PENSION GUIDE

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ARE YOU READY TO RECEIVE PENSION INCOME?

Congratulations! Take pride in the recognition that you've taken steps to make sure that your retirement years are comfortable. Thank you for your membership with the Saskatchewan Pension Plan (SPP) and for allowing us to play a part in your retirement planning.

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

This guide makes it easier to understand and select your SPP pension choice. Please contact us to discuss your options in greater detail.

CALL	**1-800-667-7153** anywhere in Canada. Collect **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	**1-888-213-1311** anywhere in Canada.
WEB	**SaskPension.com**

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

- Designation of Beneficiary
- Direct Deposit Request
- Voluntary Income Tax Deduction

PENSION CONSIDERATIONS

The decision on how to use the funds in your SPP account for retirement requires careful consideration. There are several ways to convert your account to income and retirement is different for everyone. You need to consider your personal financial situation, risk tolerance, income needs and other income sources. While SPP does not provide advice, our staff is available to discuss your SPP pension options. We encourage you to call so we can help you through the process or to seek independent financial advice. We have provided some questions to help you consider which option might be right for you.

What do I want from my pension funds?

If having a stable income for the rest of your life is important to you, then an annuity from SPP may be an option. If you do not want the worry of managing your pension funds, then an annuity would free you from that responsibility. If maintaining control of investment decisions is important, then a prescribed registered retirement income fund (PRRIF) may be an alternative. Choosing a combination of both annuity and PRRIF may provide you with both the stability and flexibility that best suits your situation.

Do I want my pension income to be fixed or flexible?

An SPP pension provides a fixed amount of monthly income for the rest of your life, and also to your surviving spouse in the case of the Joint and Last Survivor pension. Your income will not vary as interest rates and investment returns fluctuate. You give up flexibility in return for the certainty of a set monthly income for your lifetime. A PRRIF provides you with flexibility in determining how much income is withdrawn annually but does not guarantee how long your funds will last.

What is my risk tolerance?

With a pension from SPP, you receive a guaranteed* monthly income for the rest of your life regardless of what happens to investment rates. Once you start your pension, your payment will not increase if long-term interest rates increase in the future; however, your payment will not decrease if long-term interest rates decrease. With a locked-in retirement account (LIRA) or a PRRIF you bear the investment risk. If investments do poorly, your income will fall or your payment may not last as long as anticipated; however, if investment returns are good you will benefit. With a PRRIF, there is the risk you (and your spouse) may outlive your retirement funds. Our website has a convenient wealth calculator to help you determine how long your savings will last.

What is your investment knowledge?

If you choose a PRRIF, you maintain control of the investments and ongoing investment decisions are required. If you are not sure you have the expertise or time to manage your investment decisions, annuities may be an alternative. When you purchase an annuity, you do not have to decide how to invest your pension savings or worry about market volatility. You do not have to worry about outliving your savings because SPP guarantees your monthly annuity payment as long as you live.

*backed by the Province of Saskatchewan

GETTING STARTED

Retirement Eligibility and Application

You can start collecting your SPP pension anytime between the ages of 55 and 71. You can make contributions up to and including the year you choose to begin payments, subject to your available RRSP deduction room. It is not necessary to retire from your place of work to be eligible to received SPP pension income; however, you must apply directly to SPP. Canada Revenue Agency requires you to convert your SPP account to income no later than December of the year you turn 71.

At your request, SPP will send you a pension information package that is customized for you based on your requested pension option.

You can expect to receive:

- A summary showing the balance of your account to date,
- An estimate of your pension*, and
- Your requested forms.

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

*This estimate is based on assumptions, including further contributions that you may make, your account balance, your age, the estimated rates and the age of your spouse. Please contact our Retirement Officer if you have any specific questions regarding these estimates.

PENSION OPTIONS

You can choose one of the following four options when you decide to start collecting from SPP.

