

# TPP

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## The Teachers' Pension Plan (1991)



*Prepared by the  
Newfoundland and Labrador  
Teachers' Association  
2007*

## I. ELIGIBILITY

The following categories are recognized as the major groups who are eligible for coverage under the Teachers' Pension Act.

- All teachers employed by a school board, the School Services Division or special school approved by the Minister;
- Directors and Assistant Directors of Education employed by school boards;
- Administrative staff employed by the Newfoundland and Labrador Teachers' Association.
- Replacement teachers who substitute on a continuous basis for a minimum of 20 consecutive days.

Since April, 1985, service acquired under the age of 18 is also recognized with full retroactivity.

In accordance with the Act, all teachers to whom the Pension Plan applies are required to make pension contributions as set out in the Act.

## II. PENSION CONTRIBUTIONS

Effective September 1, 1998	8.5%
Effective September 1, 2002	+ <u>0.85%</u> - Indexing Account
<b>Total Contribution Rate</b>	<b>9.35%</b>

MATCHED BY GOVERNMENT

## III. RETIREMENT PROVISIONS

A member of the Pension Plan must have at least five years of **pensionable service** in order to be entitled to receive a pension from the Teachers' Pension Plan. Pensions are calculated on the basis of total accrued **pensionable service** to the date of retirement; i.e. all purchased pensionable service is included in the calculation of the pension benefit.

Plan members should be fully aware of the meaning of the phrase **worked service**. This refers to all pensionable service that any teacher might have acquired through the provisions of The Teachers' Pension Act with the one exception of university study buy back. Consequently, all forms of pensionable service including actual teaching service, maternity leave, deferred salary leaves, paid educational leaves, strike time which has been purchased, approved unpaid leaves purchased as worked service, periods of absence for university study purposes which have been purchased as (or converted to) worked service, etc., are all recognized as **worked service**.

Teachers may retire **during** the school year and receive an immediate pension, only if they have accumulated the required number of **complete** years of pensionable service (or worked service) necessary for eligibility. However, at the end of a school year, teachers who require five-tenths or less of a year of pensionable service in order to qualify for a pension may elect to retire but will have their benefits calculated based on the exact number of years and tenths of years of pensionable service accumulated to the date of retirement.

Under the Teachers' Pension Act, there are four provisions regarding age and/ or service which would trigger eligibility for pension benefits.

**A. Age 60 with at Least 5 Years of Pensionable Service**

Teachers who have between 5 and 24 years of **pensionable service** may retire and receive an immediate pension.

**B. Age 55 with at Least 25 Years of Pensionable Service**

Teachers who have at least 25 years of **pensionable service** may retire and receive an immediate pension when they reach the age of 55 or after.

**C. "30 and Out"**

Teachers who have at least 30 years of **worked** service are eligible to retire with immediate benefits based on the total accrued pensionable service to the date of retirement, regardless of age.

**D. "29+1 and Out"**

Teachers who have 29 years of worked service and at least 30 years of pensionable service may retire with an immediate pension equal to the accrued pension payable to the teacher, except that the amount of pension payable prior to the teacher's 55th birthday shall be reduced by the percentage, dependent on the number of months by which the actual retirement date precedes the teacher's 55th birthday. The following table illustrates the reduction principle for the "29+1 and Out" option.

Number of Months Prior to Age 55	Reduction Factor
12 months or less	1/4 of P% per month
13 months but less than 49 months	3% plus 1/3 of P% for each month in excess of 12
49 months or more	15%

In essence, a teacher retiring with 29 years of worked service and at least 30 years of pensionable service would get at least 85% of the accrued pension payable regardless of age. The reduction factor is calculated at the date of retirement and remains constant until age 55. It should be noted that the reduction factor is applicable only until the person reaches age 55; at that stage the person would receive pension benefits equivalent to the full value of the accrued pension payable, with no reduction applied.

#### IV. DISABILITY BENEFITS

Section 19 of the Act states that a teacher shall be retired "when he or she is suffering from a physical or mental impairment that prevents the teacher from performing the duties of the employment in which he or she was engaged before the commencement of the impairment provided that the impairment is medically certified to the satisfaction of the Minister as likely to be permanent".

Provided the teacher has accumulated not less than five years of pensionable service, he/ she will receive a pension calculated on the basis of total pensionable service. If the teacher has not accumulated five years of pensionable service, then that individual is entitled to receive a refund of his/ her contributions in accordance with the Teachers' Pension Act.

