



Early Service Payout Option – SSRSB Non-Union Employees Frequently Asked Questions (FAQ) February 2, 2018

Q1. What is the Early Service Payout?

The Early Service Payout is a one-time option for eligible non-union employees to receive a lump-sum payment in lieu of a service award, which was frozen effective April 1, 2015.

Q2. Who is eligible for the Early Service Payout option?

To qualify for the Early Service Payout option, you must be a current non-union employee of SSRSB and have been appointed into a regular position as of April 1, 2009.

Q3. Why are there different service dates for bargaining unit and non-union employees?

The service date of August 1, 2015 for NSTU employees was set in the *Teachers' Provincial Agreement and Classroom Improvements (2017) Act*. The service date for non-union employees was set by way of that Administrative Directive effective April 1, 2015.

Q4. Do I have to take the Early Service Payout now? What are my options?

No, you do not have to take the Early Service Payout. Your other option is to wait to receive your service award when you retire, if eligible, as per the terms of employment in place at that time.

Q5. I was hired after April 1, 2009. What are my options?

You do not qualify as your employment commenced after the program had been frozen.

Q6. I'm not sure how much Service Payout I'm eligible for. How do I find out?

The school board is currently making payout calculations for each employee based on employment records and salary on March 31, 2018. That information will be sent to you in a communication very soon. The letter will also include a form for you to complete if you elect to take the Service Payout payment. We ask that you please be patient and refrain from contacting Board staff, as they are working to process large volumes of service payout calculations.

Q7. How will you calculate the Service Payout amount?

The one-time Service Payout option will be calculated in accordance with:

- **1% per each full year of service**
- **maximum of 25 years**
- **multiplied by your salary as of March 31, 2018**

Q8. How do I elect to be paid the Early Service Payout?

A communication will be sent to you outlining the amount of Service Payout that you are eligible for before deductions for income tax, CPP and EI. It will also include a form for you to indicate that you are taking the Service Payout. Detailed instructions will be provided in this communication. If you elect to take the Early Service Payout payment, you are not able to retract or change this decision.

Q9. By when do I have to make my decision?

You will have to return your election form by March 19, 2018.

Q10. Will I have another opportunity to take this Early Service Payout?

No, the Early Service Payout is a one-time option. If you don't elect to take it by March 19, 2018, your only other option is to wait until retirement to receive your service award, if eligible, as per the terms and conditions of employment / non-union handbook existing at that time.

Q11. When will I receive my payment?

All payments will be made in summer 2018. More detail will be provided at a later date.

Q12. Will the payout be included on my T4?

Yes, as employment income, the payment will be included on your T4 in the year that the payment is made.

Q13. Will the Service Payout be taxed?

The Service Payout will be taxed as employment income, and subject to income tax withholdings, CPP and EI deductions. Since it is not being paid on retirement, it cannot be treated as a retirement allowance.

Q14. Can I roll this payment into my Registered Retirement Savings Plan (RRSP)?

The Service Payout is not retirement income – it is a payment in lieu of your service award. As employment income, it is subject to all applicable taxes and deductions. However, the Province of Nova Scotia has obtained a tax waiver from Canada Revenue Agency (CRA) so that you may transfer all or some of your payment, up to \$15,000, to your RRSP without income tax being withheld, depending on your personal RRSP contribution room. Further detail will be provided in the communication you receive.

Q15. How do I know if I have enough room in my RRSP to cover the whole payment?

You will find the amount of RRSP room you have in your most recent Notice of Assessment issued by Canada Revenue Agency (CRA). Questions about your personal RRSP contribution room should be directed to CRA by calling 1-800-959-8281.

Q16. What if the \$15,000 tax waiver from CRA is not enough to cover my full payout? What are my options?

If you expect your Service Payout to be more than the \$15,000 covered by the waiver, you have two options:

1. You can receive up to \$15,000 of your payout without taxes deducted to be put into an RRSP. The rest will be paid to you after appropriate income taxes, CPP, and EI are deducted.
2. To put an amount more than \$15,000 into an RRSP without taxes deducted you must apply to CRA for a personal tax waiver. This is done by completing a T1213 form (available at <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1213.html>). Once you receive your personal tax waiver from CRA (this can take up to 60 days to process), you must forward it to your school board head office to process your Service Payout.

Q17. If I choose the Service Payout option, can I receive some now and the rest at retirement?

No, this is a one-time, lump-sum payment. If you elect to receive the Service Payout, you will be paid the full amount as calculated, less applicable taxes and deductions. There is no option to receive some now and the rest at retirement. If you choose not to take this one-time option for the Service Payout, your other option is to receive your service award, if eligible, upon retirement, as per the terms of collective agreements and regulations in place at that time.

Q18. I am currently on Long Term Disability. Do I qualify for the Service Payout?

Yes, as long as you have years of eligible service before April 1, 2015. You should be aware that once you are on LTD, you stop accruing eligible years of service. The Service Payout will be calculated based on years of eligible service up to the beginning of your LTD, using the salary in effect on March 31, 2018.

Q19. I'm a term employee. Do I qualify for the Service Payout?

No, you do not qualify.

Q20. I'm not sure what I should do. Where can I get financial advice?

If you need help making your decision about the early Service Payout, you are encouraged to seek professional advice based on your personal situation and goals. School Board staff will not provide financial advice.

Q21. Who can I call to get my Service Payout statement before the communication that will be sent out?

You cannot receive this information prior to the Service Payout statement being issued. The school board is currently working to process service statements for hundreds of impacted employees. We ask that you please be patient while this work is underway and wait for your service statement to be sent to you. Service Payout statements or amounts will not be shared over the phone.

Q22. Who can I contact if I have more questions?

Your service Payout statement and election form will be sent to you in the coming weeks (via email). It will have detailed information.