

# Teachers' Superannuation Fund



# Newsletter

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April 2007

## Did You Know ?

- **Reciprocal Transfers**

A member, who was previously employed with a school board in another province and with whom the TSF has a reciprocal transfer agreement, may be eligible to transfer his or her service and vice versa.

- **The TSF currently has reciprocal transfer agreements with the following pension plans:**

- ▶ Civil Service Superannuation Fund
- ▶ Provincial teachers' pension plans for all provinces
- ▶ The TSF is negotiating with the University of Prince Edward Island to establish a transfer agreement

- **Direct Deposit**

All new retirees will have their pension directly deposited into their bank account

## Recent Changes to the *Teachers' Superannuation Act* (TSA)

The Teachers' Superannuation Commission conducted a review of the method used to calculate average salary under the TSA after concerns were raised about inequitable treatment for teachers who retired with less than a half-year service in their final teaching year, in comparison to teachers who had between 0.5 and one year of service in their final year.

Effective April 1, 2006, the definition of average salary was amended to ensure all teachers are treated equitably. We now define average salary as the average of the five highest years of salary paid to the teachers during which the teacher made contributions. Annualized full-time equivalent salary will be used for all school years except, if in the most recent teaching year, retirement occurred part way through the school year. In this case, a salary equivalent to the portion of the year worked will be used in the average salary calculation.

For school years where there are two contract increases during the year, the salary used for the average salary calculation will be the total actual salary received during the school year.

On the following page there are two examples of the method used to calculate average salaries. Example #1 illustrates a teacher who worked full-time for the past five years and retired on June 30, 2007. Example #2 illustrates a teacher who retired on March 1, 2007.

## **Example #1 retirement date on June 30, 2007**

School <u>Year</u>	Credited <u>Service</u>	Reported <u>Salary</u>	Full-Time <u>Equiv. Service</u>	Salary <u>Used</u>
2006-07	1.00	*59,311	1.0	59,311
2005-06	1.00	*56,068	1.0	56,068
2004-05	1.00	54,331	1.0	54,331
2003-04	1.00	53,266	1.0	53,266
2002-03	1.00	51,589	1.0	51,589
			5 yrs	<u>274,565</u> <u>54,913</u>

*Note:* For Example #1 the teacher worked full-time for the past five years and retired on June 30, 2007.

\* The salary is based on the full-time equivalent salary earned for the year. There are two contract salary rates for the year so the salary is a blended rate.

For example, the salary in 06/07 was calculated as follows:

$$[ \$56,068 * (134/196) ] + [ \$60,798 * (62/196) ]$$

## **Example #2 retirement date on March 1, 2007**

School <u>Year</u>	Credited <u>Service</u>	Reported <u>Salary</u>	Full-Time <u>Equiv. Service</u>	Salary <u>Used</u>
2006-07	0.60	35,587	0.6	35,587
2005-06	1.00	56,068	1.0	56,068
2004-05	1.00	54,331	1.0	54,331
2003-04	1.00	53,266	1.0	53,266
2002-03	1.00	51,589	1.0	51,589
2001-02	1.00	49,965	0.4	<u>19,986</u>
			5 yrs	<u>270,827</u> <u>54,165</u>

*Note:* For example #2 the teacher retired on March 1, 2007, and a partial year in 2001-02 school year is used to make up the average of the five highest years.

## **Annual Reporting**

The Teachers' Superannuation Fund Annual Report for the fiscal year ending June 30, 2005, will be available online at [www.gov.pe.ca/publications](http://www.gov.pe.ca/publications) after it has been tabled in the Legislative Assembly. Copies will also be available at Island Information Service.

## **Update on Move to New Pension Administration System**

The Teachers' Superannuation Commission has approved a conversion project to move all member data to an automated pension administration system. This system, in addition to providing automated calculation functions, will allow for the production of a more detailed annual pension statement. The new statement will include an estimate of benefits earned and an estimated retirement date, as well as provide you with information on cumulative service and contributions. We intend to produce the first statements using this new format by the end of the calendar year 2007. The commission appreciates the patience from all members during this conversion process.

### **For more information, please call**

Pension and Benefits

368-4004