## V. SURVIVOR'S BENEFITS

Survivor benefits are paid in accordance with Sections 26, 27 and 28 of the Teachers' Pension Act. The survivor benefits are paid in the first instance to the teacher's spouse/ partner. In the absence of a spouse/ partner, the survivor benefits are paid to, or for the benefit of, children under the age of 18, or age 24 if in full-time attendance at school. Where there are two or more children, each shall share equally in the survivor benefits payable. A teacher who does not have a principal beneficiary or a child entitled to a survivor benefit may, under certain conditions outlined in Section 27(5)(a), (b) and (c) of the Teachers' Pension Act, designate a beneficiary - infirmed child, parent, grandparent, brother, sister or grandchild who is financially dependent on the teacher for support.

### A. Pre-Retirement Death

If a teacher dies before accumulating at least 5 years of pensionable service, a refund of contributions plus interest will be paid to the estate. If the member has at least 5 years of credited pension service but no survivors the estate will receive the greater of commuted value of the pension benefit or a refund of contributions and interest.

If a teacher dies after accumulating 5 years of pensionable service, the spouse/ partner (or designated beneficiary) will have the following options:

- (i) a lifetime pension equal to 60% of the benefit earned to date after integration with CPP or
- (ii) a lump sum payment of the greater of:
  - (a) the commuted value of the plan member's pension entitlement at date of death or
  - (b) the commuted value of the 60% survivor benefit as determined at date of death.

**Note:** Group Insurance benefits are forfeited in the event of election by the spouse/ partner of commuted value.

If there is no surviving spouse/ partner, children under the age of 18 or age 24 if in full-time attendance at school will be entitled to share equally in 60% of the pension benefit earned by the teacher to the date of death, after integration with CPP.

### B. Post-Retirement Death

Upon the death of a pensioner, the spouse/ partner, or the dependent children in the absence of a spouse/ partner are entitled to a survivor benefit equal to 60% of the pension, after integration with CPP, if applicable. In the case of spouse/ partner or designated beneficiary, the benefit is payable for life. In the case of dependent children, the benefit is payable until the youngest child reaches age 18, or age 24 if in full-time attendance at a recognized school.

## **VI. DEFERRED PENSION**

The concept of a deferred pension refers to a pension benefit that has been accrued by a teacher who is leaving active teaching service before he/ she qualifies to begin receiving the pension. That is, the benefits are not immediately available, but are awarded at a later date. In order to qualify for a deferred pension, the teacher must, upon leaving teaching, have pension contributions remain on deposit within the Pension Plan. In addition, a teacher must have at least five years of pensionable service. If the contributions are withdrawn, the teacher would not qualify for a deferred pension and would not be entitled to repay the contributions unless the teacher returned to employment as a contributing member of the Pension Plan.

The benefits available under deferred pension are calculated in the same way as that described for regular benefits. Deferred pension benefits can be divided into categories as follows:

**A. Five to 24 Years of Pensionable Service**

A person who has resigned a contract is entitled to receive benefits in the month following the 60th birthday.

**B. At least 25 Years of Pensionable Service**

A person who has resigned a contract is entitled to receive benefits in the month following the 55th birthday.

**C. Disability Benefits**

If a former teacher is awaiting a deferred pension and that person becomes incapacitated, then the deferred benefit is payable immediately if the teacher meets the qualifications for disability under the Act.

**D. Survivor Benefits**

If a person who is awaiting a deferred pension should die, then that individual's survivors, recognized under the Act, are entitled to benefits payable immediately upon application.

## **VII. TERMINATION OF SERVICES**

A teacher who terminates employment before completing five years of pensionable service is entitled to receive a refund of their own contributions and interest in accordance with the Act.

A teacher who terminates employment and who has completed at least five years of pensionable service is entitled to accrued pension subject to the age and/ or service provisions within the Pension Act, as outlined earlier in this booklet. Alternatively, a teacher with more than five years of pensionable service may receive a refund in accordance with the Act.

