



Survivor benefits – Pension

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Survivor benefits – Pension

From Treasury Board of Canada Secretariat

As a public service plan member, your survivors and your eligible children may be entitled to survivor benefits and child allowances under the public service pension plan. The following information is intended to provide an understanding of these benefits.

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Who is Entitled to Survivor Benefits?

If you are married or have lived in a conjugal relationship (common-law spouse) your spouse may be entitled to a survivor benefit.

The claimant must have been married to you at the time of your death, or, if common-law, prove that he or she lived with you in a conjugal relationship for at least one year before your death. The relationship must have started before you left the public service and have continued up to the time of your death.

If you die within one year of marriage, no survivor benefit is payable unless there is satisfactory proof that your health at the time of marriage was such that you expected to survive for at least one year.

For your **common-law survivor** to receive benefits under the public service pension plan, he or she must be prepared to provide documented proof that a relationship of a conjugal nature actually existed. This proof normally takes the form of statutory declarations from disinterested persons who attest to the relationship, along with bills or receipts, mortgage papers, leases, joint bank accounts, credit accounts or any other relevant documents.

If you have **both a legal spouse and another eligible survivor** with whom you have lived in a conjugal relationship, the survivor's benefit will be apportioned between them. Each survivor's share of the benefit will be based on length of cohabitation with you.

If you **marry after retirement**, your survivor would not normally be entitled to benefits. However, you may elect, within one year of marrying or within one year of becoming entitled to payment of a deferred annuity or annual allowance, to provide your survivor with a benefit by taking a reduction in your own pension. This election must be made at least one year before your death.

Benefits Payable

If your death occurs **before you have completed two years of pensionable service**, your contributions with interest will be refunded to your eligible survivor or children, or to your beneficiary if you have no eligible survivors.

If you have **at least two years of pensionable service**, your eligible survivor will be entitled to a survivor benefit and your eligible children to a child allowance. In addition, the Supplementary Death Benefit will be payable as a lump-sum to your designated beneficiary or to your estate.

If you have no eligible survivor or children, or if your eligible survivor and children die shortly after you, the beneficiary you designated to receive the Supplementary Death Benefit or your estate will receive an amount equal to the greater of:

- the return of your contributions with interest; less any payments already received or
- 5 years of basic pension payments, less any payments already received.

Survivor Benefit

In the event of your death, your eligible survivor will be entitled to a monthly allowance equal to half of the pension benefit you would have received before age 65 (calculated before any applicable reduction).

The survivor benefit is payable immediately, regardless of whether you die during employment or retirement. It is fully indexed on an annual basis for the rest of your survivor's life. For information on indexation, please refer to the Protection from Inflation section.

If you marry after retirement, you have the option of requesting a survivor benefit for your new eligible spouse. Your pension will be reduced accordingly.

Your survivor can receive benefits under the Canada Pension Plan (CPP (Canada Pension Plan))/Quebec Pension Plan (QPP (Quebec Pension Plan)) and also receive a full survivor benefit under the public service pension plan.

Your survivor can waive entitlement to a survivor benefit if doing so results in payment of a minimum benefit or a double-rate child allowance. The deadline for waiver of entitlement is three months from the date of notice of entitlement.

Child Allowance

In the event of your death, each child will be entitled to a monthly allowance equal to 10% of the pension benefit you would have received before age 65 (calculated before any applicable reduction) or 20% if you have no eligible survivor. The child allowance is payable until he/she reaches age 18 (age 25, if the child is a student and meets the eligibility criteria of a child).

The maximum allowance for all children combined is the equivalent of four children's benefits (40% of your unreduced pension, or 80% if there are dependant children but no spouse eligible for a survivor benefit). If there are more than four eligible children, the maximum combined amount is divided equally among the children.

The child allowance is payable immediately, regardless of whether you die during employment or retirement. Normally it is paid to the survivor. If the children are not living with the survivor, the children's allowance is paid to the person responsible for their custody. Allowances for children over 18 are normally paid directly to them.

The child allowance is fully indexed on an annual basis. For more information, please refer to the Protection from Inflation section.

Minimum Benefit

You, your eligible survivor and children, or your estate cannot receive, in total, less than the amount of your public service pension plan contributions over the years.

Circumstances where a minimum benefit is paid and how it is calculated are as follows:

- If you had at least two years of pensionable service and if, at the time of death or later, no further benefits are payable to any survivor, the beneficiary of the Supplementary Death Benefit will receive an amount equal to the greater of:
 - a return of your contributions plus interest; less whatever has already been paid (excluding indexing benefits) or
 - five years of basic pension payments, less than whatever has already been paid (excluding indexing benefits).
- If you have not named a beneficiary, the beneficiary does not survive you, or you did not participate in the Supplementary Death Benefit, the amount is payable to your estate.
- If the benefit amount is less than \$1,000, it will be paid to a person or persons designated by the President of the Treasury Board.

