Pension 102

Nova Scotia Teachers' Pension Plan

Nova Scotia Teachers Union

The NSTU recognizes that we live and work on unceded Mi'kmaq territory, that we are privileged to be together in Mi'kma'ki, that we are all treaty people, and that we wish to acknowledge this relationship.

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Disclaimer

- This presentation is for informational purposes only. It does not constitute legal or professional advice. You are encouraged to consult with appropriate professionals if you have specific questions relating to any of the topics in this presentation.
- This presentation is not complete without the intended presentation, discussion, comments, and explanations offered at the time of presentation.
- In the event of a discrepancy between this presentation and any current official document, the latter should be considered as correct.

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Agenda

- Governance
- What is the Teachers' Pension Plan?
- How is Your Teachers' Pension Calculated?
- Types of Pension
- Retirement Options

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Governance

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Governance Structure

Plan Sponsors → Teachers' Pension Board → Teachers' Pension Plan Trustee Inc. → NS Pension

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What is the Teachers' Pension Plan?

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What is the Teachers' Pension

- The Teachers' Pension Plan is:
  - Jointly Sponsored
  - Defined Benefit (DB)
  - Integrated
  - Contributory

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Jointly Sponsored

- The Plan Sponsors are:
  - Minister of Finance and Treasury Board for Nova Scotia
  - NSTU

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Defined Benefit

- The Pension paid is based on a formula that takes into account:
  - Your years of pensionable service;
  - The pension accrual rate; and
  - Your average earnings (best 5 years)

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Integrated

- Your Teachers' Pension is integrated with the Canada Pension Plan.
- Your Teachers' Pension is made up of 2 components:
  - Bridge pension which is paid from retirement to age 65; and
  - Lifetime pension which is paid from retirement for life.
- This means the amount you receive for Teachers' Pension gets smaller at age 65 when your bridge pension ends.

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Contributory

- For every dollar that you contribute to your Teachers' Pension, your employer contributes a matching dollar.

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How is Your Teachers' Pension Calculated?

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Contribution Rates

- Up to Year's Maximum Pensionable Earnings (YMPE)
  - 11.3% of Salary
- Above YMPE
  - 12.9% of Salary

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Pension Accrual Rates

- Up to YMPE
  - Lifetime Pension – 1.3%/year
  - Bridge Pension – 0.7%/year
- Above YMPE
  - Lifetime Pension – 2.0%/year

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Pensionable Service

- A year of pensionable service is
  - A minimum of 175 days within a school year
- If you do not achieve 175 days within a school year, then a partial year of pensionable service is achieved:
  - Days taught/claimed divided by 195 expressed to 4 decimal places

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Average Salary

- The average salary used to calculate your pension is your best 5-year average salary.
  - The YMPE used to calculate the bridge is the corresponding 5-year average YMPE.

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Average Salary & YMPE

School Year	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8	YMPE
2025-2026	$90,865.00	$101,366.00	$107,650.00	$113,619.00	$73,225.00
2024-2025	$89,083.00	$99,378.00	$105,540.00	$111,391.00	$70,133.00
2023-2024	$86,058.00	$96,004.00	$101,956.00	$107,608.00	$67,708.00
2022-2023	$81,514.00	$90,934.00	$96,572.00	$101,926.00	$65.892.00
2021-2022	$80,309.00	$89,590.00	$95,145.00	$100,420.00	$63,525.00
Average	**$85,565.80**	**$94,454.40**	**$101,372.60**	**$106.992.80**	**$68,096.60**

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TPP Calculation (30 Years Service)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Lifetime Pension (Up to YMPE)	$26,557.67	$26,557.67	$26,557.67	$26,557.67
Lifetime Pension (Above YMPE)	$10,481.52	$16,414.68	$19,965.60	$23,337.72
Bridge Pension	$14,300.29	$14,300.29	$14,300.29	$14,300.29
Total Pension (To Age 65)	**$51,339.48**	**$57,272.64**	**$60,823.58**	**$64,195.68**
Total Pension (After Age 65)	**$37,039.19**	**$42,972.35**	**$46,523.27**	**$49,895.39**

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You Don't Need to Calculate Your Pension

- Individual Pension estimates available at http://nstpp.ca.
- Requires a username and password.
- If you do not have your login credentials or need assistance, contact NS Pension at 1-800-774-5070.
- You can determine 3 estimates at a time as many times as you like with different dates.
  - Retirement dates are always the 1st day of the month.