SPP ANNUITIES

This is the easiest way to access your SPP savings. Funds stay invested with SPP and the Plan assumes the investment risk and the obligation to pay a pension for your lifetime.

You are purchasing a contract that guarantees you to receive a monthly payment for your lifetime, regardless of where you live. Your pension is based on your account balance, the type of annuity you choose, interest rates, your age, and your spouse's age, if applicable.

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

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

LIFE ONLY ANNUITY

This provides the highest monthly payment as it offers coverage for you as an individual while alive. There is no survivor or death benefits payable.

All pension payments stop at death.

REFUND LIFE ANNUITY

This provides a monthly payment for your lifetime with the added guarantee of a calculated death benefit paid to your beneficiary or beneficiaries.

The death benefit is calculated by subtracting total payments received from your annuity purchase amount at retirement.

You must specify a beneficiary or beneficiaries. The beneficiary designation can be updated at any time before your death.

JOINT AND LAST SURVIVOR ANNUITY

This provides a monthly payment for your lifetime and, after your death, your surviving spouse or common-law partner receives a monthly payment for the rest of his or her life.

The payment is based on your age and your spouse's age. The younger your spouse, the lower the pension for both of you. If your spouse dies before you, your pension will stop upon your death. The continuing benefit for your joint survivor is 100%, 75%, or 60% of your monthly pension, as chosen at the time your pension payments are set up.

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, you must contact SPP for a pension information package for the LIRA, PRRIF or Life Annuity Contract (LAC) option. Spousal attribution rules may apply to SPP savings that are transferred to another financial institution. Once funds are transferred from SPP, you cannot transfer them back. Available transfer options are as follows:

LIRA: LOCKED-IN RETIREMENT ACCOUNT

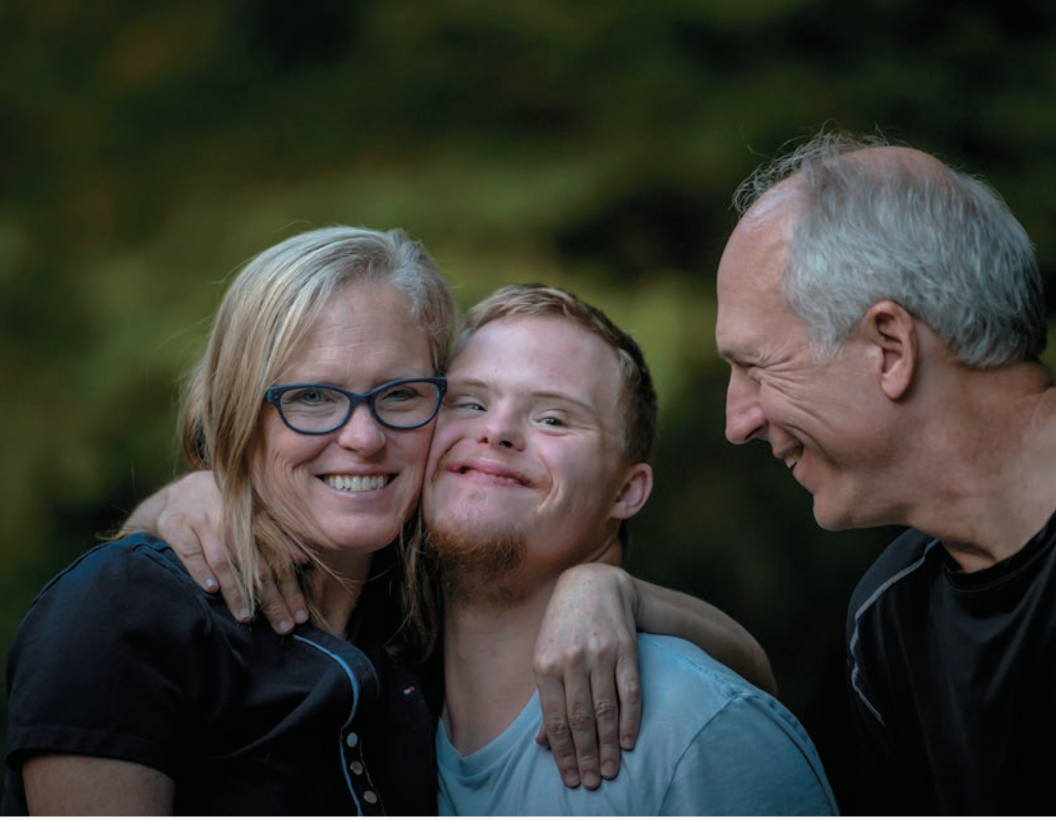
The LIRA is a locked-in Registered Retirement Savings Plan (RRSP). It is a holding account available at financial institutions that allows you to shelter your investments from tax until you are 71 years of age. It will require ongoing investment decisions and is subject to market risk. You cannot make further contributions or withdrawals when in a LIRA, however you may transfer in other locked-in pension money.