## VIII. PENSION CALCULATION

### A. General

A teacher who retires under the Teachers' Pension Act receives a "defined benefit" based on his/ her years of pensionable service and the pension accrual rate applicable to those years. All pensionable service accrued up to December 31, 1990, is valued at 2.22% per annum; all pensionable service accrued on or after January 1, 1991, is valued at 2% per annum. [Notwithstanding this, the accrual value for the period April 1, 1993, to March 31, 1994, inclusive, is at 125% unless the member has "topped up" the accrual to 2% by supplementing the contribution of the employer. This is caused by the 'Pensions Option' which was accepted by teachers as a Collective Agreement resolution to a contract dispute at that time. See Section VIII.C.] The composite accrued value is multiplied by the average of the teacher's best five years of teaching income. The computation is done by the Pensions Division, actually using the best 50 tenths of years of teaching income.

### CASE 1: **Teacher retires June 30, 2009 with 29.8 worked years and 4.0 university years.**

Pensionable service as of December 31, 1990		11.3 years (worked)	
		+ 4.0 years (university)	
Pensionable service accrued and purchased January 1, 1991 to June 30, 2009			+ <u>18.5 years</u>
<b>Total Pensionable Service</b>			33.8 years
<b>Calculation</b>	(Pre-1991)	11.3	
		<u>+4.0</u>	
		15.3 x 2.22%	= 33.97%
	(Post-1990)	18.5 x 2.0%	= + 37.0%
	Less 0.75% for 1993-94 'Pensions Option'		<u>- 0.75%</u>
<b>Total Value of Teacher Pension at Retirement</b>			<b>70.22% x 5 year average</b>

**CASE 2: The same teacher retires June 30, 2010 with 30.8 worked years and 4.0 university years.**

Pensionable service as of December 31, 1990		11.3 years (worked)		
		+ 4.0 years (university)		
Pensionable service accrued and purchased January 1, 1991 to June 30, 2010			+ 19.5 years	
<b>Total Pensionable Service</b>				34.8 years
<b>Calculation</b>	(Pre-1991)	11.3		
		+4.0		
		15.3 x 2.22%	=	33.97%
	(Post-1990)	19.5 x 2.0%	=	+ 39.0%
	Less 0.75% for 1993-94 'Pensions Option'			- 0.75%
<b>Total Value of Teacher Pension at Retirement</b>				<b>72.22% x 5 year average</b>

As the two above examples demonstrate, the effect of this teacher working for one additional year beyond his/ her earliest possible date of retirement is the addition of 2.0% to the percentage pension accrual.

**CASE 3: Teacher retires June 30, 2008 at age 50 with 28.8 worked years and 4.0 university years.**

Pensionable service as of December 31, 1990		11.3 years (worked)		
		+ 4.0 years (university)		
Pensionable service accrued and purchased January 1, 1991 to June 30, 2008			+ 17.5 years	
<b>Total Pensionable Service</b>				32.8 years
<b>Calculation</b>	(Pre-1991)	11.3		
		+4.0		
		15.3 x 2.22%	=	33.97%
	(Post-1990)	17.5 x 2.0%	=	+ 35.0%
	Less 0.75% for 1993-94 'Pensions Option'			- 0.75%
<b>Value of Teacher Pension</b>				<b>(68.22% x 5 yr. avg.) = \$X</b>
Less 15% age reduction until age 55				<b>\$X x 85% = \$Y</b>
<b>Total Value of Teacher Pension at Age 55</b>				<b>68.22% x 5 year average</b>

**B The Pension Option**

In June of 1993 the general membership of the NLTA, by majority decision, accepted a proposal to amend the Teachers' Pension Act and the Collective Agreement in order to settle a contract dispute with the Provincial Government.

As a result, Government reduced its contribution to the Teacher Pension Fund by 4.5% from the period April 1, 1993 to March 31, 1994. This reduction does not affect a teacher's eligibility for retirement and does not require a teacher to work any extra time in order to retire. However, it will affect the value of a teacher's pension benefit, since it means that the accrual rate during this period of time will be 125% instead of the normal 2%. Teachers can, however, bring the accrual up to full value by paying themselves the amount that Government did not contribute.

Consequently, all teachers are left with a decision relative to whether they will "top-up" their pension contribution to compensate for Government's reduction in that year. At the time the adjustment was made, teachers were given the option of "topping-up" by contributing the additional 4.5% which Government was not contributing. Since that time, however, the cost of "topping-up" is on the basis of full actuarial value. This choice is a costly one and not recommended. Teachers should seek advice from NLTA or the Pensions Division before deciding to exercise this option.

Specific inquiries with regard to calculation should be referred directly to the Pensions Division at the address provided at the end of this document or by telephoning 729-3931.