Claiming Survivor Benefits

Claimants must provide proof of age for themselves and their eligible children, and any certificates or other information they think would help clarify their entitlement to a survivor benefit. Claimants may submit this information to the Pension Centre confidentially if they wish.

The determination of benefits may be delayed if the Pension Centre does not have the necessary documents on age and survivor status.

Supplementary Death Benefit

The Supplementary Death Benefit is similar to a decreasing term life insurance benefit designed to cover you and your beneficiary during the years you are building up your pension. This benefit applies to almost all public service employees who contribute to the public service pension plan. The Supplementary Death Benefit replaced Civil Service Insurance policies.

Benefit Amount

The Supplementary Death Benefit is a lump-sum benefit equal to twice your annual salary, payable to your designated beneficiary or to your estate. If that amount is not a multiple of \$1,000, your benefit coverage is adjusted to the next highest multiple of \$1,000. The benefit amount automatically increases as your salary increases.

Starting at age 66, the coverage decreases by 10 percent each year to a minimum of \$10,000 by age 75. For example, if you are covered for \$60,000 at age 65 and your salary does not change, your coverage declines to \$54,000 at age 66, \$48,000 at age 67, and so on until it reaches \$10,000. The yearly decrease takes effect on April 1 or October 1, whichever date comes first after your birthday.

If you are still employed when you reach age 65, you are entitled to a paid-up coverage of \$10,000. This means that, whatever your actual coverage is at age 65, you are entitled to \$10,000 of that coverage free-of-charge. This paid-up benefit is maintained for life at no cost.

If you die after reaching age 65 while still employed in the public service, the minimum coverage is the greater of \$10,000 or one third of your annual salary. If one third of your salary is not a multiple of \$1,000, coverage will be adjusted to the next highest multiple.

Naming a Beneficiary

You may name one of the following as your beneficiary:

- Any person 18 or older at the time of designation;
- Your estate;
- Any charitable or benevolent organization or institution; or
- Any educational or religious organization or institution that is supported by donations.

To name a beneficiary, you must complete the Naming or Substitution of a Beneficiary form. You may, at any time, change your designated beneficiary by completing a new form and submitting it to the Pension Centre at the address on the form.

Payment of the Supplementary Death Benefit

Normally, the Supplementary Death Benefit is paid directly to the beneficiary you have named. If you have not named a beneficiary, it will be paid to your estate.

Under certain circumstances, all or a portion of the death benefit can be applied directly against expenses for the maintenance, medical care or funeral of a participant. The expenses must be "reasonable". Please note that this provision is intended primarily to cover difficult situations, such as those where there is no estate or one with insufficient assets, or where a long delay in settling the estate is expected.

Cost

Your monthly cost is \$0.15 per month for every \$1,000 of coverage if you are still employed in the public service. This means that if you earn \$52,450 a year, your Supplementary Death Benefit (SDB) would be equal to \$105,000 and you would pay \$15.75 a month, or \$189.00 a year. After you reach age 66, your cost will decrease as your coverage declines.

There is no maximum contribution period under the SDB, nor is there provision for a return of contributions. Your contributions are deducted from your pay each month. If you are on leave of absence, you still contribute and remain covered. The Pension Centre will advise you of the amounts owing and payment methods.

Retaining Supplementary Death Benefit Coverage

In addition to the benefits payable from the pension plan, if you have at least two years of service without substantial interruption or have participated under the Supplementary Death Benefit without interruption for two years or more, you may retain the Supplementary Death Benefit, provided you continue to pay for it. You can use a period of time in the Canadian Forces-Regular Force or as a regular Forces participant under Part II of the *Canadian Forces Superannuation Act* to make up the two-year period.

You must elect to retain the benefit **in the year before leaving the public service, or within 30 days after leaving.**

If you decide to retain your benefit, your coverage will be the same as the amount at the time you leave the public service, subject to the reduction of coverage after you reach age 65.