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.

PRRIF: PRESCRIBED REGISTERED RETIREMENT INCOME FUND

A PRRIF is a retirement arrangement that can be established with funds from a locked-in pension plan and is available at most financial institutions. It provides flexibility in the amount of pension 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 PRRIF. You maintain control and ongoing investment decisions are required. Funds are subject to market risk and the income will stop when your PRRIF is depleted. Canada Revenue Agency (CRA) will not allow you to combine RRSPs and your SPP funds in the same PRRIF account.



COMBINATION OPTION

You may choose a combination of the SPP annuity and transfer option. 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 account balance is small, you may qualify for a lump sum payout of your account. Your monthly pension must be less than the prescribed small pension amount, which changes each year. 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 payments.

You must complete a pension application for the lump sum option.
The prescribed small pension amount changes annually; please contact SPP to see if you qualify.

ADDITIONAL INFORMATION

BENEFICIARIES FOR THE REFUND LIFE ANNUITY

SPP death benefit payments are taxable to the beneficiary and will be included in their income in the year of payment. It is your responsibility to review your beneficiary designation and keep SPP informed of all name and address changes for your beneficiaries.

MULTIPLE BENEFICIARIES

If you wish to name more than one person, or an alternate 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. When listing more than one beneficiary, it is important to specify how benefits are to be divided.

SPOUSE AS 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 receiving an SPP pension. 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 (RDSP) 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:

	Provinces	Quebec
$5,000 or less	10%	5%
$5,001 to $15,000	20%	10%
More than $15,000	30%	15%

MANDATORY RETIREMENT

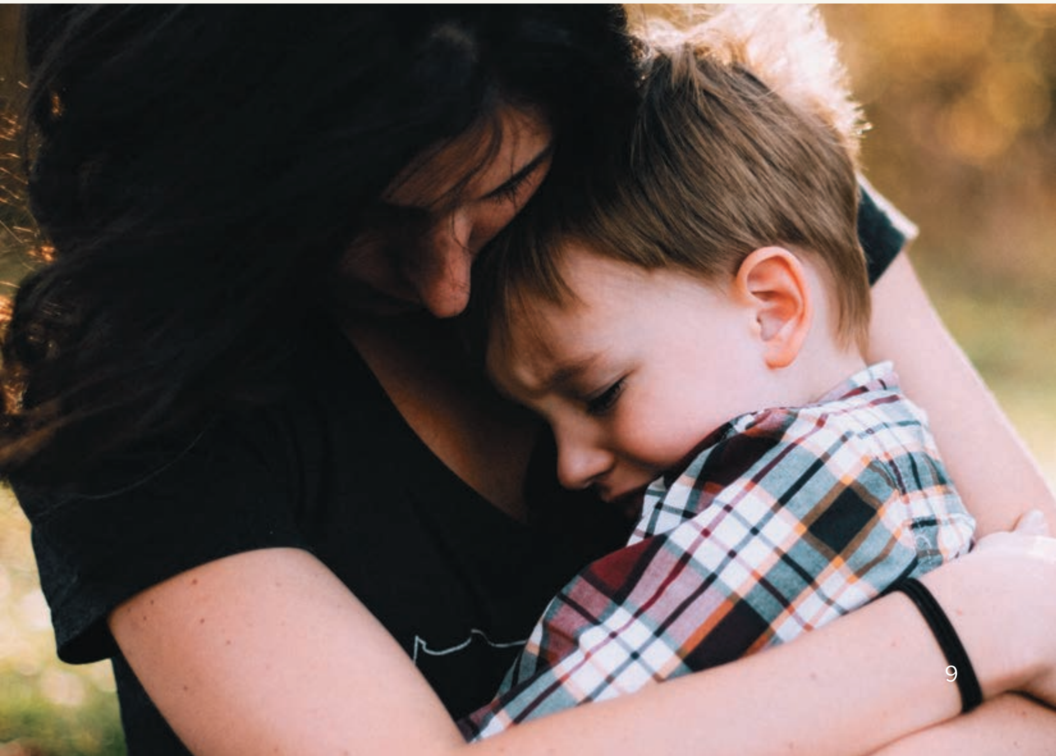
The Income Tax Act (Canada) states that you must convert your retirement savings to income by the end of the year you turn 71. If you do not make an SPP pension choice by December 1 of the year you turn 71, you will automatically receive a Life Only Annuity.

