

Civil Service Superannuation Fund

Pension Booklet



Effective March 2008

Disclaimer:

The information presented in this booklet has been summarized from the Civil Service Superannuation Act. The Civil Service Superannuation Act shall take precedent over anything present herein.

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Membership

Membership in the Civil Service Superannuation Fund

General Criteria:

- Permanent employees are eligible to join the CSSF*

Who Is Eligible?

- Probationary, provisional and permanent civil service employees
- Permanent employees of approved participating employers as listed in CSSA regulations
- Temporary employees appointed under Section 10(4) of the *Civil Service Act*
- Executive division employees
- Plan members receiving long-term disability benefits
- Contract employees (if participation is provided for in the contract)
- Plan members in receipt of wage loss benefits for up to a maximum of two years after injury

Eligibility for Pension

Retirement:

A member who satisfies the following criteria is eligible for a pension:

- minimum age 55 and minimum of two years continuous service (vested*)

Early Retirement:

A member who retires before age 60 and who has less than 30 years of pensionable service will have an early retirement reduction applied to their pension.

See Early Retirement Reduction (page 4) for details.

* Definitions are found on Page 10

Pension Benefit Components

The total annual unreduced pension provided by the CSSF is usually understood to be equal to:

$$\begin{array}{rcccl} 2\% & & & & \\ \text{Benefit} & \times & \text{Years of} & \times & \text{Average of best} \\ \text{rate} & & \text{pensionable} & & \text{three years' salary} \\ & & \text{service} & & \end{array}$$

The 2% benefit rate shown above is comprised of:

Life-time benefit	1.3%
Temporary bridge benefit	0.7%
	<hr/>
	2.0%

For that portion of pensionable earnings in excess of the YMPE*, the lifetime benefit is based on the full 2% benefit rate.

The CSSF provides the temporary bridge benefit as shown above from date of retirement until age 65.

Non-Pensionable Service:

The following types of service are non-pensionable:

- Leaves without pay
- Service as a non-permanent employee
- Any period for which contributions were not made

Note: While these leaves do not qualify as pensionable time, they may not be considered a break in service.

* Definitions are found on Page 10

Pension Calculation

Unreduced Life-time Pension: (payable for life to member)

$$1.3\% \times \text{Years of pensionable service} \times \text{Avg. of 3 highest years' salary: portion up to YMPE}$$

PLUS

$$2.0\% \times \text{Years of pensionable service} \times \text{Avg. of 3 highest years' salary: portion over YMPE}$$

PLUS

Unreduced Temporary Bridge Pension: (ceases at age 65)

$$0.7\% \times \text{Years of CPP service while a member of the CSSF} \times \text{Avg. of 3 highest years' salary: portion up to YMPE}$$

For example: for an average salary of \$48,000, 27 years of service, YMPE = \$44,900 (2008 YMPE), no penalty.

Life-time pension (average salary up to YMPE)	1.3%	x	27 yrs	x	\$44,900	=	\$15,760
Life-time pension (average salary over YMPE)	2.0%	x	27 yrs	x	\$3,100	=	\$1,674
Temporary bridge pension (ceases at age 65)	0.7%	x	27 yrs	x	\$44,900	=	\$8,486
Total pension to age 65							\$25,920
Total pension after age 65							\$17,434

Early Retirement Reduction

First, the unreduced pension that the employee would be eligible to draw is calculated. This amount is then reduced by the lesser of:

- 3% for each year prior to age 60, or
- 3% for each year prior to attaining 30 pensionable years. (see example below[†])

Note: The earliest that an employee may access his or her pension is age 55, therefore, the maximum reduction is 15% (5 years x 3%).

Example: A person retires at age 57 with 28 years of pensionable service. This example assumes the person's unreduced annual pension is \$20,000. This person would incur an early retirement reduction equal to the lesser of:

$$\text{a) } 3 \text{ years (60-57)} \times 3\% = 9\% \times \$20,000 = \$1,800$$

or

$$\text{b) } 2 \text{ years (30-28)} \times 3\% = 6\% \times \$20,000 = \$1,200$$

In this case the annual pension until age 65 is \$18,800 (\$20,000 minus \$1,200).

It should be noted that the early retirement reduction is applied to both the temporary bridge benefit and the life-time benefit.

Mandatory Contributions

Employee Contributions:

- Contributions are compulsory and are based on a percentage of pensionable earnings – not gross earnings (e.g., pensionable earnings do not include overtime pay)
- Contribution rates are integrated with the Canada Pension Plan (CPP) and are as follows:

Pensionable Earnings	CSSF Deductions	CPP Deductions
\$0 to 3,500	8.75% of gross	0
\$3,501 to 44,900	6.95% of gross	4.95%
\$44,900 +	8.75% of gross	0

Employer Contributions:

- The employer pays to the fund an amount equal to that paid by the employee.

Contribution Note:

- In no event shall a member continue to contribute to the Fund after the last day of the year in which the member attains the age of sixty-nine years, and any pension to which a member is entitled under this Act shall commence to be paid not later than that date.