**C. Integration of Benefits with Canada Pension Plan**

Under the Teachers' Pension Plan (TPP), for all teachers who retire on or after September 1, 1998, all benefits in respect of pensionable service accrued under the TPP shall be integrated with the Canada Pension Plan (CPP) using an integration reduction factor of 0.6%. A "bridge benefit" is paid from the TPP from the point of retirement until age 65. Essentially, this means that the TPP benefit will be reduced by a specific calculated amount when the individual reaches the age of 65. The reduction amount or bridge benefit is calculated **at the time of retirement under the TPP**, and remains fixed.

The bridge benefit or integration reduction for CPP at age 65 is calculated as follows:

$$\text{Reduction} = [\text{Lesser of the 5 year average pensionable salary or the 3 year average of YMPE}^1 \text{ at retirement}] \times [\text{No. of years of pensionable service (max. 35) since March 31, 1967}] \times [\text{Integration reduction factor of 0.006}]$$

Using the June 2007 value for the 3-year average of YMPE, the calculation for a teacher retiring with 34 years of pensionable service (e.g. 30 “worked” years and 4 “university” years) would be as follows:

$$\text{Reduction}^2 = \$41,767 \times 34 \times .006 = \$8,520$$

(This value is calculated at the time of the teacher’s retirement under the TPP, and remains constant for that teacher. It will not inflate between the date of retirement and age 65.)

The following examples will serve to illustrate the effect of the CPP benefit and integration on the teacher’s level of pension income:

- a) **Should the teacher elect to draw his/ her CPP benefit at age 60**, a 70% CPP benefit would be payable (i.e. 70% of the CPP benefit that would normally be payable at age 65). That maximum value as of 2007 is \$7,255 annually. The value increases annually with the average of the “Industrial Aggregate” which is similar to the Consumer Price Index.

$$\text{Maximum CPP benefit}^2 \text{ at age 60 (as of 2007)} = \$7,255$$

This teacher will receive his/ her CPP benefit at age 60, in addition to his/ her teacher pension, until age 65 with no integration reduction applied (i.e. 5 years of ‘stacking’). Total benefit (before tax) received over the five year period, using 2007 values and ignoring the indexing of CPP, is \$36,275 (i.e. \$7,255 x 5).

At age 65, the teacher’s TPP benefit will be reduced by the integration reduction amount as calculated above (i.e. “integration” is applied - in this example a \$8,520 reduction).

In summary, the pension income from the TPP and CPP at the various stages will be:

- Age of retirement to age 60 . . . . . teacher pension (TPP)
- Age 60 to age 65 . . . . . [TPP] + [70% CPP (indexed)]
- Age 65 onwards . . . . . [[TPP - integration offset]( Indexed)] + [70% CPP (indexed)] + OAS

- b) **Should the teacher elect to wait until age 65 to draw his/ her CPP benefit**, the full value of the CPP benefit accrued by the teacher would become payable. That maximum value as of 2007 is \$10,365 annually. The value increases annually with the average of the "Industrial Aggregate" which is similar to the Consumer Price Index.

Maximum CPP benefit<sup>2</sup> at age 65 (as of 2007) = \$10,365

At the same time, the TPP benefit will be reduced by the integration reduction amount calculated above (i.e. 'integration' is applied - in this example a \$8,520 reduction).

In summary, the pension income pre-65 and post-65 will be:

- Age of retirement to age 65 . . . . . teacher pension (TPP)
- Age 65 onwards . . . [[TPP - integration offset](indexed)] + [100% CPP (indexed)] + OAS

- Notes: 1. YMPE refers to the Yearly Maximum Pensionable Earnings under the Canada Pension Plan.
2. Values for the YMPE and the maximum CPP benefit are 2007 values, which are adjusted yearly and are indexed to the average of the "Industrial Aggregate" which is similar to the Consumer Price Index.
3. The above examples are based on the 2007 values for maximum CPP benefit at age 60 and age 65. The exact CPP benefit for which an individual may qualify is subject to CPP regulations and the individual's contributory history to the CPP. **Teachers are cautioned that non-contributory years in their CPP contributory history may have the effect of reducing their CPP benefit.**
4. Under the **present** federal pension arrangements, Old Age Security benefits would also become payable at age 65.

All members are cautioned that the above examples are based on specific assumptions and using the 2007 values for CPP benefits and YMPE, and **are not intended as a projection of any individual teacher's pension income.** Teachers who are contemplating retirement should apply the above information to their own particular circumstances and perhaps seek specific financial planning advice.

