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Addendum

Page 11: Driver's License now accepted as proof of age.



Retirement Guide

+ to your future

Section 1 Getting Started

CONGRATULATIONS!

You have taken steps to make sure that your retirement years are comfortable. The Saskatchewan Pension Plan (SPP) is pleased to have played a part in your retirement planning.

You now have several options as you retire from SPP. One option is the simplicity of SPP annuities, through which your funds stay invested in SPP while you receive a fixed monthly pension for your lifetime no matter where you live.

This guide makes it easier to understand and select your SPP retirement choices. In addition, we invite you to contact us if we can be of further assistance.

CALL 1.800.667.7153 anywhere in Canada. Call collect to **1.306.463.5410** anywhere outside of Canada.

FAX 1.306.463.3500

WRITE Box 5555, Kindersley, SK S0L 1S0

E-MAIL info@saskpension.com

TELETYPE for deaf and hard-of-hearing dial **1.888.213.1311** anywhere in Canada.

Visit our website at saskpension.com to access the following SPP forms:

DESIGNATION OF BENEFICIARY

DIRECT DEPOSIT REQUEST

VOLUNTARY INCOME TAX DEDUCTION

SECTION 1	GETTING STARTED
SECTION 2	RETIREMENT OPTIONS
SECTION 3	RETIREMENT CONSIDERATIONS
SECTION 4	COMMON QUESTIONS
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RETIREMENT ELIGIBILITY & APPLICATION

You can retire from SPP anytime between the ages of 55 and 71. You can make contributions up to and including the year you choose to retire. It is not necessary to retire from your place of work to be eligible to retire from SPP; however, you must apply to retire from SPP.

At your request, SPP will send you a retirement package containing:

- + the retirement forms you need to complete;
- + a summary showing the balance of your account to date;
- + an estimate of your pension*; and
- + a contribution form.

If no contribution is made, you must sign the appropriate declaration and return it to SPP with your retirement forms.

** This estimate is based on assumptions, including further contributions that you are eligible to make, your account balance, your retirement age, and the interest rate estimated for your selected date of retirement. Please contact our Retirement Officer if you have any specific questions regarding these estimates.*

We recommend that you return your forms and other information to SPP at least six weeks prior to your retirement date to prevent any delay in your payments. You must complete the SPP Retirement Application form and submit the required documents regardless of which option you choose.

Retirement has been a discovery of beauty for me. I never had the time before to notice the beauty of my grandkids, my wife, the tree outside my very own front door. And, the beauty of time itself.

Hartman Jule



Section 2 Retirement Options

You can choose one of the following three options (1, 2 or 3) when you retire from SPP.



If people concentrated on the really important things in life, there'd be a shortage of fishing poles.
Doug Larson

1 . SPP ANNUITIES

This is the easiest way to access your SPP savings. Funds stay invested with SPP - no transfer fee - and the Plan assumes the investment risk and the obligation to pay a pension for your lifetime.

You will receive a fixed monthly pension from SPP for the rest of your life, regardless of where you live. Your pension is based on your account balance at retirement, the type of annuity you choose, interest rates, and your age at the time you retire.

Your funds are transferred at no charge from the Contribution fund to the Annuity fund (AF), which invests in high-quality bonds. The Board of Trustees reviews bond performance on a quarterly basis and ensures the cashflow of the Fund is matched to pension obligations. An independent actuary also reviews the AF annually, and legislation assures its funding.

Your annuity choice cannot be changed after payments begin. Each option provides different death benefits. Annuities offered by SPP as well as their features are:

LIFE ONLY ANNUITY

- + This provides the highest monthly payment with no survivor or death benefits payable. All pension payments stop at death.

REFUND LIFE ANNUITY

- + At death your beneficiary receives the remaining account balance.
- + The death benefit is calculated by subtracting total payments received from account balance at retirement.
- + You must specify a person(s) or estate as beneficiary. The beneficiary designation can be updated at any time before your death.

