



SASKATCHEWAN TEACHERS' SUPERANNUATION COMMISSION

Annual Update:

The Saskatchewan Teachers' Superannuation Commission (STSC) is pleased to provide you with your Annual Statement for the year ending June 30, 2012. This letter is designed to provide teachers with helpful information to better understand the

benefits available from the Saskatchewan Teachers' Superannuation Plan (STSP). Please keep in mind that any service, purchases or transfers made after June 30, 2012 will not be reflected on this statement.

It is essential that you carefully review and report any discrepancies in writing. The Commission and Administrative team welcome any comments you wish to share regarding our services.

Annual Statement Credited Interest:

In accordance with the policy established by the Commission, credited interest for contributions held within the STSP is smoothed over a four year period by using 25% of each of the last four years of investment earnings. This method mitigates the swings of highs and lows in the marketplace. Since 2008, investment markets have been very turbulent which has resulted in historic low investment

returns. The smoothing of investment returns has resulted in teachers' receiving higher interest credits than the plan returned in a particular year, however as markets recover credited interest may be lower than investment performance. Credited interest for the period ending June 30, 2012 on contributions and interest in the STSP is 0.67%.

It is important to remember that

contributions made by teachers, credited interest and investment performance do not have a direct impact on the calculation of your superannuation allowance and are not factors in the pension formula. The STSP is a defined benefit pension plan that determines your allowance by using a formula that includes the average of your best five years salary and years of contributory service.

Options to Consider for Retirement Planning:

An alternative that retiring teachers may want to consider when retiring is the option commonly known as the "Upward Adjustment". An explanation

on how the upward adjustment works and the impact that it has on your allowance before and after age 65 is on the opposite side of this letter.

It is important to remember that the upward adjustment is an optional choice to adjust your superannuation allowance and is not mandatory.

Applying for Your Superannuation Allowance:

Once you have decided to take the big step towards retirement, **you must contact the STSC to apply for any benefit payable from the superannuation plan by submitting the appropriate forms**

THREE months in advance of your retirement date. Application to commence your retirement allowance must be done separately from notifying your school division of your retirement, even if you plan on a return to teaching

as a substitute or on a temporary contract. **You must apply for any benefit from the plan before the end of the year that you reach age 71.**

Did You Know?

As a contributor to the STSP, you are eligible to contribute to the Teachers' Voluntary Contribution Fund (TVCF). The TVCF is invested in a balanced

portfolio with Greystone Managed Investments separate from the STSP. The investment returns for the year ending June 30, 2012 were -1.11%.

The previous year's return was 11.9%. The TVCF is subject to the *Income Tax Act* limits towards contributing to retirement plans such as RRSPs.

You can maintain your life insurance coverage after you superannuate. The premiums are the same level as an active teacher; however you are

required to pay the matching portion which was previously paid on your behalf by the Minister of Finance. The amount of life insurance coverage

continues to be 2x the top of the salary grid for a Class VI teacher; however it drops to \$16,000 for the period of age 65 to 85.

It is essential to update designated nominees/beneficiaries for your pension and group life insurance if you have a change in your family circumstances

due to a divorce, marriage or death. It is also important to remember that if an Estate is named as a beneficiary for group insurance, the Will is subject to

probate. Forms to update this information are available on the STSC website at www.stsc.gov.sk.ca.

Canada Pension Plan (CPP) Integration:

Question:

I will be eligible to retire soon. I know the retirement allowance I will be receiving from the Saskatchewan Teachers' Superannuation Plan will

be reduced when I turn 65 because the Saskatchewan Teachers' Superannuation Plan is integrated with Canada Pension Plan. What does

this mean? Would you also explain the Upward Adjustment and how it will affect my retirement allowance?

CPP Answer:

Although the Saskatchewan Teachers' Superannuation Plan (STSP) is integrated with the Canada Pension Plan (CPP), this must not be confused with the fact that STSP and the CPP are totally independent pension plans and administrators.

During your teaching career, you made contributions to the STSP as well as CPP, which funds two separate benefits. At retirement, the amount of pension a teacher receives from CPP is based on the formula within the plan provisions for CPP.

The allowance received from the STSP is calculated using STSP's formulas only.

The amount of pension a teacher receives from CPP is calculated independent of STSP. The STSP provides a pension benefit of 1.3%; this is often referred to as the **lifetime pension**. In addition, the STSP provides for a **bridge benefit** for those who retire prior to age 65 in the amount of 0.7%, bringing the total pre-age 65 allowance to a full 2%. Depending on eligibility for benefits, an allowance

may be subject to early retirement reduction factors.

The bridge benefit was designed on the assumption that teachers would commence to draw their CPP allowance at age 65. The intent of the bridge benefit is to bridge the gap in income prior to age 65, which would closely level a person's income through their retirement years. However, since the early 1990s, people have been eligible to commence CPP benefits as early as age 60, if certain requirements are met.

Upward Adjustment Answer:

The STSP offers an upward adjustment option that provides a higher allowance for members who retire prior to age 65, but lower after 65. It is extremely important to understand that it is simply an option that the member must give careful consideration before selecting. **This option is not a mandatory adjustment. Once the upward adjustment is selected, it is irrevocable.**

The formula for calculating the upward adjustment is determined by the STSP actuaries in accordance with standard actuarial practices which includes projected life expectancy. The teacher should consider such things as their lifestyle and longevity when considering this option.

There is a monthly amount of increase prior to age 65 and a reduction after age 65. These values are indexed according

to the STSP's cost of living adjustment provisions. The teacher is made aware of the amounts prior to retirement and must decide whether to take the option or not at the point of retirement. It is entirely up to the teacher to exercise their judgment whether taking the upward adjustment option is in their best interest.

Need Additional Information?

Visit our website at: www.stsc.gov.sk.ca

Or mail your questions to:
Teachers' Superannuation Commission
Room 129, 3085 Albert Street
Regina SK S4S 0B1

The Commission and Administrative team welcome any comments you wish to share regarding our services.