#### **D. Indexing of the Teachers' Pension Plan**

As of September 1, 2002 a formal indexing program has been introduced for those plan members where benefits have been integrated with the CPP as follows:

- (a) The indexing formula shall be sixty percent (60%) of the annual change in the national Consumer Price Index as published by Statistics Canada for the calendar year immediately preceding the anniversary date, to a maximum annual increase of 12%.
- (b) (i) Such increase to be applied to the pensions of all pensioners and survivors whose benefits are integrated with CPP and who have attained age 65, from September 1, 2002; and
- (ii) For those pensioners and survivors whose benefits are integrated with CPP and are not age 65, from the next anniversary date after the date they reach age 65.
- (c) The cost of such indexing provision shall be 17% of salary and allowances, to be shared equally by the parties, commencing September 1, 2002.
- (d) The additional contributions required to fund the indexing benefit shall be deposited to a separate account (Indexing Account). Any increase in pensions pursuant to the indexing formula shall be payable only to the extent that funds are available in the Indexing Account. Benefits payable from the Indexing Account under the indexing provision shall not be subject to the deficiency guarantee provisions under the Pensions Funding Act.
- (e) The anniversary date shall be September 1, 2002, and every September 1 thereafter.

## IX. CREDIT FOR PENSIONABLE SERVICE

### A. General

Some categories have a number of restrictions which are delineated clearly in the Act. Applicable categories for pensionable service are as follows:

Category	Years Creditable	Contributions to be Paid
Service as a Teacher	All	Yes
MUN Staff (Portability Act)	All	Credit transferred or purchased
War Service (active)	All	No
Civil Service Employment (Portability Act)	All	Credit transferred or purchased

Category	Years Creditable	Contributions to be Paid
Period of Approved Unpaid Leave	All, to a maximum of 5 years (plus an additional 3 years for maternity and/ or parental leave).	Yes, at current contribution rate if contract to purchase is concluded within 6 mos. of return from leave. Otherwise cost is at full actuarial value.
Sick Leave (Paid)	1 year of paid sick leave (max.) in any 4 year period.	Yes
Special Paid Leave	All	Yes
Administrative Officer of NLTA	All	Yes
NLTA President	All	Yes
CTF President	All	Yes
Educational or Sabbatical Leave (Paid)	All	Yes (Purchase Necessary)
Pregnancy or Adoption Leave	Up to 1 year for each leave.	Yes, at current contribution rate if contract to purchase is concluded within 6 mos. of return from leave. Otherwise, cost is at full actuarial value.
Teaching in other Provinces (certain exceptions apply)	All (Provided a Reciprocal Transfer Arrangement is in place.)	Credit transferred. Cost in accordance with terms of reciprocal agreement
Federal Civil Service	No Current Reciprocal Transfer Arrangement but may be possible through other Registered Pension Plan Service (see below).	See other Registered Pension Plan Service below.
*Refunded Teaching Service	All	Reinstate at one-half actuarial cost.
Substitute Service	All (Aggregate of 10 days required in each year.)	Yes (full actuarial).
Other Registered Pension Plan Service	All can be purchased.	Only through a direct plan to plan transfer of termination benefit (plus deficiency payment).
<p>* Teachers are strongly urged not to "cash out" pension monies until all implications have been explored with NLTA or Pensions Division personnel. <b>Reinstatement is extremely expensive</b></p>		

## X.A. TRANSFER OF PENSIONABLE SERVICE

1. An Amendment to the Teachers' Pension Act now permits the direct plan to plan transfer of pensionable service between the TPP and other registered pension plans which do not have a **reciprocal transfer agreement in place** between the two plans or portability with PSPP, MHAPP, MUNPP and USPP. Contributing members to the NL TPP can use the direct plan to plan transfer of the termination benefit from a registered pension plan to purchase service.

The purchase price is based on actuarial value under the NL TPP. The member purchasing service has the option of paying any shortfall between the actuarial value and the termination benefit or accepting a reduced period of service under the NL TPP.

## X.B. RECIPROCAL AGREEMENTS

If plan members become members of a pension plan that has a reciprocal transfer agreement with the TPP, they have the option of transferring their pension credits to the new plan provided they meet the criteria for transfer. The main criteria for eligibility to transfer are that they did not receive a refund of contributions and they are not in receipt of any form of pension benefit from the exporting plan. Plan members should be aware of the possibility that due to plan differences a lesser amount of service may be credited under an importing plan.

