Pension Terms

Accrual Rate

The annual benefit accrual rate in a defined benefit plan is the rate at which a member's retirement benefits for that year are accumulated.

Active Member

A member who is currently making contributions to the TPP or who has made contributions within the previous 18 months.

Actuarial Cost

The present value of the expected improvement in your pension resulting from the buyback of credit. It is based on assumptions about interest rates, inflation rates, mortality rates, salary increases, and other factors. It also takes into account your age, pension credit, and salary.

Actuarial Equivalent

The condition in which two or more payment streams have the same present value based on the appropriate valuation assumptions.

Actuarial Reduction

A decrease in the pension amount when taking early retirement to account for the fact that the pension will be paid out for a longer period of time.

Actuarial Valuation

A report prepared by an actuary to determine the accrued pension liabilities of a defined benefit pension plan.

Actuary

A professional responsible for, among other things, performing valuations of the assets and liabilities of pension plans and calculating the costs of providing pension benefits.

Administrator

The person, group, body, or entity responsible for managing the pension plan and the plan's pension fund. The Administrator of the Teachers' Pension Plan is the Nova Scotia Teachers' Pension Plan Trustee Inc. who retain NS Pension to provide many administrative functions.

Average Salary

For the Teachers' Pension Plan, the average salary is the average of the five (5) highest paid years.

Average Tax Rate

The average tax rate is the total amount of tax paid divided by total income.

Beneficiary

For the TPP, your beneficiary can be your adult children (who are not dependants), a friend, a relative, an estate, or a charity. Your surviving spouse, eligible children, and dependents cannot be designated as a beneficiary as they are entitled to a survivor's pension.

Branch of the RTO

The RTO has 23 branches which are similar to NSTU Locals.

Bridge Benefit

A temporary benefit provided to individuals from the date you start receiving your pension until age 65.

Canada Pension Plan (CPP)

Canada Pension Plan is a federal pension plan that provides monthly payments to retirees who worked in Canada and made CPP contributions during their employment.

Common-Law Partner

- For CPP – a person who has been cohabiting with a member in a conjugal relationship for at least one year.
- For TPP – a person who has cohabited with a member in a conjugal relationship for three consecutive years immediately preceding the relevant time and is cohabiting with the member in a conjugal relationship at the relevant time.

Commuted Value

The amount of a lump sum payment that is payable today (or as of a fixed date) and that is estimated to be equal in value to a future series of pension payments, based on actuarial assumptions.

Contributory Plan

A pension plan that requires members to make contributions in addition to any employer related contributions.

Consumer Price Index (CPI)

Measure of the average amount paid for a basket of goods and services purchased by Canadian consumers at a specific time. This index, when compared to the same index at a previous date, is used to determine the increase in the cost of living.

Deferred Pension

A pension that is determined when a member's employment or plan membership ends, but which is not payable until some later date.

Defined Benefit (DB) Pension Plan

A DB pension plan defines the ultimate pension benefit to be provided in accordance with a formula, usually based on years of service, earnings, on a flat rate, etc. A DB plan may be contributory or non-contributory.

Defined Contribution (DC) Plan

A DC (or money purchase) pension plan defines the amount of contributions to the pension plan. The member's pension benefits are based on contributions from the member and employer, plus investment income on these contributions. At retirement, the amount of pension that can be bought is based on the accumulated contributions and investment return in the member's account. A DC plan may be a contributory or non-contributory plan.

Dependent

For the TPP, a dependent is a relative who is dependent on you by reason of mental or physical infirmity.

Employment Insurance (EI)

EI provides a number of benefits:

- Regular for unemployment;
- Sickness
- Maternity and parental
- Caregiving

Eligible Children

For the TPP, an eligible child is under the age of 18 or under the age of 25 if a full-time student.

Early Retirement Incentive Plan (ERIP)

The ERIP is a benefit under the Teachers' Provincial Agreement allowing teachers, during the period of declining enrolment, to retire earlier than they otherwise would in exchange for a guarantee of employment following retirement.

Guaranteed Pension

A pension that will be paid to a person for their lifetime with a minimum number of payments guaranteed. For example, if the plan member opts for a five-year guarantee but dies after three years, payment will continue to the survivor or estate for two more years.

Guaranteed Income Supplement (GIS)

The GIS is a monthly payment if you are 65 or older with low income.

Home Buyers' Plan (HBP)

The Home Buyer's Plan is a program that allows you to withdraw from your RRSPs to buy or build a qualifying home for yourself or a specified disabled person.

Inactive Member

A member who has previously made contributions to the TPP but has not made any contributions in the previous 18 months.

