EMPLOYEE BOOKLET FOR THE SOUTH SHORE REGIONAL SCHOOL BOARD SUPPORT STAFF PENSION PLAN

(Established January 1, 1984)

December 2009

SOUTH SHORE REGIONAL SCHOOL BOARD
SUPPORT STAFF PENSION PLAN

The South Shore Regional School Board and its predecessors (the "Employer") have provided pension benefits for its administrative and non-union staff since January 1, 1984.

In addition to the benefits from this Plan, you may also receive the pensions provided by the *Canada Pension Plan* and the *Old Age Security Act.*

The South Shore Regional School Board Support Staff Pension Plan (the "Plan") is registered under the *Income Tax Act*. Accordingly, contributions made by you are deductible for income tax purposes.

The following pages describe the main provisions of the Plan. Please read them carefully so that you will be familiar with all the benefits to which you might be entitled. However, if there should be any conflict between this description and the official text of the Plan, the official text will govern in all cases. You may arrange to look at a copy of the official text by contacting the Employer.

A. ELIGIBILITY

You are required to join the Plan on the first day of the month following the date that you complete six months of service with the Employer.

B. CONTRIBUTIONS

(i) Member Contributions

You are required to contribute 5% of your earnings toward the cost of your pension benefits. These contributions are made by payroll deduction.

Subject to certain limits in the *Income Tax Act*, you may also elect to make additional voluntary contributions to the Plan in order to receive additional pension benefits. Any additional voluntary contributions that you make will be held in a separate account in your name and will be credited with interest at the rate described in paragraph (iii) below.

(ii) Employer Contributions

The Employer will contribute each year the amounts necessary to provide for the cost of pension benefits accruing to Members during the year and to amortize any unfunded benefits accrued to date. No employer contributions will be made if a surplus exists which exceeds the cost of benefits accruing in the next two years.

(iii) Interest on Member Contributions

Your contributions to the Plan are credited with interest at a rate corresponding to the rate earned by the pension fund. Contributions made in the current year receive a pro-rata share of the annual rate.

C. <u>RETIREMENT DATES</u>

Normal retirement date is the first day of the month coincident with or next following the date when you reach age 60.

You may elect to retire early with a reduced pension at any time after reaching age 50. The reduction is described below in Section D "Amount of Pension".

With the agreement of the Employer, you may postpone your retirement beyond age 60 on a year-to-year basis but not beyond the end of the year in which you reach age 71. You continue to contribute and earn benefits during this period of postponement.

D. <u>AMOUNT OF PENSION</u>

The annual amount of pension payable on retirement on or after age 60 will be equal to the total of (i) and (ii) as follows:

(i) For Service to December 31, 1999

2% of your 1999 earnings multiplied by your years of credited service to December 31, 1999.

(ii) For Service from January 1, 2000

2% of your earnings while accruing credited service after January 1, 2000.

If you retire prior to age 60 you will receive, commencing on your early retirement date, a pension determined as above, but reduced by 1/2% for every month (up to 60 months) that you retire prior to age 60, and by 1/3% for each additional month over 60 months that you retire prior to age 60. For example, if you retired on the day you turned 53, your pension would be reduced by 38% [(60 months * 1/2% = 30%) + (24 months * 1/3% = 8%)]. The reduction reflects the fact that payments are starting earlier than anticipated and will therefore be made over a longer period of time.

However, if you terminate employment before age 60, you may elect to postpone commencement of pension payments until age 60, in which case there will be no reduction in your pension.

E. MINIMUM BENEFIT

You are guaranteed that your contributions made to the Plan after December 31, 1987 will not be used to provide more than 50% of the value of the benefits that you earn in respect of your service from that date. Any "excess contributions" will be refunded to you on your retirement or termination of employment, as applicable.

F. BENEFITS ON TERMINATION

(i) Non-Vested

If you terminate employment before completing 2 years of Plan membership, you will receive a refund of your contributions, with interest.

(ii) Vested

If you terminate employment after completing 2 years of Plan membership you will receive a deferred pension payable at age 60.

You also have the option to commence receiving a reduced early pension at any time after reaching age 50.

(iii) Transfer Options

If you terminate employment before age 50 (that is, before you are eligible to retire) and you are entitled to a deferred pension, you may elect, rather than receiving a pension from the Plan, to have the value of your pension transferred to:

- a locked-in retirement account (LIRA); or
- the pension plan of your new employer; or
- a life insurance company to purchase a deferred life annuity.

If you have made additional voluntary contributions to the Plan, these contributions, with interest, may be refunded as a lump sum cash benefit, transferred to a non-locked-in RRSP or used to purchase a deferred life annuity from a life insurance company.