The Supplementary Death Benefit coverage and cost vary depending on the type of pension benefit you are entitled to when you leave, as follows:

Figure 1: Supplementary Death Benefit coverage

If you are entitled to...	Your death benefit coverage may be maintained, as follows	The cost of coverage is...
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If you are entitled to...	Your death benefit coverage may be maintained, as follows	The cost of coverage is...
<ul style="list-style-type: none"> • An <u>immediate annuity</u>, • An <u>annual allowance</u> payable within 30 days of your termination of employment, or • An immediate disability annuity payable at any age 	<p>You are deemed to have elected to continue your participation in the Supplementary Death Benefit. In other words, you don't have to take any action.</p> <p>You will be covered for the exact amount for which you are covered at the time you leave the public service.</p> <p>You can elect to maintain the same coverage or reduce it to \$10,000.</p> <p>Beginning at age 66, your basic Supplementary Death Benefit coverage will decline by 10 per cent of the initial amount each year until your coverage reaches the greater of 1/3 your annual salary or \$10,000 if still employed, or \$10,000 if retired.</p>	<p>The cost is the same as if you had stayed in the public service.</p> <p>Beginning at age 65, whether you are retired or employed, you will no longer be required to pay contributions for \$10,000 of your coverage. This portion of your coverage is known as the paid-up benefit and will be provided to you for life at no cost.</p> <p>If you are age 65 or over when you leave, your contributions will continue to decline yearly until the \$10,000 paid-up portion remains.</p>

If you are entitled to...	Your death benefit coverage may be maintained, as follows	The cost of coverage is...
<ul style="list-style-type: none"> • An annual allowance payable more than 30 days after your termination of employment, or • A <u>deferred annuity</u>, or • A <u>transfer value</u> 	<p>You have to make an election to continue coverage.</p> <p>When you elect to continue coverage, you become an elective participant.</p> <p>No paid-up coverage is provided, and coverage is reduced to zero at age 75.</p>	<p>You contribute at an increased rate based on commercial rates, which vary according to your age at the time of departure.</p> <p>You have to pay the full cost of your coverage without any contribution from your employer (Government of Canada).</p> <p>For details on commercial rates applicable to this coverage, contact the Pension Centre.</p>

How to Make an Election to Continue Coverage

To make a formal election to continue your coverage under the Supplementary Death Benefit, you must complete the form Election To Continue As A Participant Under The Supplementary Death Benefit (SDB) Plan and return it with your annual contributions to the Public Service Pension within the time prescribed (from one year before the date you leave the public service up to 30 days after).

You will be asked for proof of age if you have not already submitted it. If you are re-employed in the public service afterward, you will cease to be an elective participant if you resume contributing to the public service pension plan, and your contributions will be adjusted accordingly.

Reducing your Coverage

If you receive an immediate annuity upon retiring, or an annual allowance within 30 days of your termination of employment, you may elect at any time to cancel your coverage or reduce your Supplementary Death Benefit coverage to \$10,000. If you choose to reduce your coverage, you will make contributions on that amount only until you reach age 65, after which the \$10,000 coverage is free.

You can request a reduction in coverage by completing the Election to Reduce Benefit to \$10,000 form. Please note that such an election to reduce coverage is irrevocable. You will not be allowed to change your mind afterward.

Cancelling your Coverage

Your decision to cancel participation in the Supplementary Death Benefit is irrevocable. Once you have chosen to cancel your coverage, this coverage can **never** be reinstated.

If you are eligible for \$10,000 paid-up coverage at age 65, you should consider reducing coverage to \$10,000 as an alternative to full cancellation of coverage.

Paying for Coverage After you Leave the Public Service

The payment of your contributions depends on the type of pension benefits you receive, as indicated below.

Figure 2: Contribution payments when receiving pension benefits

If you receive the following benefit...	Payment of your contributions will be made as follows
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If you receive the following benefit...	Payment of your contributions will be made as follows
<ul style="list-style-type: none"> • An <u>immediate annuity</u>, • An <u>annual allowance</u> payable within 30 days of your termination of employment, or • A disability annuity 	<p>Your contributions will be deducted automatically from your monthly pension.</p>
<ul style="list-style-type: none"> • An annual allowance payable more than 30 days after your termination of employment, • A <u>deferred annuity</u>, or • A <u>transfer value</u> 	<p>You should send the full contribution for the first year of coverage when you send in the necessary documents to make an election. Make your cheque, money order or bank draft payable to the Receiver General for Canada.</p> <p>The Pension Centre will provide instructions on how to remit your required contributions in subsequent years. You must, as an elective participant, contribute within the time prescribed. If the Pension Centre does not receive your contributions within 30 days from the due date, your coverage ends.</p> <p>Once you begin receiving your deferred annuity or annual allowance, your contributions will be deducted from your monthly pension cheque and you no longer have to send contributions to the Pension Centre.</p>

Visit [Public service group insurance benefit plans](#) for information on benefits.

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