

# Your PENSION AND BENEFITS Liaison

Information source for retired plan members



## ISSUE 3 – SUMMER 2009

### Understanding Your Pension in Uncertain Economic Times

Despite the current economic environment, both active and retired plan members can remain confident in the sustainability of their pension plan.

In light of the current economic situation, you may be wondering if fluctuations in the financial markets could impact your federal Public Service pension. Since April 2000, the Public Sector Pension Investment Board has been assisting the Government of Canada in financing pension benefits by investing employer and employee contributions. The funds held and invested in the capital markets have been subject to the same recent return volatility as seen in financial markets globally.

However, your Public Service pension plan is a defined benefit plan, a type of registered plan that promises members a pension based on salary and years of service. The plan is legislated by the *Public Service Superannuation Act* (PSSA) and benefits are paid from the Consolidated Revenue Fund (CRF). The Government of Canada continues to hold

a statutory obligation for the payment of pension benefits independent of the financial performance of the pension portfolio and is required to fund any shortfalls in the plan.

The pension plan is reviewed on an ongoing basis. The Treasury Board of Canada Secretariat (TBS) monitors and reports on the financial status of the plan. The Office of the Auditor General of Canada performs regular audits of the plan. The Office of the Superintendent of Financial Institutions Canada (OSFI) is responsible for determining the financial position of the plan and establishing the funding requirements.

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## Public Service Pension Centre – Contact Information

### Telephone Numbers

Please have your Pension Number (also known as Superannuation Number) ready.

#### Continental North America

1-800-561-7930  
(English and French)

#### Outside Continental North America

0-506-533-5800  
(collect calls accepted)

#### Telephone Teletype (TTY)

0-506-533-5990

#### Facsimile

1-506-533-5989

### Business Hours

#### Continental North America

**Monday to Friday**  
8:00 a.m. to 4:00 p.m.  
(Your Local Time)

#### Outside Continental North America

**Monday to Friday**  
8:00 a.m. to 8:00 p.m.  
(Atlantic Time)

### Mailing Address

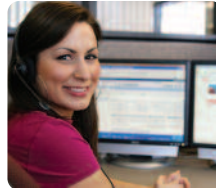
Please ensure you include your Pension Number (also known as Superannuation Number) on your correspondence.

Public Works and Government  
Services Canada  
Public Service Pension Centre  
PO Box 5010  
Shediac NB E4P 9B4

### Internet Site

[www.pensionandbenefits.gc.ca](http://www.pensionandbenefits.gc.ca)

## New Telephone Service and Name



**Looking for VIP Service?** Please make sure to select the appropriate service from the menu pick list when calling the Public Service Pension Centre.

To improve our services to you, we have introduced a new telephone system. It is an interactive response system that provides a small number of service options to facilitate your interaction with us. Once you select a service, your call is immediately directed to a pension expert who can quickly answer your particular questions and promptly process your requests. Please note that clients who immediately press zero to get to

an operator instead of using our interactive menu will be sent to a general queue where they may experience delays as they wait for the next available agent.

We have also changed the name of the Superannuation, Pension Transition and Client Services Sector, also known as the Superannuation Sector. Our new name, the **Public Service Pension Centre**, better reflects what we do and whom we serve.

## CPP or QPP Flexible Retirement Benefit and your Public Service Pension



As featured in the *Summer 2007 Liaison* issue, your Public Service pension is reduced by a standard formula when you receive Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) disability benefits or when you reach age 65.

The date on which your Public Service pension will be reduced will not change, even if you receive an early CPP or QPP retirement benefit at age 60. However, it is important to remember that the reduction amount will be the same whether you choose to receive your CPP or QPP retirement benefit as early as age 60 or you wait to receive it at age 65. When your Public Service pension is adjusted, the annual increase (indexing) payable on your pension will also decrease proportionately.

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## Changing your Pensioners' Dental Services Plan (PDSP) Coverage upon Divorce, Separation or Termination of a Common-law Relationship

The Pensioners' Dental Services Plan (PDSP) is a positive enrolment plan. This means that each eligible family member must be enrolled by name to be covered under the PDSP. If there is a change to your family situation such as divorce, separation or the termination of a common-law relationship, it is important to contact your Public Service Pension Centre to obtain a PSDP form. You may be required to amend your coverage.

### Divorce

- If you and your spouse become divorced, that spouse cannot be covered under the PDSP. You are required to amend your coverage. Failure to do so could result in having to reimburse the plan for claims paid on behalf of an ineligible family member. Coverage will be amended as of the date of your divorce. Your contribution rate will be adjusted to reflect the change, if applicable.

### Separation

- If you and your spouse become legally separated, coverage may continue until divorce or you may terminate your spouse's coverage with his/her consent where you have entered into a formal separation agreement. To terminate your spouse's coverage, you will be asked to submit a signed and completed "Declaration of Consent" (provided by the Public Service Pension Centre) in addition to the PDSP Form. Coverage

will be amended on the first day of the second month following the date on which the Public Service Pension Centre receives your request. Your contribution rate will be adjusted to reflect the change, if applicable.

### Termination of a Common-law Relationship

- If you and your common-law partner cease living together, that common-law partner cannot be covered under the PDSP. You are required to amend your coverage. Failure to do so could result in having to reimburse the plan for claims paid on behalf of an ineligible family member. Coverage will be amended as of the date you ceased living together as common-law partners. Your contribution rate will be adjusted to reflect the change, if applicable.

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## Receiving your CPP or QPP Flexible Retirement Benefit

**The chart illustrates** the effect of taking an early CPP or QPP retirement benefit at age 60 compared to waiting until age 65. The Public Service and CPP or QPP monthly pension amounts (including indexing) used in the chart are for illustration purposes only. Your situation may be different.