REVOKING RETIREMENT

You have 30 days from your first pension payment to revoke your pension. 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 or by updating it on SaskPension.com under the Member Services/Profile Updates section. This ensures you receive your T4A and other information promptly.



COMMON QUESTIONS

WHAT IF I CHANGE MY MIND?

If you change your mind before the pension 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 pension start date, you will receive notification of your first pension deposit, including confirmation of your annuity choice and a statement of your account closing balance. You will not receive a deposit notice from SPP each month.

WILL SPP ADJUST MY REQUESTED RETIREMENT DATE?

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

WILL MY PENSION PAYMENT EVER CHANGE?

Your monthly payment is calculated as of your pension start date and remains the same for your lifetime. Once you purchase an annuity, you cannot change your decision, alter the terms of the contract or transfer it out. SPP annuity contracts are protected from creditors except for an order under *The Enforcement of Maintenance Orders Act, 1997*. 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.

WHAT HAPPENS TO MY BENEFITS WHEN I DIE?

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 pension income is taxable. Each year before the end of February, SPP will send you a T4A showing the amount of SPP pension 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 payment, 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 beginning your pension, you may contribute any amount to SPP, within your available RRSP room.

SPP annuity payments are eligible for the pension income credit and pension income splitting. Spousal attribution rules apply to SPP savings. You may be able to jointly elect with your spouse or common-law partner to split pension income. For more information, please contact your personal tax advisor or CRA (1-800-959-8281).

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 pension 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). Contact GIS 1-800-277-9914 or SIP 1-800-667-7161 for more details.

GLOSSARY OF SPP TERMS

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, persons or entity 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.

Death Benefit: funds paid to the member's beneficiary after the member's death. When a member dies after beginning their SPP pension, their death benefit depends on their choice of pension option.

Garnishee: to be taken by legal authority. In the case of a bankruptcy, money in some funds can be garnisheed to pay creditors. The only way SPP funds can be claimed or seized is following an order under *The Enforcement of Maintenance Orders Act, 1997*.

Income Splitting: a family tax planning technique designed to shift income from a higher 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, a Canadian passport, or a driver's licence.