A multilateral reciprocal pension transfer agreement exists between teacher pension plans in all provinces.

Currently, the TPP has reciprocal arrangements with all Provincial Teacher Pension Plans:

- Government Money Purchase Plan (GMPP)(ie, Substitute Teachers)
- The United Church of Canada

When contemplating transfers, please contact the importing plan administration office. A list of addresses is provided below. A copy of the text of the reciprocity agreement is available upon request.

Karen Harper  
BC Pension Corp  
2995 Jutland Road  
Victoria, British Columbia  
V8W 9V8  
[karen.harper@pensions.bc.ca](mailto:karen.harper@pensions.bc.ca)

Emilian Groch  
Alberta Teachers' Retirement Fund  
600, Barnett House  
1010-142 Street  
Edmonton, Alberta  
T5N 2R1  
[egroch@atrf.co](mailto:egroch@atrf.co)

David Barnard  
Saskatchewan Teachers' Superannuation Commission  
Province of Saskatchewan  
226 - 3085 Alberta Street  
Regina, Saskatchewan  
S4P 3V7  
[barnardd@stsc.gov.sk.ca](mailto:barnardd@stsc.gov.sk.ca)

Brenda Venuto  
Manitoba Teachers'  
Retirement Allowances Fund  
330-25 Forks Market Road  
Winnipeg, Manitoba  
R2C 4S8  
[bvenuto@traf.mb.ca](mailto:bvenuto@traf.mb.ca)

Scott Perkins  
Ontario Teachers' Pension Plan  
5650 Yonge Street  
Toronto, Ontario  
M5C 3A7  
[sperkin@ootpp.com](mailto:sperkin@ootpp.com)

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Denise Lewis  
PEI Public Service Commission  
16 Fitzroy Street  
P.O. Box 2000  
Charlottetown, PEI  
C1A 7N8  
[dmlewis@gov.pei.ca](mailto:dmlewis@gov.pei.ca)

Kim Blinn  
Pension Services Group  
Department of Finance  
PO Box 371  
Halifax, Nova Scotia  
B3J 2P8  
[blinnkm@gov.ns.ca](mailto:blinnkm@gov.ns.ca)

Maureen McCarthy  
Government of Newfoundland & Labrador  
P.O. Box 8700  
St. John's, NL  
A1B 4J6  
[mccarthym@gov.nl.ca](mailto:mccarthym@gov.nl.ca)

Lynn Noel  
NB Office of Human Resources  
Kings Place  
P.O. Box 6000  
Fredericton, NB  
E3B 8Z5  
[lynn.noel@gnb.ca](mailto:lynn.noel@gnb.ca)

Similar reciprocal agreements with groups in the Newfoundland Public Service are also in place.

## X.C. PORTABILITY WITHIN NEWFOUNDLAND & LABRADOR

### Amendment to Portability of Pensions Act

Amendments have been enacted to the legislation regarding the portability of pensions within this province. The legislation affected is known as the **Portability of Pensions Act** and affects the following plans: *the Public Service Pension Plan, the Uniformed Services Pension Plan, the Teachers' Pension Plan, the Memorial University of Newfoundland Pension Plan and the Members of the House of Assembly Pension Plan.*

The **Act** has been amended to require that members of these plans who are transferring pensionable service between the plans must pay all shortfalls in contributions resulting from the transfer or accept a reduced period of service under the importing plan. Prior to this amendment, all shortfalls were paid from the Consolidated Revenue Fund.

### **Deficiency of Contributions**

If, in transferring service between the plans, there is a shortfall in contributions, the employee has two options:

- (i) The employee may elect to pay the amount required to make up the deficiency. The required amount may be paid lump sum or amortized over the period of service being purchased. Interest will be charged on amortized payments at the rate of prime plus 2 percent.

*or*

- (ii) The employee's period of pensionable service under the importing plan will be reduced proportionately.

### **Surplus of Contributions**

If, in transferring between plans, there is a surplus of contributions, one-half of the surplus will be paid to the employee and one-half of the surplus will be paid to the Consolidated Revenue Fund. If the exporting plan is the Memorial University Pension Plan, then one-half of the surplus will be paid to the employee and one-half of the surplus will be paid to the Memorial University Pension Fund.