G. BENEFITS ON DEATH

(i) Beneficiary Designations

You may designate a beneficiary to receive the benefits which are payable from the Plan in the event of your death. However, please note that, under the Nova Scotia *Pension Benefits Act*, there are rules that limit your beneficiary designation, as follows:

- if you have a spouse (please review the definition of "spouse" outlined below), your spouse **must** receive any death benefits that are paid from the pension plan on your behalf, unless your spouse has waived his or her entitlement to those death benefits using the prescribed forms;
- if you have a spouse and your spouse has *not* waived his or her entitlement, you may still designate any other person as your beneficiary but that person will not receive any death benefits unless you no longer have a spouse at the time of your death;
- if you do not have a spouse, you may designate any person as your beneficiary;
- if you do not have a spouse and do not designate a beneficiary, any death benefits that are paid from the Plan on your behalf will be paid to your estate.

The definition of "spouse" in the Nova Scotia *Pension Benefits Act* determines who is your spouse for pension purposes. Please review the following definition carefully:

(1) the person to whom you are married; or

(2) if not legally married, the person with whom you have gone through a form of marriage in good faith and with whom you are living or, if ceased to live, with whom you have lived within the prior 12 month period

immediately preceding the date of entitlement;

(3) if not legally married, the person with whom you have lived with in a conjugal relationship for at least two years provided neither of you is the spouse of someone else; or

(4) the person with whom you have entered into a registered domestic partnership under the Vital Statistics Act.

Note: If you are not formally divorced from your legal spouse and have not finalized a division of property, he or she will be recognized as your spouse under the pension plan, even if you are legally separated or no longer living together.

If you have a question about your particular circumstances and the descriptions outlined above do not seem to apply, you should contact the Employer for more information. You should advise the Employer of any changes in your marital status or if you wish to change your beneficiary.

(ii) Benefits on Death Before Retirement

If at the date of your death you have a spouse and have completed 2 years of Plan membership, your spouse will receive a refund equal to the greater of:

1. your own contributions to the Plan, with interest; or

2. 60% of the value of the pension earned to the date of your death.

If at the date of your death you have reached age 50, your spouse may elect, instead of the refund described above, to receive a lifetime pension with the guarantee that a minimum of 120 monthly payments will be made from the Plan. Therefore, if your spouse dies prior to receiving 120 payments, the remaining payments will me made to your spouse's beneficiary.

If you do not have a spouse or if you have not completed 2 years of Plan membership, your beneficiary will receive a refund of your own contributions to the Plan, with interest.

(iii) Benefits on Death After Retirement

(1) Member Without a Spouse

The normal form of pension is payable for your lifetime, with the guarantee that a minimum of 120 monthly payments will be made in total. As a result, if you die before 120 monthly payments have been made, your beneficiary will continue to receive pension payments until 120 monthly payments have been made in total.

(2) Member With a Spouse

If you have a spouse at the date of your retirement, you are required under the Nova Scotia *Pension Benefits Act* to elect a form of pension that is paid during your lifetime and continues, after your death, to your spouse in 60% of that amount for your spouse's lifetime. The amount of pension payable under this form will be adjusted so that it is actuarially equivalent to the normal form of pension described above.

(3) Optional Forms of Pension

Instead of the normal forms of pension described above, you may choose to receive a pension in a different form. However, if you have a spouse, your spouse is required to waive in writing the entitlement to the normal form of pension if the form of pension you choose does not provide a lifetime benefit to your spouse of 60% or more of the amount of your pension. If you have chosen an optional form of pension on retirement, the benefit payable to your spouse after your death will be determined in accordance with the option you chose.

If you have made additional voluntary contributions to the Plan, these contributions, with interest, will also be paid to your spouse or beneficiary on your death.

H. GOVERNMENT PENSION BENEFITS

In addition to the Plan benefits previously described, you may be eligible for pension benefits under the *Canada Pension Plan Act* and *Old Age Security Act* when you reach age 65.

(i) *Canada Pension Plan Act* ("CPP")

The annual CPP benefit to which you will be entitled at age 65 can be estimated as 25% of the average of your last 5 years of earnings, subject to a maximum level of benefit. The maximum CPP benefit payable to those retiring in 2009 is $10,905 a year. The CPP benefits may be payable as early as age 60 but in a reduced amount.

(ii) ***Old Age Security Act* ("OAS")**

OAS benefits are payable starting at age 65. The maximum OAS benefit payable as at January 1, 2009 is $6,204 per year. If your total retirement income exceeds a certain threshold, your OAS benefit will be clawed back.

The pensions under both the CPP and the OAS programs are adjusted by cost of living increases on a regular basis.

You should apply for OAS and CPP benefits six months before you wish to receive these benefits. For more information on government benefits, you can visit their website at www.hrsdc.gc.ca.

I. PROOF OF AGE

You will be required to provide proof of age for yourself and your spouse (if applicable) before you retire. A birth certificate, baptismal certificate or passport is the best proof of age. If you do not have these, you may obtain information about other acceptable proof from the Employer.

J. FUTURE OF THE PENSION PLAN

The Employer expects the Plan to be permanent, but necessarily reserves the right to amend or discontinue the Plan in whole or in part if, in the opinion of the Employer, further conditions should warrant such action. However, this would not affect the benefits earned up to the date of the change.