



# INFOSHEET

Programs and Services



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## The Teachers' Pension Plan

### Introduction

This Infosheet is designed to give a summary of the provisions of the Teachers' Pension Plan. For more detailed information, consult the booklet "The Teachers' Pension Plan," available on request from the NLTA office or on the NLTA website at [www.nlta.nl.ca](http://www.nlta.nl.ca). Individual contact may be made through the Programs and Services staff or through the Teachers' Pension Plan Corporation, 130 Kelsey Drive, Suite 101, St. John's, NL A1B 0T2; Tel: 709-793-8772 or toll free: 1-833-345-8772; Fax: 709-793-4055; email: [memberservices@tppcnl.ca](mailto:memberservices@tppcnl.ca).

### Eligibility

All persons who are employed by a school board or the Special Services Division in any teaching appointment are eligible. The exception to this is substitute teachers who are participating in a separate substitute plan through the Government Money Purchase Pension Plan (GMPP). Once a teacher substitutes more than 19 consecutive days, s/he participates in the main Teachers' Pension Plan for the entire period of continuous service.

### Employee Contributions

Effective September 1, 2015, the contribution rate for teachers is 11.35 percent of salary. The employee contribution is matched by government.

### Retirement Provisions

A teacher is eligible to receive a pension once s/he reaches one of the following "triggers" for pension. The pension entitlement will be the percentage accrual at the time of retirement times the annual average of the best eight years' salary.

#### (a) At Age 60

Provided the teacher has attained at least five years of pensionable service, pension can be payable the month following the 60<sup>th</sup> birthday.

#### (b) At Age 55

Provided the teacher has at least 25 years of pension service, pension can be payable the month following the 55<sup>th</sup> birthday.

#### (c) "30 and Out"

Provided the teacher has at least 30 years of worked service and pension contribution has been made for the entire period, pension can be payable regardless of age.

**Note:** University years purchased prior to 1991 for pension purpose are not counted as worked years required for 30 and Out, but count as pension service.

#### (d) "29+1" – Reduced Pension

Provided the teacher has 29 years of worked service and at least 30 years of pensionable service (i.e. at least one university year purchased for pension purposes), pension can be payable regardless of age. However, there is a reduction factor applied to the teacher's pension depending on the number of months by which the actual retirement precedes the teacher's 55<sup>th</sup> birthday. The maximum reduction is 15 percent. This reduction factor ceases to apply after the teacher reaches age 55.

#### (e) Actuarial Reduced Pension

Provided teacher has at least five years of pension service, but less than 24.5 years of pension service, actuarially reduced pension can be payable month following 55<sup>th</sup> birthday.

### Normal Retirement Pension

A teacher must have completed five years of pensionable service in order to receive a pension. If s/he leaves the profession with less than five years of pensionable service, s/he is entitled to receive a refund of his/her contributions plus interest.

### Disability Pension

A teacher who retires due to disability (pursuant to the definition of disabilities in the Teachers' Pensions Act) is entitled to a pension based on his/her pension accrual determined by the number of years of pensionable service accumulated at the date of disability, provided at least five years of pensionable service has been accumulated.

### Termination of Services – Payment Options

A teacher who terminates employment after s/he has completed at least five years of pensionable service and prior to reaching a trigger for retirement pension under "Retirement Provisions" (see previous section), is entitled to the option of receiving a deferred pension payable upon reaching a trigger or receiving a lump sum payout of the commuted value of his/her pension service calculated at the time of termination. Effective September 1, 2016, a teacher who terminates employment with less than 25 years of pension service is entitled to receive a pension payable the month following their 62<sup>nd</sup> birthday.

## **Pension Value**

Service accrued before January 1, 1991 has a value of 2.22 percent per annum; accrued service on or after that date has a value of 2 percent per annum. Calculation of pension benefit is done by multiplying the total accrued percentage by the average of the best eight years' salary.

