable Earnings. The average YMPE is determined by taking the YMPE of the coinciding years of your five highest pensionable salaries. Your employer or PSPP can tell you the amount of the current or past years' YMPes.

## **Beneficiary**

Your pension partner is automatically your beneficiary if you die before retirement (unless they have signed a pre-retirement death waiver). If you do not have a pension partner (or if they have signed a pre-retirement death waiver), the beneficiary is the person(s) you name to receive (a) a benefit if you die before retirement, or (b) the pension payments for the remainder of a guaranteed term if you die after retirement. If you do not have a beneficiary and you do not have a pension partner, your estate is your beneficiary.

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

By staying with the same employer and moving to the Management Employees Pension Plan (MEPP) or Universities Academic Pension Plan (UAPP) or vice versa with no break in pensionable service, you become eligible for combined pensionable service, if the move occurred on or after January 1, 1994. This means your service in both plans is combined to determine when you are eligible to receive a pension, your highest average salary, and any early retirement reduction from either plan. Pensionable service is limited to 35 years between the two plans.

## **Commuted Value**

The amount of money paid in a one-time payment that is equal in value to your future pension payments. If you are vested and you stop participating in PSPP before age 55, you are entitled to the commuted value of your pension payable on all service.

### **Deferred Pension**

A pension which starts at some future date.

### **Defined Benefit Plan**

A plan which pays a monthly pension based on your pensionable salary and length of pensionable service. The formula-driven nature of such pension plans allows you to estimate your pension at any time in your career. Unlike other types of pension plans, the investment performance of the pension fund will not affect the calculation of your pension.

### **Diversified Portfolio**

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

### **Excess Contributions**

A member's contributions and interest cannot fund more than 50 per cent of the value of a pension. Excess contributions is the amount of member contributions and interest that exceeds 50 per cent of the value of the benefit being paid. Contributions paid and service credited for optional service are not included when calculating excess contributions.

### **Fund**

A fund was established under the legislation governing the Plan 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.

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

A type of RRSP that is locked-in and must be used to provide you with a lifetime income after you are at least age 50. Most financial institutions offer LIRAs.

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

If a marriage ends, the Court will treat the pension asset as one of the items considered when property is divided. A Matrimonial Property Order (MPO) is a court order under Alberta's *Matrimonial Property Act* or similar legislation outside Alberta. A pension can only be divided when a MPO is filed with APS.

### **Nominee**

The person you name to receive your joint life pension if you die first. Your nominee must be a person eligible under the federal income tax rules. 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 before pension commencement.

### **Optional Service**

Previous employment during which you did or did not belong to a pension plan. You may be able to buy this period of service if you are not receiving a current or future pension from your former employer (only some types of service are eligible). By buying optional service you can increase your length of pensionable service and thereby increase your future benefits.

### **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.

For the purposes of this definition, persons are living separate and apart if:

- (a) they are living apart and either of them has the intention to live separate and apart from the other, or
- (b) before the relevant time,
  - (i) they had been living separate and apart for any period, and
  - (ii) that period was interrupted or terminated by reason only that either of them became 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**

Your basic pay for the performance of your regular duties. This includes pay for shift work and weekends if the employer treats it as salary under the employer's salary policy and if it is paid on a uniform and consistent basis. Pensionable salary does not include earnings such as expense allowances or overtime payments.

### **Pensionable Service**

Your years of service during which you contribute to the pension plan, plus service recognized from a transfer or purchase of optional service. The maximum length of pensionable service you can accumulate in the Plan 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 beneficiary or 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 rescinded by the pension partner prior to the member's death.

### **Reciprocal Transfer Agreement**

An agreement negotiated with another pension plan that allows members to transfer their pension entitlements when they move between plans. By transferring pension entitlements, you may increase your pension income.

You will find a current listing of reciprocal transfer agreements at [www.pspp.ca](http://www.pspp.ca).

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

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.

### **Vested**

Being vested means you are eligible to receive a pension at retirement. If, as a vested member, you leave PSPP, you are entitled to the value of the pension you have earned, half of which must come from the employer's share of contributions. You become vested when you have two or more years of service (including any combined pensionable service).

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

The Canada Pension Plan (CPP) sets a maximum amount of earnings on which you can contribute to the CPP. The YMPE is used by your pension plan in determining contribution rates, benefits, and the cost of service.



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