

# The New Brunswick Public Service Pension Plan At-A-Glance

## Welcome to your plan!

### When am I eligible to join the plan?

The following employee groups are required\* to join the New Brunswick Public Service Pension Plan (NBPSPP):

- Full-Time Regular Employees;
- Term Employees;
- Part-Time Employees who were previously contributing to the *Public Service Superannuation Act* pension plan (the “PSSA”);
- All active employees (part-time and seasonal) who were participating in the Pension Plan for Part-Time and Seasonal Employees of the Province of NB (the “Part-Time and Seasonal Plan”) on December 31, 2013;
- All other employees (e.g., part-time, casual, or seasonal employees) who:
  - have a minimum of 24 months of continuous employment; and
  - have earned at least 35% of the [YMPE](#) in each of the prior two consecutive calendar years.
- Employees under Personal Service Contracts signed on or after February 1, 2014; and
- Members of the Legislative Assembly of New Brunswick.

\*Religious Exemption: An employee who is a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from being members of a pension plan is not required to join the NBPSPP.

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## How much do I contribute to the pension plan?

Once you are a member of the pension plan, you are required to contribute 7.5% of your eligible earnings up to the [YMPE](#) and 10.7% of your eligible earnings above the [YMPE](#).

As an example, an employee who has annual earnings of \$60,000 in 2019, will contribute \$4,583.20 to the pension plan:

$$(\$57,400 \times 7.5\%) + (\$2,600 \times 10.7\%) \\ = \$4,583.20$$

Your employer also contributes to the pension plan as follows:

- From April 1, 2014 to December 31, 2018: 12.5% of your eligible earnings
- From January 1, 2019 to December 31, 2023: 12.0% of your eligible earnings
- From January 1, 2024 to December 31, 2028: 11.25% of your eligible earnings
- Effective January 1, 2029: employer and employee contribution rates will be redetermined and will become equal.

[YMPE](#) - Year's Maximum Pensionable Earnings used to calculate the Canada Pension Plan (CPP) contributions as per the Canada Revenue Agency.

[YMPE](#) for: 2017 = \$55,300; 2018 = \$55,900; 2019 = \$57,400.

## When do I become eligible to receive a benefit under the NBPSPP?

You are eligible to receive a benefit under the NBPSPP (also referred to as “**vested**”) upon the completion of the earlier of:

- Five years of continuous employment;
- Two years of pensionable service in the NBPSPP, including pensionable service in the former PSSA; or
- Two years of membership in the NBPSPP, including membership in the former PSSA and Part-Time and Seasonal Plan.

## When can I retire under the pension plan?

Once you are eligible to receive a benefit under the pension plan (are “**vested**”), you can retire:

- Between age 55 and 65 with an early retirement reduction;
- At age 65 without an early retirement reduction; or
- As late as the end of the year you turn age 71.



# Career and Life Transitions

## Can I purchase past periods of service under the pension plan?

There are several types of service (certain restrictions apply) that can be purchased under the pension plan as follows:

### Refunded Service

A period of service that was previously refunded under this plan, under another provincially sponsored pension plan, the Government of Canada (including any Crown Corporation or Agency), or a Government of a Province or Territory in Canada.

### Other periods of past service

Includes an approved unpaid leave of absence (e.g., maternity leave), prior non-contributory full-time and part-time service, Long Term Disability Waiting Period and MLA service.

For more details and eligibility criteria on the types of service you can purchase, please refer to our [Purchase of Service booklet](#). If you would like to proceed with a purchase of service, you should contact your Human Resources Office and complete an application form. If it is deemed an eligible period, the cost to purchase the service will be prepared and sent to you.



Purchasing service can be time sensitive. If you're thinking about a purchase of service, we encourage you to contact your Human Resources Office to complete an application form.

## If my marriage ends, can my pension be divided?

If your marriage or common-law relationship ends through separation or divorce, your pension can be divided with your spouse or common-law partner. Refer to the [Marriage Breakdown booklet](#) for additional detail with regard to the process. Contact your Human Resources Office or Vestcor for more information or to complete a Marriage Breakdown application form.

## Looking for more information?

This document was developed to provide you with a high-level overview of your pension plan and its provisions. You can find additional information and detail through the documents listed below, however, these are just some of the resources available to you as a plan member- check out our [website](#) for more!

[Member Booklet](#) - Provides you with a more in-depth overview of your pension plan and its benefits.

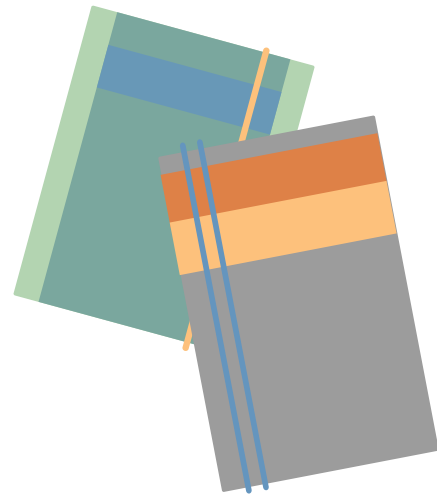
[Naming a Beneficiary](#) - Information to assist you in naming your beneficiary (and why its so important to do so!).

