Public Service Pension Plan

At-a-glance

The pension plan

The Public Service Pension Plan (PSPP) is a defined benefit pension plan. This means your pension at retirement will be based on:

- your length of pensionable service; and
- your highest five-year average pensionable salary.

This type of pension plan:

- helps you prepare for your retirement because you can estimate your future pension income;
- provides you with a specified lifetime income upon retirement, regardless of market conditions and how long you live; and
- is funded by member and employer contributions and by investment earnings.

Who is eligible to join?

You automatically become a member of PSPP if:

- you are a full-time (at least 30 hours per week), permanent employee; or
- you are a full-time employee for a period longer than one year (but not permanent).

You may join the Plan if:

- you are employed on a full-time basis for a predetermined period that is less than a year and your employer has a policy to enrol you; or
- you are a part-time (at least 14 hours per week), permanent employee and your employer's policy allows you to participate.

PSPP benefit

You need a minimum of two years of pensionable service in PSPP to qualify for a pension at retirement. If you have combined pensionable service (CPS), your pensionable service in the other pension plan will count toward this minimum requirement.

If you are age 65 when you stop participating in the Plan, you qualify for a pension even if you do not have two years of pensionable service.

When you retire, PSPP will pay a benefit to you based on your five-year highest average pensionable salary, length of pensionable service and a legislated benefit rate. The legislated benefit rate is:

- 1.4 per cent on highest average pensionable salary up to the YMPE*, multiplied by your years of pensionable service; and
- 2 per cent on highest average pensionable salary over the YMPE up to the maximum allowed under the federal *Income Tax Act*, multiplied by your years of pensionable service.

* *The Year's Maximum Pensionable Earnings (YMPE) is the maximum amount of earnings on which you can contribute to the Canada Pension Plan, as determined by the federal government. PSPP uses the YMPE to determine contribution rates, plan benefits, and the cost of service. The 2018 YMPE is $55,900.*

Every year, PSPP also provides cost-of-living adjustments to pensions in pay, at a rate of 60 per cent of the increase in the *Alberta Consumer Price Index.* This feature is a significant benefit of PSPP.

If you start working for any employer as a PSPP pensioner, you will continue to receive your pension from PSPP; however if you work for any employer in PSPP or the Management Employees Pension Plan (MEPP), you will not be permitted to contribute to PSPP or MEPP. If you work for any employer under another pension plan, you may be required to contribute to their plan.

Increasing your PSPP benefit

You may be able to add to your future PSPP pension by increasing your length of pensionable service through the following methods:

- Transfer service from a previous employer to PSPP if a transfer agreement exists.
- Buy optional service. Examples of this 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
- Continue contributing to the Plan when you are on, or return from, a leave without salary.