JOINT AND LAST SURVIVOR ANNUITY

- + At your death, your surviving spouse or common-law partner receives a monthly payment for the rest of his or her life.
- + The continuing benefit for your joint survivor is 100%, 75%, or 60% of your monthly pension, as chosen at retirement.

2 . TRANSFER OPTIONS

If you transfer your account to another financial institution, SPP has no further obligation to provide a monthly pension to you. You assume all of the responsibility and risk for managing your investment. A transfer fee applies. If you choose to transfer your account, the receiving financial institution must complete the *Direct Transfer under Subsection 146(21)* form. This form is available only from SPP. Once funds are transferred from SPP,

you cannot transfer them back. If you would like further information on the transfer options, please consult your financial institution or financial planner. Available transfer options are:

LIRA: LOCKED-IN RETIREMENT ACCOUNT

The LIRA is a locked-in Registered Retirement Savings Plan (RRSP). It is a holding account that allows you to shelter your investments from tax until you are 71 years of age. It does not provide any immediate income for you.

PRESCRIBED RRIF: PRESCRIBED REGISTERED RETIREMENT INCOME FUND

A prescribed RRIF is a retirement arrangement that can be established with funds from a locked-in pension plan. It provides flexibility in the amount of retirement income you may receive from year to year. At the beginning of each year, you choose how much to withdraw, subject to the minimum set by the *Income Tax Act* (Canada). There is no maximum withdrawal limit and all withdrawals are fully taxable. Your spouse must sign a consent form before the money can be transferred to a prescribed RRIF. The income will stop when your prescribed RRIF is depleted.

LAC: LIFE ANNUITY CONTRACT

A LAC is an annuity purchased from another financial institution. Payments must be guaranteed for life by the issuer and cannot be paid out in a lump sum.

3 . COMBINATION OPTION

You may choose a combination of the SPP annuity and transfer options. A portion of your account can be used to purchase one of the annuities offered by SPP, and the remaining balance can be transferred to another financial institution. Splitting your account ensures you receive a regular income and allows you to make investment choices for the remainder of your account.

SMALL PENSION PAYOUT

If your monthly pension is less than the prescribed small pension amount, you can elect to have your SPP account paid to you in a lump sum. You have 30 days from the date of your first pension payment to make a request in writing for a small pension payout. This lump sum payment may be transferred to a registered retirement savings option or can be received as a taxable payment less withholding tax. In either instance you receive a one-time lump sum payment instead of lifetime monthly payment.

If you choose to transfer your small pension payout to an RRSP or RRIF, the receiving financial institution must complete the *Direct Transfer under Subsection 146(21)* form (available only from SPP). The prescribed small pension amount changes annually; please contact SPP to see if you qualify.

Section 3

Retirement Considerations

BENEFICIARIES FOR THE REFUND LIFE ANNUITY

MULTIPLE BENEFICIARIES

If you wish to name more than one person, or an alternate, as beneficiary, you will need to obtain a beneficiary form from our website or by calling SPP. The back of the form provides additional information and examples of beneficiary designations.

SPOUSE AS A BENEFICIARY

If you are married or in a common-law relationship and name your spouse as your beneficiary, your spouse may elect to transfer the death benefit directly to their SPP account, provided he or she is not yet retired from SPP. As another option, your spouse may transfer the death benefit directly to an RRSP or a RRIF with another financial institution. Both of the transfer options allow your spouse to receive the benefits tax-deferred. Your spouse may also receive death benefits as a taxable lump sum cash payment, less withholding tax.

BENEFICIARY OTHER THAN SPOUSE

You may designate anyone (including your Estate or a charity) as beneficiary. Benefits payable to a beneficiary other than your spouse must be paid as a taxable lump sum cash payment, less withholding tax. Where the beneficiary is a charity, a waiver to withhold tax may be obtained.

MINOR CHILD

In general, provincial legislation does not allow payment of benefits directly to a minor child. If you name a minor as a beneficiary, you should make arrangements (such as the appointment of a trustee) to ensure that the benefits are paid according to your intention.