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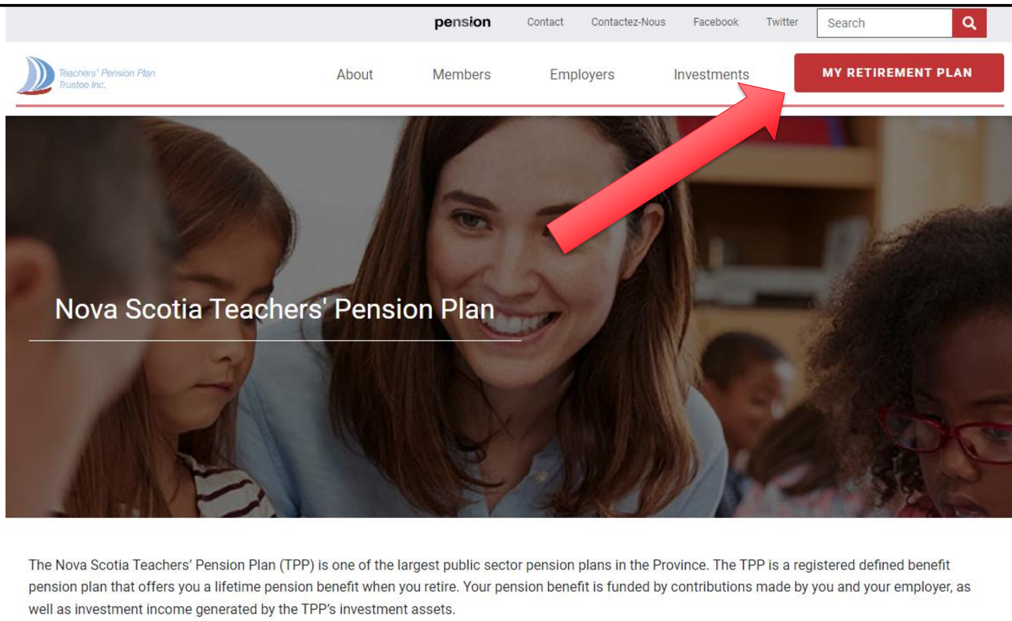

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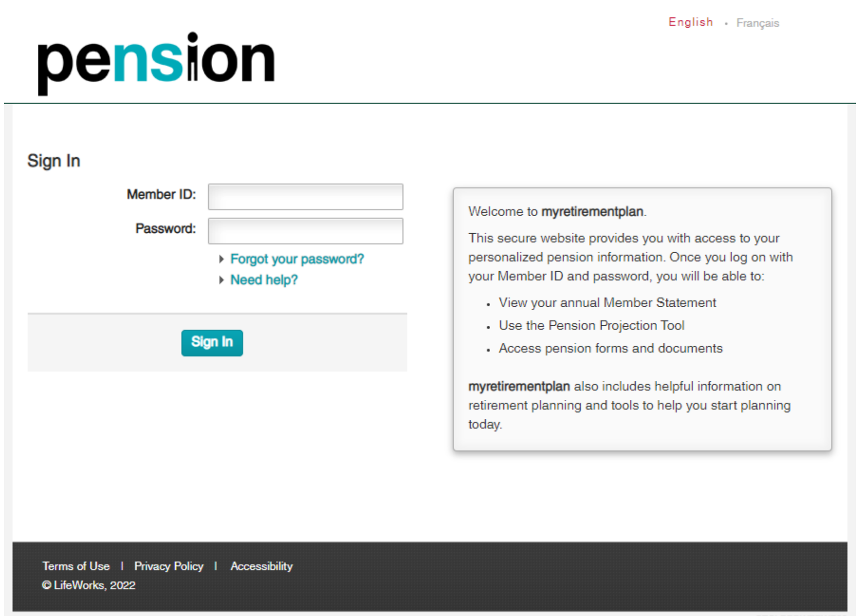

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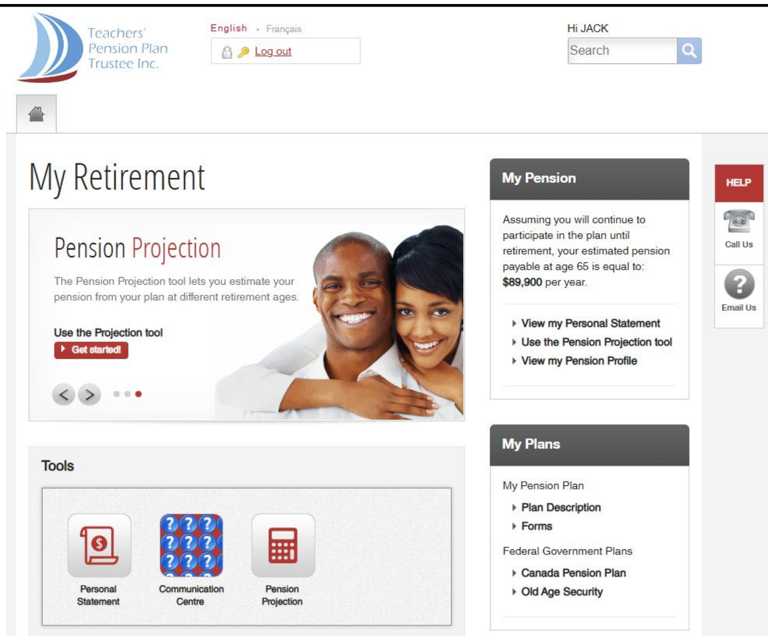

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Types of Pension

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What Pensions are Available?