Indexation

In relation to pensions, this is the amount that the monthly pension payment may be increased from one year to the next to provide inflation protection. If indexation is provided, it is often based on the increase in the cost of living as calculated by Statistics Canada.

Joint and Survivor Pension

A pension that is payable until the death of the retired plan member, and then to the surviving spouse until his or her death. This is the default option when a member with a spouse retires. Payments to the survivor or often reduced to 60 percent after the member's death.

Jointly Sponsored Pension Plan (JSPP)

A JSPP is a special type of pension plan in which decision making and funding of the benefits is shared jointly by both employees and their employer(s). A JSPP provides defined benefits to plan members and contributions are always made by both plan members and their employers.

Lifetime Pension

The portion of your Teachers' Pension which is payable from the date you start receiving your pension until death.

Locked In Retirement Account (LIRA)

A Locked In Retirement Account is a particular form of an RRSP offered by financial institutions. A LIRA is used to hold money that is transferred out of a pension plan when a member's employment ends prior to retirement and the member chooses to transfer their pension.

Lifelong Learning Plan (LLP)

The Lifelong Learning Plan allows you to withdraw up to $10,000 in a calendar year from your RRSPs to finance full-time training or education for you or your spouse or common-law partner.

Living Standards Replacement Rate (LSRR)

The Living Standards Replacement Rate is a more accurate alternative measure for evaluation retirement income adequacy as developed by Bonnie-Jeanne MacDonald.

LTD

Long Term Disability Insurance

Marginal Tax Rate

The marginal tax rate is the incremental tax paid as a percentage of additional income.

My Service Canada Account (MSCA)

Your MSCA allows you to access and manage a wide range of government services and benefits such as CPP and OAS.

Normal Retirement Age

For the Teachers' Pension Plan, the normal retirement age is 65.

Old Age Security (OAS)

Old Age Security is a federal pension plan that provides monthly payments to most Canadians that are 65 years of age or older. To receive the OAS pension, an individual must meet qualification requirements.

Pension Fund

The fund that holds contributions, accumulates investment income, and from which pension benefits are paid to members.

Pensionable Service

Pensionable service refers to the time that you have made contributions to the TPP. If you work 175 days or more in one school year, you will be given credit for a full year of pensionable service. If you work less than 175 days in a school year, your pensionable service is calculated as a percentage of 195 for a full school year.

Registered Retirement Income Fund (RRIF)

A personal retirement income fund offered by financial institutions and governed by the federal Income Tax Act. A RRIF is used to provide an ongoing minimum flow of income and is subject to minimum annual income payment requirements.

Registered Retirement Savings Plan (RRSP)

A personal retirement savings plan offered by financial institutions and governed by the federal Income Tax Act.

Retired Teachers Organization (RTO)

The RTO is a group of retired teachers dedicated to supporting retired educators in Nova Scotia by providing resources, advocacy, and opportunities for social connection.

Sponsor

The individual, entity, or entities that are responsible for designing the pension plan, setting the benefit structure, amending and/or ending the pension plan. The sponsors of the Teachers' Pension Plan are the Minister of Finance for the Province of Nova Scotia and the NSTU.

Spouse

For the Teachers' Pension Plan, either of two persons who:

- Are married to each other;
- Are married to each other by a marriage that is voidable and has not ben annulled by a declaration of nullity;
- Have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited with the year immediately preceding the date of entitlement;
- Are domestic partners; or
- Are neither married to each other nor to another person and have cohabited in a conjugal relationship for three consecutive years immediately preceding the relevant time and are cohabiting in a conjugal relationship at the relevant time.

Survivor

For the TPP, a survivor is your surviving spouse, eligible children, and/or dependents.

Tax Free Savings Account (TFSA)

A personal savings account that allows contributions up to the person annual limit (as determined by government) per person, to be made from after-tax dollars and that allows investment earnings to accumulate tax-free. A TFSA allows tax-free withdrawals.

TPP

Teachers' Pension Plan

Year's Additional Maximum Pensionable Earnings (YAMPE)

A term used in the CPP that refers to the second earnings ceiling introduced in 2024 for the CPP enhancement. YAMPE is approximately 14% higher than YMPE.

Year's Basic Exemption (YBE)

A term used in the CPP that refers to the portion of an individual's earnings on which they are not responsible to make CPP contributions.

Year's Maximum Pensionable Earnings (YMPE)

A term used in the CPP that refers to the earnings on which CPP contributions and benefits are calculated. The YMPE is recalculated each year according to a formula based on average wage levels and is published annually by the federal government.