### **Method of Calculation**

The amount of the deficiency or surplus shall be the difference between an amount to be calculated on the basis of twice the commencing salary of the affected employee, times the total period of pensionable service credited to the employee under the exporting pension plan, times the rate of contribution for an employee in the importing pension plan.

### **Service Purchase**

All members are once again reminded that these are volatile times in the pension industry, and any teachers eligible to purchase service under the Teachers' Pension Plan should do so at the earliest opportunity; this will reduce the possibility of losing a purchase option or having the current cost increased.

## **XI. CANADA PENSION PLAN**

All benefits in respect of pensionable service accrued under the TPP shall be integrated with the CPP using an offset factor of 0.6%. (See Section VIII.B in this booklet.)

**Teachers intending to retire approximately seven or more years prior to their 60th birthday should contact HRDC re the implications of not continuing as a contributor, under any circumstances, to the CPP. A reduction may be applied to the amount of CPP entitlement because of this non-contributing time.**

Information with respect to the Canada Pension Plan may be obtained by contacting:

Canada Pension Plan Office  
P.O. Box 2004  
Corner Brook, NL  
A2H 6J6

Canada Pension Plan  
PO Box 12051  
St. John's, NL  
A1B 3Z4

Telephone: 1800-277-9914(English) or 1800-277-9915 (French)

## **XII. APPLICATION FOR PENSION BENEFITS**

Teachers contemplating retirement are required by the collective agreements to give appropriate notice in writing to their school board. The required period of notice is as follows: a) one month notice if the retirement is to be effective prior to the Christmas recess, b) three months notice if the retirement is to be effective following the Christmas recess to the end of the school year. It is important that the teacher clearly establish eligibility for pension benefit before submitting a resignation. If a teacher resigns and subsequently cannot establish eligibility for pension benefit, then that teacher is without both salary and pension benefit. The three suggested steps would be:

- A. Prior to resignation, establish eligibility date for benefit at the pre-retirement seminar or by contacting the Pensions Division;
- B. Submit resignation to school board, with the required period of notice;
- C. Make application for pension benefit.

## **XIII. DEFERRED BENEFITS**

The same application form is used for deferred benefits and regular benefits.

One of the major difficulties with deferred benefits is that the teacher may have been out of teaching for some time and has probably not been aware of changes made in the interim with regard to eligibility requirements and effective dates for benefits. Before leaving the teaching profession, a teacher should be well informed and should keep up to date with pension changes while awaiting deferred pension benefits.

#### **XIV. DISABILITY BENEFITS**

In the case of disability benefits, the teacher must make application directly to the Pensions Division, including an assessment by the attending physician and complete a consent form re: the release of medical information. This allows the medical consultants retained by the Department of Finance to contact the applicant's physician(s) and ultimately bring a recommendation to the Minister. All consultations are on a confidential basis.

When applying for disability pension, the teacher must advise the school board at the time the application is made. This is not a resignation but a required advisory under the collective agreement.

#### **XV. REFUND OF PENSION CONTRIBUTIONS**

A letter of request from the teacher concerned must be submitted before a refund of pension contributions is made. Refunds are subject to locking-in restrictions as provided for in the Pensions Benefits Act.

#### **XVI. SURVIVOR BENEFITS**

A separate application form is required for survivor benefits. Anyone administering the estate of a deceased teacher should be made aware of this.

#### **XVII. SUBSTITUTE TEACHER PENSION PLAN**

A separate plan, known as the Government Money Purchase Pension Plan (GMPP), exists for substitutes. This plan has transfer provisions with the main plan. Copies of the plan booklet are available upon request.

## XVIII. APPLICATION FORMS

Application forms are available from:

Benefits and Economic Services Division  
Newfoundland & Labrador Teachers' Association  
3 Kenmount Road  
St. John's, NL  
A1B 1W1

Telephone: (709) 726-3223  
1800-563-3599  
Fax: (709) 726-4302  
1877-711-6582

Pensions Division  
Department of Finance  
Government of Newfoundland & Labrador  
PO Box 8700  
St. John's, NL A1B 4J6

Telephone: (709) 729-3931  
(709) 729-3932  
Fax: (709) 729-6790

**\* While this booklet provides a description of the important provisions of the pension plan and related elements, the plan will be administered on the basis of the plan text and relevant legislation. Where there is a question as to interpretation, the provisions of the plan text will apply.**