## **Integration of Benefits**

All benefits in respect of service accrued under the TPP shall be integrated with Canada Pension Plan benefits using an offset factor of 0.6 percent. The annual dollar amount of offset integration is calculated the day a teacher retires. However, the plan contains a "bridge benefit" which is paid from the age of retirement until the teacher's 65th birthday. This means that a teacher does not experience a reduction in the teacher's pension as a result of integration until the month following his/her 65th birthday.

## **Indexing**

A partial indexer became available in September 2002 only for those pensioners whose pension benefits are integrated with CPP. Integration is applicable to all teachers contributing to the Teachers' Pension Plan since 1998. Each September following the teacher's 65th birthday, the annual pension will be increased by 60 percent of the Consumer Price Index (CPI), to a maximum of 1.2 percent, for all pensioners and survivors whose benefits are integrated with CPP on all service accrued prior to September 1, 2015. Future indexing accrual is suspended effective September 1, 2015.

## **Death Benefits**

### **(a) Before Retirement (at least 5 years of pensionable service)**

In the event of pre-retirement death of a teacher, the surviving spouse/partner is called the principal beneficiary and has the option to receive (1) a monthly survivor pension equal to 60 percent of the teacher's accrued pension after integration with CPP and payable until the surviving spouse's death; or (2) to receive a lump sum payout based on commuted value of the pension. Surviving spouses/partners should consult a financial planner prior to exercising their option. Where there is no surviving spouse/partner (principal beneficiary) entitled to a survivor benefit, the commuted value of the pension entitlement of the teacher, calculated at the date of death, shall be transferred to the teacher's estate.

### **(b) After Retirement**

If a pensioner dies, leaving a surviving spouse or partner, a survivor pension equal to 60 percent of the teacher's actual pension, after integration with CPP if applicable, is payable to the surviving spouse until the surviving spouse/partner's death.

In the event of no surviving spouse or the death of the surviving spouse, the survivor benefit shall be paid to any surviving children under the age of 18, or under the age of 24 while they are in full-time post-secondary school attendance.

In the case of a pensioner who dies leaving no surviving spouse or orphan(s), pension payments cease. If the amount which the pensioner has received in benefits is less than the total amount of contributions paid, the difference is paid to the estate of the deceased in accordance with the Teachers' Pensions Act.

### **(c) Designated Beneficiary**

In the case of a teacher who does not have a designated beneficiary (no spouse/partner or child entitled to a survivor benefit), the teacher may designate a beneficiary under limited conditions, including the designate, being financially dependent upon the teacher and unable to support themselves due to mental or physical infirmity.

## **Credit for Pensionable Service**

Credit for pensionable service can be given for a number of reasons other than service as a teacher in Newfoundland and Labrador. Years of pensionable service in the public sector, for example, may be transferrable. In addition, time spent on unpaid leave, including maternity or adoption leave and unpaid educational leave, can be purchased as credit for pensionable service. Teachers may transfer service from pension plans which have a reciprocal pension transfer agreement with the Newfoundland and Labrador (NL) Teachers' Pension Plan. Where no reciprocal agreement exists, a direct plan to plan transfer of termination benefits to the NL plan is possible, provided the teacher has left their contributions in the former registered pension plan. The teacher has the option of accepting the amount of time the termination benefit buys, based on actuarial value, or paying the deficiency, if there is one, to obtain full service credit.

## **Steps for Application of Benefits**

Pension benefits are not received automatically upon retirement. Application must be made. The steps to take are as follows:

**Step 1:** Establish eligibility for benefit prior to resignation – usually done at the pre-retirement seminars.

**Step 2:** Submit resignation to the school board by giving three months' notice (or one month if retiring prior to Christmas).

**Step 3:** Make application for pension benefits.

## **Interpretation**

This Infosheet describes the Pension Plan as constituted in accordance with the Teachers' Pensions Act, 1991. Where there is a question of interpretation, the provisions of the Plan text and relevant legislation will apply.