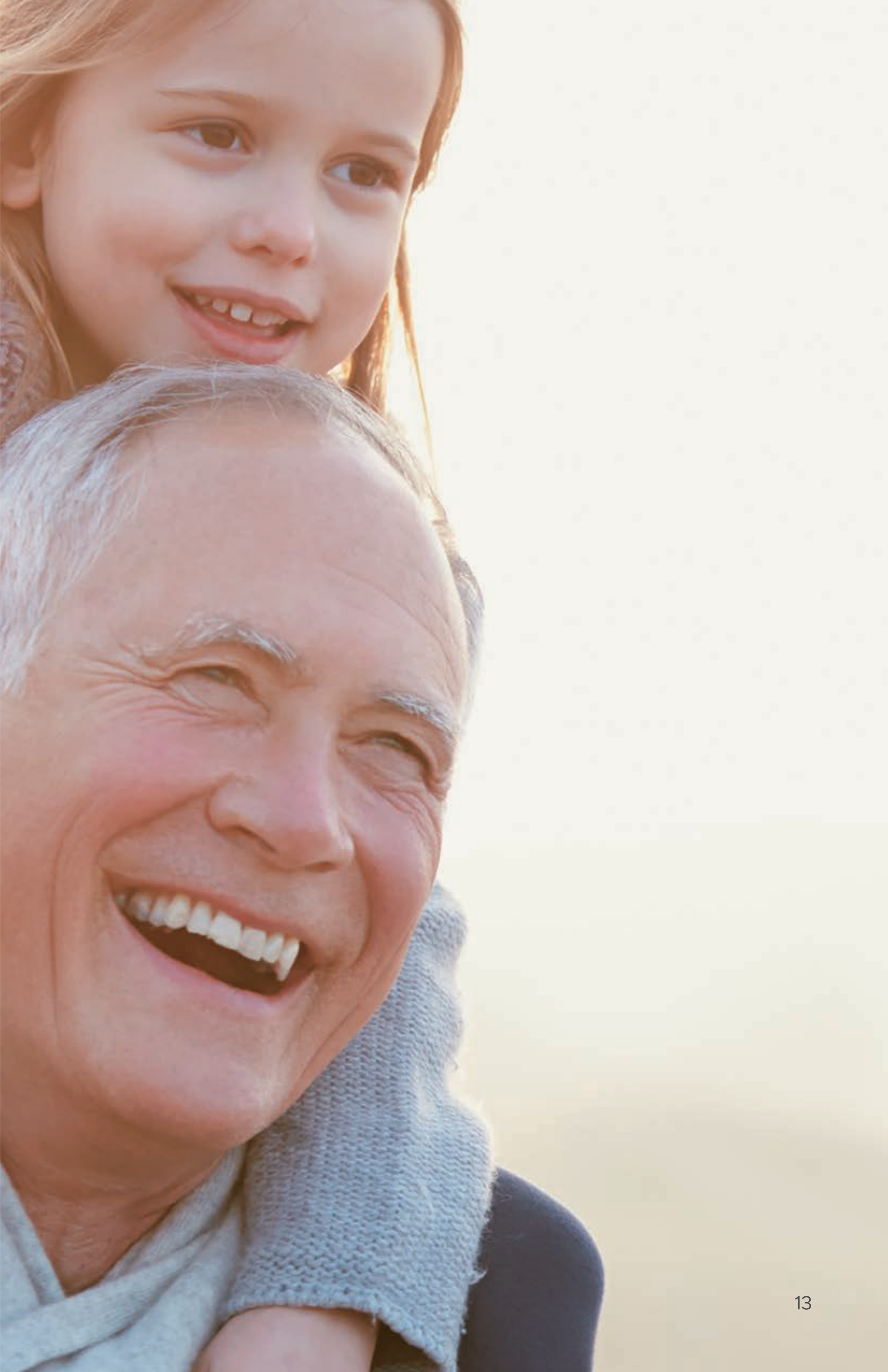
Small Pension Amount: the amount per month that enables a member to receive their account in a one-time lump sum payment. The 2020 amount is $24.46; this amount is adjusted annually and is available online.

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: any withdrawal from an RRSP or RRIF within two calendar years after the year in which a contribution was made will 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 page 9 for rates.



SASKATCHEWAN PENSION PLAN

GOT QUESTIONS? WE WELCOME YOUR INQUIRIES!

1-800-667-7153

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