[Purchase of Service Booklet](#) - Outlines all the information you need if you're considering a Purchase of Service.

[Marriage Breakdown Booklet](#) - Provides information for those who are experiencing a legal separation or divorce.

[Understanding your Employee Statement](#) - Assists you in understanding each component of your annual employee statement.

[Governing Documents](#) - These documents guide the Board of Trustee's in its oversight of the NBPSPP and will help you better understand your Plan's governance.



## What happens if I terminate employment?

### If you are not [vested](#):

You will receive a refund of your contributions with accumulated interest.

### If you are [vested](#) and under age 55, you can elect:

To defer commencement of your pension benefit until:

- Age 65 (receive an unreduced pension benefit); or
- Between ages 55 and 65 (receive a reduced pension benefit);

### OR

To transfer your Termination Value in a lump sum to: a locked-in retirement account, a life income fund or your new employer's pension plan (if applicable).

### If you are [vested](#) and are 55 years of age or older you can elect:

To defer commencement of your pension benefit until:

- Age 65 (receive an unreduced pension benefit); or
- A date between your termination date and your 65<sup>th</sup> birthday (receive a reduced pension benefit).

### What is "vested"?

Being vested means you are eligible to receive a benefit under the NBPSPP – please refer to the question entitled "*when do I become eligible to receive a benefit under the NBPSPP*" on the previous page for eligibility criteria.

### What is a "Termination Value"?

Termination Value is the value of a member's pension benefit at date of termination, adjusted for the funded status of the plan, and calculated in accordance with the requirements of the *Pension Benefits Act*.

## What happens if I die before I retire?

If you are not [vested](#), your surviving spouse (or your designated beneficiary/estate if there is no spouse) will receive a refund of your contributions to the pension plan plus interest.

If you are [vested](#), your surviving spouse can either:

- Begin receiving a monthly survivor's pension benefit until his or her death (if, at the time of the death of your spouse, there are any remaining dependent children who are designated as your beneficiaries, they will be entitled to receive this monthly pension benefit until the time they no longer qualify as a dependent child); or
- Receive the [Termination Value](#) of your pension in a lump sum payment.

If you do not have a surviving spouse:

- Your designated beneficiary or estate will receive your [Termination Value](#) in a lump sum payment; or
- If you designated your dependent children as beneficiaries, they will be entitled to a survivor pension until they no longer qualify as a dependent instead of the [Termination Value](#).



# Planning for your Retirement

## How is my pension benefit calculated?

The easiest way for you to calculate the value of your pension is to use Vestcor's online [Pension Estimate Calculator](#). However, if you are interested in how the calculation actually works, the detail below is provided for your information.

There are two different formulas used to calculate your pension benefit. The first formula is used to calculate your pension payable prior to age 65 and the second, payable after age 65. A breakdown of both calculations is provided below:

## Early Retirement - Pension payable prior to age 65

For all pensionable service before January 1, 2014:

2.0% of the best 5-year average salary up to December 31, 2013	X	Pensionable service up to December 31, 2013	X	Permanent Early Retirement Reduction Factor of 3/12% per month that your pension starts prior to age 60
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## PLUS

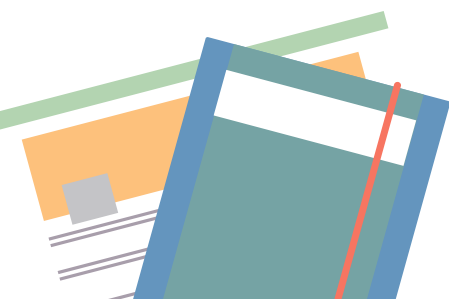
For each year (or part year) of pensionable service on or after January 1, 2014:

2.0% of Annualized Pensionable Earnings for the year	X	Number of hours worked in the year (and contributed) / full-time equivalent hours	X	Permanent Early Retirement Reduction Factor of 5/12% per month that your pension starts prior to age 65
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## PLUS

For all pensionable service:

Any cost of living increases granted in accordance with the NBPSPP's Funding Policy
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## Pension payable after age 65

It is important to note that at age 65, your NBPSPP pension is integrated with the Canada Pension Plan (CPP).

For all pensionable service before January 1, 2014:

$$\left( \begin{array}{l} 1.3\% \text{ of the} \\ \text{best 5-year} \\ \text{average} \\ \text{salary* up to} \\ \text{the } \underline{\text{average}} \\ \underline{\text{YMPE}} \end{array} + \begin{array}{l} 2.0\% \text{ of best} \\ \text{5-year average} \\ \text{salary* in} \\ \text{excess of the} \\ \underline{\text{average YMPE}} - \\ \text{if any} \end{array} \right) \times \begin{array}{l} \text{Pensionable} \\ \text{service up to} \\ \text{December 31,} \\ \text{2013} \end{array} \times \begin{array}{l} \text{Permanent Early} \\ \text{Retirement Reduction} \\ \text{Factor of 3/12\% per} \\ \text{month that your} \\ \text{pension starts prior} \\ \text{to age 60} \end{array}$$