- Service Pension
  - Unreduced
  - Reduced
  - Deferred
- Survivor Pension
- Dependent's Pension

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Service Pensions

- Based on the formula:

$$Pension = Years\ of\ Service \times Accrual\ Rate \times Highest\ Average\ Salary$$

- An unreduced service pension is simply what this formula calculates.
- A reduced service pension is what this formula calculates which is then reduced by a percentage determined by formula **or**, in some cases, is actuarially determined.
  - Reductions are permanent.

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Survivor Pensions

- Available for spouses and eligible children.
  - Children under the age of 18 (or 25 if continuously enrolled in school)

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Survivor Pensions

Member Dies in Service	Member Dies in Receipt of Pension
• 60% of the unreduced service pension the member would have been entitled to on the date of death. • No reduction.	• 60% of the retired member's pension.
• Additional 10% for each child under age 18 until the child reaches age 18 or age 25 if completing their education. • Maximum additional 40% for eligible children. If more than 4 children, each receives a pro-rated portion of 40%.	

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Survivor Pension Options

- Guarantee Period
  - A period of time (5, 10, or 15 years) **from the date of retirement** where the survivor receives 100% of the member's pension.
- Increased Percentage
  - An increased percentage (80% or 100%) that the survivor receives of the member's pension for their life.

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Survivor Pension Options

- Cost neutral to the Plan.
  - Member's pension is reduced to account for the increased benefit to the survivor
- 10% children's pension may be reduced.
  - Total survivor pensions paid can not be greater than 100%.
- Can not be changed after retirement.

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Dependent’s Pension

- Dependents can be Mother, Father, Brother, Sister, Child who are mentally or physically disabled and totally dependent on member.
  - Dependency is as defined by the Canada Revenue Agency
- If there is no surviving spouse, or if the surviving spouse subsequently dies in receipt of a survivor’s pension, a 60% pension may be paid to a dependent for the rest of their life.

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Retirement Options

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When Can I Retire?

Early Retirement	Normal Retirement	Deferred Retirement

• Retirement at a point before normal retirement.
• Can be unreduced or reduced
	• Retirement at the earlier of:
	  • Age 65; or
	  • 35 Years of pensionable service
	• Always unreduced
		• Retirement at a point after normal retirement.
		• Always unreduced

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Early Retirement

Unreduced	Reduced
1. At least age 55 **AND** age plus pensionable service equals 85 (Rule of 85); or 2. Age 60-64 **AND** at least 10 years of pensionable service.	1. At least age 55 **AND** at least 20 years of pensionable service (Rule of 75); 2. At least age 50 **AND** at least 30 years of pensionable service (Rule of 80); or 3. At least age 55 **AND** at least 2 but less than 20 years of pensionable years of service.

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Pension Reduction Factors

Age 55 & 20 Years (Rule of 75)	Age 50 & 30 Years (Rule of 80)	Age 55 & 2-20 Years

• Pension reduced by:
  • 0.4% for each complete month of the first 24 months; and
  • 0.3% for each complete month of the next 36 months.
  • For the months by which the pension starts before being eligible for an unreduced pension.
	• Pension reduced by 5% (prorated for partial years) for each year of the lesser difference between:
	  • Age and 55; or
	  • Years of service and 35.
		• Pension is calculated as the actuarial equivalent of the unreduced pension:
		  • Payable at age 60 if 10-20 years; or
		  • Payable at the normal retirement date if 2-10 years.

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Rule of 75 Reductions

Age	Full Years of Service									
	29	28	27	26	25	24	23	22	21	20
55	4.8%	9.6%	13.2%	16.8%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%
56		4.8%	9.6%	13.2%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%
57			4.8%	9.6%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
58				4.8%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
59					4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

1. Assume your retirement month and birth month are the same.
2. For each month your birth month occurs before the retirement month:
   a) If the reduction above is less than or equal to 9.6%, subtract 0.4%;
   b) If the reduction above is greater than or equal to 13.2%, subtract 0.3%.

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Rule of 75 Pension Percentages

Age	Full Years of Service									
	29	28	27	26	25	24	23	22	21	20
55	55.22%	50.62%	46.87%	43.26%	39.80%	38.21%	36.62%	35.02%	33.43%	31.84%
56		53.31%	48.82%	45.14%	41.60%	39.94%	38.27%	36.61%	34.94%	33.28%
57			51.41%	47.01%	43.40%	41.66%	39.93%	38.19%	36.46%	34.72%
58				49.50%	45.20%	43.39%	41.58%	39.78%	37.97%	36.16%
59					47.60%	45.70%	43.79%	41.89%	39.98%	38.08%

This is the percentage of the highest 5-year average salary that the pension would be.

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Flexible Pension Option

- This option allows for part-time employment with possible full pension credit.
- Maximum participation – 2 school years in a lifetime.
- Pension credit equal to credit in year prior to enrolment.
- Must teach a minimum of 40%.
- Must have employer approval to lessen assignment (typically via job share/shared teaching)

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Further Information

- Pension 101
  - An explanation of the Canadian Retirement System
- Retirement 101
  - More detailed information about how much money your pensions will provide in retirement

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Questions?

pension@nstu.ca

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