Death benefit rollovers from SPP to the RRSP or Registered Disability Savings Plan of a financially dependent infirm child or grandchild are permitted.

PRIVACY

Personal information on file with SPP is always kept private. SPP collects only the personal information necessary to administer the program. Our privacy policy stipulates that personal information may be disclosed only to the SPP member. Exceptions may be made, providing there is written consent from the member. For questions about SPP's privacy policy, please call **1.800.667.7153** from anywhere in Canada. Outside Canada call collect to **1.306.463.5410**.

WITHHOLDING TAX

The tax rates on death benefits or other amounts paid in cash are as follows:

- + 10% on amounts up to \$5,000
- + 20% on amounts \$5,001 to \$15,000
- + 30% on amounts over \$15,000

MANDATORY RETIREMENT

The *Income Tax Act* (Canada) states that you must convert your retirement savings to income by the end of the year you turn 71. If you do not make an SPP retirement choice by December 1 of the year you turn 71, you will automatically receive a Life Only Annuity.

REVOKING RETIREMENT

You have 30 days from your first pension payment to revoke your retirement. If you choose to revoke, you must repay all pension payments received. You can then select a different annuity option or resume your contributions. You cannot revoke a transfer after the cheque has been cashed by the receiving financial institution.

CHANGE OF ADDRESS

If your address changes, please inform SPP in writing or by calling the office, using the form at saskpension.com or by updating it at expressaddress.com. This ensures you receive your T4A and other information promptly.

Don't simply retire from something;
have something to retire to.

Harry Emerson Fosdick



+ freedom

Section 4

Common Questions

WHAT IF I CHANGE MY MIND?

If you change your mind before the retirement date you selected on your Retirement Application form, you simply need to notify SPP of your wishes in writing. *Once you begin receiving your pension, you cannot change your annuity choice unless you revoke your retirement within 30 days of your first pension payment.*

WHEN IS THE SPP PENSION PAID?

Your pension is paid on the first day of the month – or on the last business day of the previous month if the first day falls on a weekend or holiday.

Before your retirement date, you will receive notification of your first pension deposit, including confirmation of your annuity choice and a statement of your account at retirement. You will not receive a deposit notice from SPP each month.

WILL SPP ADJUST MY REQUESTED RETIREMENT DATE?

SPP will change your retirement date if we do not receive the required retirement forms or your last contribution in time. Your revised retirement date will be the first of the following month.

WILL MY PENSION PAYMENT EVER CHANGE?

Your monthly payment is calculated when you retire and remains the same for your lifetime. Your payment could be affected in the event of an order under *The Enforcement of Maintenance Orders Act*. If your account becomes part of a marital division of property, the pension payment is divided as specified within the *Matrimonial Division Agreement or Separation Agreement and Interspousal Contract*.

WHAT IF I CHANGE MY BANK?

If your banking information changes, you must advise us in writing at least one month in advance of the change to avoid disruption of your benefits. If you change your bank account, we will need a personal cheque from your new account, marked “VOID”, or the name and address of your new bank along with your account number. Please be sure to sign your letter giving us permission to change your account number.



There is a whole new kind of life ahead, full of experiences just waiting to happen. Some call it *retirement* I call it bliss.
Betty Sullivan

WHAT HAPPENS TO MY BENEFITS WHEN I DIE?

Under the Life Only Annuity, there are no death benefits payable. For the Refund Life or Joint and Last Survivor Annuities, death benefits may be payable to your beneficiary or joint survivor. *The Application for Death Benefits* form is available from SPP and most funeral homes in Saskatchewan.

WHAT ARE THE TAX CONSIDERATIONS?

SPP retirement income is taxable. Each year before the end of February, SPP will send you a T4A showing the amount of SPP retirement income you received in the previous year. A copy of this must be attached to your income tax return.

