

Examples Comparing the SSRCE CUPE Pension Plan to the NS Public Service Superannuation Plan

Following the comments below are three examples that compare the SSRCE CUPE Pension Plan to the Public Service Superannuation Plan (PSSP). These examples are in addition to the example provided at the Eckler presentations in January of 2019. Each of the examples below are theoretical and do not represent real active members. The examples have been prepared by an actuarial firm and are meant to assist members in their process of deciding whether they would like to transfer their pension to the PSSP. Each example compares the SSRCE CUPE Pension Plan retirement benefits compared to the PSSP (no indexing) and the PSSP (assumed indexing) – at three different retirement ages. The retirement age a member chooses can have a significant impact on which plan could be financially better for that member.

Members must be aware that the SSRCE CUPE Pension Plan and the Public Service Superannuation Plan are two very different pension plans. Looking at them from a strictly retirement income perspective, some may point to the SSRCE CUPE Pension Plan as being a better plan because the pension benefit accumulation factor is 2.0% while the PSSP factor is 1.3%. This could be a faulty conclusion as this is only one factor to consider, as there are several important beneficial aspects of the PSSP that must be taken into consideration including:

1. It is possible to retire early from the PSSP without penalty – as early as age 55.
2. The PSSP has a bridging benefit from your retirement date to age 65.
3. The PSSP is a best five year average plan, while the SSRCE plan is a career average plan.
4. The PSSP has the real possibility of having pension benefits indexed after retirement (while the SSRCE plan does not).

If a member can benefit from one or more of these factors (as well as any benefits already accumulated in the SSRCE CUPE Pension Plan being transferred to the PSSP) – the PSSP could provide a better retirement income to the member.

To know which plan may end up providing a better retirement benefit over the long term for an active member is very difficult, if not impossible to determine. Every individual member is unique in respect of factors such as their age, earnings history, and service period. In addition, no person can foresee into the future with absolute certainty as to such factors as how long they will work, what their earnings will be, what choices they will make, and how long they will live. In addition, no person can foresee if or what changes may come to the SSRCE CUPE Pension Plan, or the PSSP. It is possible that there could be significant changes to one or both of these pension plans.

Another factor that can add to the complexity of this decision is that a member may be able to retire prior to the age of 65 and collect a pension, and have the option of working with another employer either part time or full time while collecting pension benefits. Alternatively, the member could chose to continue to work at SSRCE and build their accrued pension benefit.

For retired members, the financial factors are not nearly as complex. They all have the opportunity to benefit from possible future indexing of the PSSP plan. The examples provided below do not relate to retired members.

In my opinion, both active and retired members should also give appropriate consideration to the fact the PSSP is a far larger pension plan in terms of the number of members and assets managed. As such, it has the benefit of economies of scale, and the benefit of the NS Pension Services Corporation staff that are specialized professionals, devoted 100% to the oversight and management of pension plan issues. SSRCE staff on the other hand are involved in many issues focusing primarily around Education of our students. SSRCE does not have nearly as many resources for pension plan management and oversight as the NS Pension Services Corporation.

If you have further questions after having reviewed the examples below, please contact me at wtattrie@ssrce.ca or 902-541-3032.

Wade Tattrie, CPA, CA

Director of Finance

SSRCE

SSRCE CUPE Staff Pension Plan Compared to Public Service Superannuation Plan (PSSP)

Key Assumptions:

Salary at January 1, 2020:	\$35,000	
Assumed future salary increase:	2% per annum	(also past salary increases to get to \$35,000 in 2020)
Assumed future PSSP post-retirement indexing:	0.85% per annum	(same as indexing in 2016-2020; actual future indexing subject to plan's funding and PSSP Trustee approval)

Scenario #1: New member on January 1, 2020, age 25 at start

PSSP Earliest Unreduced Retirement (Rule of 85):

Age 55

<u>Retirement Age</u>	55	60	65
SSRCE Pension	14,199	24,497	42,281
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 425,965	\$ 612,432	\$ 845,628
PSSP Pension to age 65	35,859	46,189	
PSSP Pension from 65	23,308	30,023	33,148
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 824,749	\$ 831,408	\$ 662,958
Impact of Assuming PSSP Indexing at 0.85% per annum			
PSSP Pension at age 55	35,859		
PSSP Pension at age 60	37,409	46,189	
PSSP Pension at age 65	25,367	31,321	33,148
PSSP Pension at age 70	26,463	32,675	34,581
PSSP Pension at age 75	27,607	34,087	36,076
PSSP Pension at age 80	28,801	35,561	37,635
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 907,530	\$ 899,168	\$ 707,199

SSRCE CUPE Staff Pension Plan Compared to Public Service Superannuation Plan (PSSP)

Key Assumptions:

Salary at January 1, 2020:	\$35,000	
Assumed future salary increase:	2% per annum	(also past salary increases to get to \$35,000 in 2020)
Assumed future PSSP post-retirement indexing:	0.85% per annum	(same as indexing in 2016-2020; actual future indexing subject to plan's funding and PSSP Trustee approval)

Scenario #2: Member age 45 at January 1, 2020, with 15 years of service

PSSP Earliest Unreduced Retirement (Rule of 80):

Age 55

<u>Retirement Age</u>	55	60	65
SSRCE Pension	8,330	14,770	26,003
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 249,889	\$ 369,248	\$ 520,053
PSSP Pension to age 65	20,110	26,644	
PSSP Pension from 65	14,223	17,654	22,308
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 485,560	\$ 486,290	\$ 446,152
Impact of Assuming PSSP Indexing at 0.85% per annum			
PSSP Pension at age 55	20,110		
PSSP Pension at age 60	20,979	26,644	
PSSP Pension at age 65	15,479	18,417	22,308
PSSP Pension at age 70	16,148	19,213	23,272
PSSP Pension at age 75	16,847	20,043	24,278
PSSP Pension at age 80	17,575	20,910	25,327
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 535,691	\$ 526,133	\$ 475,924

SSRCE CUPE Staff Pension Plan Compared to Public Service Superannuation Plan (PSSP)

Key Assumptions:

Salary at January 1, 2020:	\$35,000	
Assumed future salary increase:	2% per annum	(also past salary increases to get to \$35,000 in 2020)
Assumed future PSSP post-retirement indexing:	0.85% per annum	(same as indexing in 2016-2020; actual future indexing subject to plan's funding and PSSP Trustee approval)

Scenario #3: Member age 57 at January 1, 2020, with 27 years of service

PSSP Earliest Unreduced Retirement (Rule of 80):

Age 55

<u>Retirement Age</u>	57	60	65
SSRCE Pension	8,645	11,933	20,914
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 242,064	\$ 298,335	\$ 418,270
PSSP Pension to age 65	17,817	21,008	
PSSP Pension from 65	14,905	16,271	18,926
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 440,644	\$ 430,460	\$ 378,517
Impact of Assuming PSSP Indexing at 0.85% per annum			
PSSP Pension at age 57	17,817		
PSSP Pension at age 60	18,275	21,008	
PSSP Pension at age 65	15,950	16,974	18,926
PSSP Pension at age 70	16,639	17,708	19,744
PSSP Pension at age 75	17,358	18,474	20,598
PSSP Pension at age 80	18,109	19,272	21,488
Total Retirement Benefits to Age 85 (nominal dollars)	\$ 485,106	\$ 467,182	\$ 403,776