Public
Service
Superannuation
Plan

Info Sheet

Reciprocal Transfer Agreements

This *Info Sheet* covers reciprocal transfer agreements. The information provided applies to the:

- Liquor Board Superannuation Plan;
- Public Service Superannuation Plan (PSSP); and
- Saskatchewan Transportation Company Superannuation Plan.

Reciprocal Transfers

When members move from one employer to another, they often ask "Can I take my pension with me?" The answer is yes – if the two employers have a reciprocal transfer agreement.

A reciprocal transfer agreement is a negotiated arrangement regarding pension plans between two employers. It defines the terms and conditions under which a member may transfer pension entitlements (contributions, pension values and/or pensionable service) from one registered pension plan to another, and the process for making that transfer.

If there is a reciprocal transfer agreement in place (see below for a list), you should carefully evaluate the pros and cons of transferring your pension entitlement from your current pension plan to a new employer's plan. Reciprocal transfer agreements can be as complicated as pension plans themselves. Each agreement is unique to the two pension plans involved, and your transfer may also be unique within that agreement. Read the transfer documentation carefully to make sure you understand all the terms and conditions.

PSSP and the Saskatchewan Transportation Company Superannuation Plan have reciprocal agreements with:

- City of Moose Jaw;
- Province of British Columbia;
- Province of Newfoundland;
- Province of Ontario;
- Saskatchewan Crown Investments Corporation;
- Saskatchewan Indian Agricultural Program;
- Saskatchewan Teachers' Federation;
- Saskatchewan Teachers' Superannuation Commission;
- Saskatchewan Telecommunications Pension Plan Board*; and
- University of Regina.

*Also has a reciprocal agreement with the Liquor Board Superannuation Plan.

Issues to Consider

There are a few questions you may want to ask before you decide whether or not to make use of a reciprocal transfer agreement.

How are the pension benefits calculated by my current pension plan?

There are two common types of pension plans:

- defined benefit; and
- defined contribution.

Under a defined benefit plan, your pension is based on a formula, usually including years of service and a salary component. The pension plans to which this *Info Sheet* applies are defined benefit plans.

Under a defined contribution plan, contributions are accumulated with investment earnings. When you retire, you purchase a retirement income option using the account balance.

If you are transferring to another plan, there are at least three other factors to be considered.

Retirement age

Some defined benefit plans offer substantial subsidies for early retirement. Some have severe penalties for early retirement.

Survivor benefits

The formula for some defined benefit plans assumes that your pension will continue to your spouse for his or her lifetime in the event of your death. Other formulas assume that the pension will cease at your death. Including survivor benefits in your pension will decrease the monthly amount of pension paid to you.

Indexing

Some defined benefit plans include automatic indexing or have a history of ad hoc indexing for their pensioners. Because you might expect to live 20 or 30 years after you retire, indexing could be an important feature.

What happens if you transfer then terminate employment with your new employer before retirement?

It's important to ask this question because in some cases, you may not be entitled to all of the funds you transferred into the plan. The amount you get may depend on how long you stay with your new employer. Be sure to ask what happens to your pension if you terminate employment.

What happens to my pensionable service if I transfer?

The amount of service you will be credited with is an important consideration in deciding to transfer.

No matter what type of pension plan your new employer has, pensionable service may also determine your rights to other benefits such as retiring allowances, special retirement incentives, or additional vacation. You should inquire about all of the circumstances where pensionable service might affect your benefits. Contact your new plan administrator for more details.

What about tax?

A transfer of monies between plans in accordance with a reciprocal agreement is not subject to income tax; however, benefits received from registered pension plans are taxable. If you have questions, consult a tax expert for advice based on your individual situation.

For More Information

If you are interested in a transfer from one employer to another or have any questions about this *Info Sheet*, contact the Plan at:

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