If you want SPP to deduct income tax from your pension, complete the *Saskatchewan Pension Plan Request for Voluntary Income Tax Deduction* form and return it to our office. This form is available from SPP and on our website.

Prior to retirement from the Plan, contributions to SPP are permitted up to a maximum of \$2,500 per year subject to your available RRSP room. SPP annuity payments are eligible for the pension income credit and pension income splitting. Spousal attribution rules may apply to SPP savings that are transferred to another financial institution.

If you live outside Canada and are not considered to be a Canadian resident for income tax purposes, your monthly pension may be subject to Non-Resident Tax. Each year before the end of March, SPP will send you an NR4 which is a statement showing the amount of SPP retirement income and tax withheld. If you have any questions on Non-Resident Tax, you may contact SPP or

**Canada Revenue Agency (CRA)
International Tax Services Office
Ottawa, ON K1A 1A8**

HOW DOES AN SPP PENSION AFFECT OTHER INCOME SOURCES?

Since SPP pension is considered income, it may affect the amount of money you would receive under the Guaranteed Income Supplement (GIS) or Saskatchewan Income Plan (SIP). SPP annuity payments are eligible for pension income splitting. Contact GIS **1.800.277.9914** or SIP **1.800.667.7161** for more details.

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Section 5

Glossary of SPP Terms

Retirement means doing
whatever
I want to do.
It means choice.
Dianne Nahirny

ANNUITANT: the person receiving the benefits of an annuity.

ANNUITY: a series of payments of a fixed amount. SPP annuities are paid monthly for the duration of the member's life.

BENEFICIARY: the person or persons named to receive proceeds of a member's account at the time of the member's death.

BOARD OF TRUSTEES: people appointed by the Minister of Finance to be responsible for operations of SPP. One-third of the trustees must be SPP members.

CRA: Canada Revenue Agency (formerly Revenue Canada).

DEATH BENEFIT: funds paid to the member's beneficiary after the member's death. When a member dies after retirement from SPP, their death benefit depends on their choice of pension option.

DIRECT TRANSFER UNDER SUBSECTION 146(21): form used to transfer funds from SPP. This form is available only from SPP.

GARNISHEE: to be taken by legal authority. In the case of a bankruptcy, money in some funds can be garnisheed to pay creditors. SPP funds can be claimed or seized following an order under *The Enforcement of Maintenance Orders Act*.

INCOME SPLITTING: a family tax planning technique designed to shift income from a high rate taxpayer to a lower rate taxpayer. Consult CRA for details.

LOCKED-IN: unable to shift or withdraw funds. Funds invested in SPP are locked-in until age 55.

MINOR CHILD: child under the age of 18.

PENSION INCOME AMOUNT: a taxpayer receiving certain pension income may be eligible for a non-refundable tax credit. Consult CRA for further details.

PROOF OF AGE: needed to confirm your birth date for retirement purposes. Proof of age could be a photocopy of your birth certificate, your baptismal certificate (if the issue date is within four years of your date of birth) or a Canadian passport.

SMALL PENSION AMOUNT: the amount per month that enables a member to receive their account in a one-time lump sum payment. The 2010 amount is \$20.13; this amount is adjusted annually.

SPOUSE: person married to a member; or, if a member is not married, a person with whom the member is cohabiting as spouse at the relevant time and who has been cohabiting continuously with the member as his or her spouse for at least one year prior to the relevant time.

SPOUSAL ATTRIBUTION RULE: some withdrawals from a spousal RRSP or RRIF within two calendar years after the year in which a contribution was made may be taxed in the hands of the contributor and not the spouse. Consult CRA for additional information.

TAX SHELTER: an investment upon which taxes are deferred.

WITHHOLDING TAX: required by the CRA when money is withdrawn from a tax shelter. See **Section 3** for rates.



GOT QUESTIONS?
WE WELCOME YOUR INQUIRIES!
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INFO@SASKPENSION.COM
BOX 5555, KINDERSLEY, SK S0L 1S0

saskpension.com

**=Your SPP
Retirement**