\* up to December 31, 2013

## PLUS

For each year (or part year) of pensionable service on or after January 1, 2014:

$$\left( \begin{array}{l} 1.4\% \text{ of} \\ \text{Annualized} \\ \text{Pensionable} \\ \text{Earnings up} \\ \text{to the } \underline{\text{YMPE}} \\ \text{for the year} \end{array} + \begin{array}{l} 2.0\% \text{ of} \\ \text{Annualized} \\ \text{Pensionable} \\ \text{Earnings in excess} \\ \text{of the } \underline{\text{YMPE}} \text{ for} \\ \text{the year - if any} \end{array} \right) \times \begin{array}{l} \text{Number of} \\ \text{hours worked} \\ \text{in the year (and} \\ \text{contributed)} \\ \text{/ full-time} \\ \text{equivalent hours} \end{array} \times \begin{array}{l} \text{Permanent Early} \\ \text{Retirement} \\ \text{Reduction Factor} \\ \text{of 5/12\% per} \\ \text{month that your} \\ \text{pension starts} \\ \text{prior to age 65} \end{array}$$

## PLUS

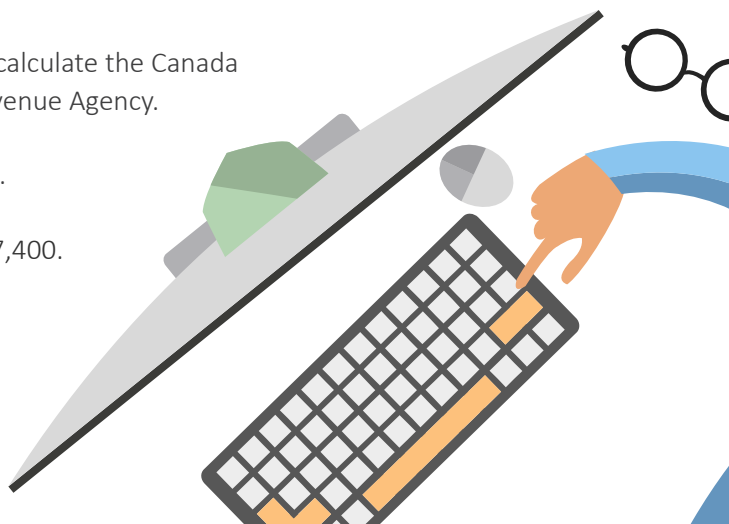
For all pensionable service:

Any cost of living increases granted in accordance with the NBPSPP's Funding Policy

**YMPE** - Year's Maximum Pensionable Earnings used to calculate the Canada Pension Plan (CPP) contributions as per the Canada Revenue Agency.

**Average YMPE** - 3 year average YMPE (2013 = \$49,833).

**YMPE** for: 2017 = \$55,300; 2018 = \$55,900; 2019 = \$57,400.



## Are there different forms of pension that I can choose from?

There are different forms of pension available to you when you retire. Choosing the right option at retirement based on your individual circumstances is extremely important. **Once you start receiving your pension, you cannot change the option you have selected.**

With all options, you will receive your pension benefit to the end of your life. The various forms differ in how any benefits are paid upon your death, as follows:

Form of Pension	Benefit Payable Following your Death
50% Joint and Survivor	If you die and your spouse (spouse at death) is still living, they will receive 50% of your pension benefit payable at age 65 before application of any early retirement reductions for the remainder of their life. If you have a spouse at retirement, this option is only available if a spousal waiver form is completed.
60% Joint and Survivor	If you die and your spouse (spouse at retirement) is still living, they will receive 60% of your pension benefit payable at age 65 after application of any early retirement reductions for the remainder of their life.
100% Joint and Survivor	If you die and your spouse (spouse at retirement) is still living, they will receive 100% of your pension benefit payable at age 65 after application of any early retirement reductions for the remainder of their life.
Life Pension with Guarantee Period of 5 Years	If you die before receiving 60 monthly payments, payments based on your pension payable at age 65 after application of any early retirement reductions, will continue to your designated beneficiary (until 60 monthly payments have been paid) or your estate will receive a lump sum payment of the equivalent value.
Life Pension with Guarantee Period of 10 Years	If you die before receiving 120 monthly payments, payments based on your pension payable at age 65 after application of any early retirement reductions, will continue to your designated beneficiary (until 120 monthly payments have been paid) or your estate will receive a lump sum payment of the equivalent value.
Life Pension with Guarantee Period of 15 Years	If you die before receiving 180 monthly payments, payments based on your pension payable at age 65 after application of any early retirement reductions, will continue to your designated beneficiary (until 180 monthly payments have been paid) or your estate will receive a lump sum payment of the equivalent value.

The options with guarantee periods are only available if you do not have a spouse at the date of retirement, or if a spousal waiver form is completed.

Who can I contact if I have questions about my pension plan?

You can contact Vestcor's Member Services team by phone at 1-800-561-4012 or 453-2296 (Fredericton), or in writing at [info@vestcor.org](mailto:info@vestcor.org).