It is therefore important to plan financially for the eventual reduction to your Public Service pension and to carefully consider the financial impact on your overall pension benefits. Before making a decision to receive early CPP or QPP benefits, you may want to find out what your pension benefits will be before and after age 65.



| CPP or QPP Retirement Benefit | CPP or QPP Indexing | Public Service Pension | Public Service Pension Indexing | Total |
|-------------------------------|---------------------|------------------------|---------------------------------|-------|
|-------------------------------|---------------------|------------------------|---------------------------------|-------|

### Taking an Early CPP or QPP Retirement Benefit at age 60

|        |          |         |            |          |            |
|--------|----------|---------|------------|----------|------------|
| Age 60 | \$525.00 | \$0.00  | \$2,000.00 | \$0.00   | \$2,525.00 |
| Age 61 | \$525.00 | \$8.66  | \$2,000.00 | \$33.00  | \$2,566.66 |
| Age 62 | \$525.00 | \$17.73 | \$2,000.00 | \$67.56  | \$2,610.29 |
| Age 63 | \$525.00 | \$29.67 | \$2,000.00 | \$113.04 | \$2,667.71 |
| Age 64 | \$525.00 | \$42.42 | \$2,000.00 | \$161.64 | \$2,729.06 |
| Age 65 | \$525.00 | \$52.64 | \$1,341.37 | \$134.50 | \$2,053.51 |

### Taking a CPP or QPP Retirement Benefit at age 65

|        |          |        |            |          |            |
|--------|----------|--------|------------|----------|------------|
| Age 60 | \$0.00   | \$0.00 | \$2,000.00 | \$0.00   | \$2,000.00 |
| Age 61 | \$0.00   | \$0.00 | \$2,000.00 | \$33.00  | \$2,033.00 |
| Age 62 | \$0.00   | \$0.00 | \$2,000.00 | \$67.56  | \$2,067.56 |
| Age 63 | \$0.00   | \$0.00 | \$2,000.00 | \$113.04 | \$2,113.04 |
| Age 64 | \$0.00   | \$0.00 | \$2,000.00 | \$161.64 | \$2,161.64 |
| Age 65 | \$750.00 | \$0.00 | \$1,341.37 | \$134.50 | \$2,225.87 |

## Survivors' Pension

### ★ *Keep your family informed*

As a retired member, your survivors (spouse or common-law partner and children) could be eligible for a pension or an allowance. In order for them to benefit from a pension or an allowance, we invite you to remind your survivors to contact the **Public Service Pension Centre** after your death.

Public Works and Government Services Canada (PWGSC) and Treasury Board of Canada Secretariat (TBS) are aware that the survivors and dependants of active and retired Public Service pension plan members are seeking benefit related information. For this reason, information specific to survivors and dependants will be added to Your Pension and Benefits Web portal in 2009 at: [www.pensionandbenefits.gc.ca](http://www.pensionandbenefits.gc.ca)

**Did you know that a Supplementary Death Benefit (SDB) may be payable upon your death?** A form of term life insurance, this benefit is paid to your designated beneficiary. You can name only one beneficiary under the SDB. If you wish to divide your benefit among two or more people, you must designate your Estate as your beneficiary. You may then specify in your Will how your benefit should be divided.

**Please note** that employment in the Federal Public Service, an Agency, Crown Corporation or Separate Employer does not necessarily ensure eligibility for all group insurance benefits plans or the Public Service pension plan.

## When Death Occurs, Can your Family Members Apply for Health and Dental Coverage?

In the event of your death, your eligible survivors may apply for membership under the Public Service Health Care Plan (PSHCP) and the Pensioners' Dental Services Plan (PDSP). To become a member, an eligible survivor (a spouse, a common-law partner or a dependant child) must be receiving an immediate ongoing pension under the federal Public Service pension plan<sup>1</sup>. A survivor is not required to have been previously covered under the PSHCP or the PDSP to apply.

The PSHCP is an optional health care plan. It is designed to supplement your provincial/territorial health insurance plan, reimbursing eligible expenses that are reasonable and customary. For example, the plan covers eligible prescription drug costs, hospital expenses, vision care, medical practitioner fees and out-of-province emergency medical expenses. There are certain restrictions, exclusions and maximum reimbursement amounts listed in the plan document and member booklet.

Similarly, the PDSP is an optional dental plan. The PDSP covers only reasonable and customary dental treatment necessary to prevent or correct a dental disease or defect if the treatment is consistent with generally accepted dental practices. Again, there are restrictions, exclusions and maximum reimbursement amounts.

The PSHCP and the PDSP are two separate plans. Your survivors must apply for/enrol in both if they wish to have health and dental coverage. If your survivor is an underage child, the appointed guardian must apply on that child's behalf. Forms are available from the Public Service Pension Centre. In general, if survivors apply within 60 days of their pension entitlement, coverage begins on that date. If the application/enrolment forms are received later than 60 days from the pension entitlement date, waiting periods apply.

For additional information regarding the PSHCP and the PDSP, contact your Public Service Pension Centre or visit [www.pensionandbenefits.gc.ca](http://www.pensionandbenefits.gc.ca)

<sup>1</sup> Some restrictions apply.

**DISCLAIMER** *Liaison*, your pension and benefits newsletter, is provided for information purposes only and is not a legal document on your rights and obligations. Should there be any discrepancy between the information in this document and that contained in the *Public Service Superannuation Act* (PSSA) and related regulations or other applicable laws, the legislative provisions will apply. Similarly, should there be any discrepancy between information in this document and that contained in the group benefit plans provisions or insurance contracts, the plan provisions or insurance contracts will apply.