Voluntary Contributions

An employee may purchase additional pensionable service:

1. There are circumstances where an employee is permitted to pay into the fund a specified amount to establish pensionable service for employment prior to joining the CSSF.
2. An employee who takes a refund of contributions and who is subsequently re-employed by a participating employer of the CSSF, is permitted to pay into the fund a specified amount to restore pensionable service.

3. The CSSF allows for the purchase of approved maternity, parental, or adoption leaves taken **while a member** of the CSSF.

If an election to purchase such leave is made within 180 days of the date of return to work, the cost will be equivalent to the employee contributions only, but based on the member's salary at time of election.

If election to purchase such leave is made after the 180-day election window, or if the leave ended prior to January 21, 1999, then the entire actuarial cost must be borne by the member.

4. A member, who has previous employment with another employer with whom the CSSF has a reciprocal transfer agreement, may be eligible to transfer his service and benefits to the CSSF (see section on Reciprocal Transfers).

Please contact the Pensions and Benefits Office for information about the above options.

Refund of Employee Contributions

An employee who terminates employment may take a refund of pension contributions (**employee share only**). The options available depend on the member's years of participation in the plan.

	Years of Participation	
	0 to 2 Years (not vested)	2 + Years (vested)
Refund of Employee Contributions	Mandatory	Optional (**)

(**) Vested members may instead opt to defer the pension until retirement age.

Note: Interest at the rate of 5% compounded annually is paid on refunded contributions (employee share only).

Deferred Pension

- When a vested member terminates from the CSSF, he or she may opt to leave his or her contributions in the fund and may access his or her pension for retirement (minimum age 55). The pension may be subject to an early retirement reduction.
- The deferred pension is indexed annually (see section on indexation below).

Indexation of Pension Benefit

Indexation is applied each April 1 at the rate of increase in the Canada All-items Consumer Price Index (CPI) to a maximum of 6%.

The pension payment received upon retirement and the value of a deferred pension benefit are both indexed under the CSSF.

Death Benefit Calculation

The manner in which the death benefit is paid depends on the member's family structure at time of death and the member's status in the plan. The following chart applies to vested or retired members:

Member's Survivors	Benefit Entitlement	Frequency/ Duration
Spouse only	60% of member's pension entitlement	Monthly for spouse's life
Spouse and dependents	60% of member's pension entitlement	Monthly for spouse's life
	1/6 of the spouses' pension (to a maximum of four dependents)	Monthly for dependents until they are deemed non-dependent
Dependents only	60% of member's pension entitlement plus 1/6 of the spouse's pension (to a maximum of four dependents) <ul style="list-style-type: none"> • if more than one dependent 	Monthly, in equal shares to all dependents, until they are deemed non-dependent
None	If active, refund of contributions plus interest (5%) to member's estate. If retired, refund of contribution plus interest (5%) minus pension benefits received to member's estate.	

Notes:

- 1) Where a surviving spouse is receiving a spousal benefit, the bridge benefit portion ceases when the deceased contributing member would have turned 65, not when the surviving spouse turns 65.
- 2) A dependent is defined as:
 - a) a child under the age of 18;
 - b) a child in full-time attendance at an institution of post-secondary education, and under the age of 21; or

- c) a parent, grandparent, brother, sister, child or grandchild who is dependant on the individual by reason of mental or physical infirmity.
- 3) If the plan member is not vested, then his or her contributions plus interest are refunded to the member's estate

Reciprocal Transfers

A member, who has previous employment with another employer, with whom the CSSF has a reciprocal transfer agreement, may be eligible to transfer his or her service and benefits to the CSSF (and vice versa).

The CSSF currently has reciprocal transfer agreements with the following pension plans:

- PEI Teacher's Pension Plan
- PEI Education Sector Pension Plan
- Federal Government Pension Plan
- Provincial civil service pension plans for New Brunswick, Newfoundland, Nova Scotia, Manitoba and Quebec
- Holland College Pension Plan
- University of Prince Edward Island Pension Plan

If you previously worked with the government of any province of Canada, with any crown corporation of Canada or with any municipality, college or university in Prince Edward Island with whom there is no reciprocal agreement currently in place, please contact the Pensions and Benefits office to discuss your pension transfer options.

Marriage Breakdown

The Civil Service Superannuation Act contains provisions that allow for the splitting of pensions in the event of marriage breakdown.

Definitions

CPP	Canada Pension Plan
CSSF	Civil Service Superannuation Fund
YMPE	This is a CPP term which means Yearly Maximum Pensionable Earnings (The Canada Customs and Revenue Agency updates the YMPE annually)
Vesting	Vesting means the right of a plan member who terminates employment to receive a benefit from the pension plan. A member in the CSSF becomes vested after two years of continuous service in the plan.

To obtain additional information regarding the Civil Service Superannuation Fund, please contact Pensions and Benefits at 368-4200 or at CSSF@gov.pe.ca.



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