



PEPP *Talk* . . .

on Designation of Beneficiary

This issue of *PEPP Talk* provides members of the Public Employees Pension Plan (PEPP) with information about the designation of a beneficiary. Your beneficiary is the person who will receive a benefit from your PEPP account if you die before you begin receiving pension income.

For Variable Pension Benefit (VPB) members, information on designation of beneficiary specific to VPB is available in the *PEPP Talk* on *Variable Pension Benefit*.

Death Benefit

In the event of your death before you have begun receiving pension income, PEPP will provide your beneficiary with the value of your PEPP account balance.

It is your responsibility to ensure that your designation of beneficiary is up to date and reflects your intentions at all times. You must inform PEPP of any changes in your marital or family status so that your benefit can be paid out according to your wishes in the event of your death.

If you do not name a beneficiary, your beneficiary will be your estate. Any benefit paid to your estate will be subject to probate fees and may be subject to claims by your creditors. You should consider carefully whether you wish for your estate to be your beneficiary.

Primary and Alternate Beneficiaries

In addition to your *primary* beneficiary or beneficiaries, you may also name *alternate* beneficiaries who will receive the benefit if your primary beneficiary dies before you do.

If your primary beneficiary dies before you do and you have not named an alternate, any benefit payable will be paid to your estate.

If You Are Single

If you are single, you may name any person or organization, such as a charity, as your beneficiary.

In the event of your death before retirement, your beneficiary will receive the benefit as a lump sum, less withholding tax.

If You Have a Spouse

If you have a spouse, your spouse is automatically your sole primary beneficiary.

You may only name another beneficiary if your spouse waives the right to all or a portion of the death benefit by submitting a *Spouse's Waiver of Survivor Benefits Prior to Retirement* form.

Your spouse may revoke the waiver at any time, and there are special requirements that must be met for the waiver to take effect. Please see the PEPP *Talk* on *Waiver of Spousal Benefits* for more information.

Definition of Spouse

Your spouse is the person to whom you are legally married; or if you are not married, the person with whom you are living in a conjugal relationship, and to whom at least one of the following situations applies. He or she:

- has been living with you in a conjugal relationship for at least 12 continuous months;
- is the parent of your child by birth or adoption; or
- has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

A spousal relationship with someone to whom you are legally married ceases upon divorce.

A spousal relationship with someone to whom you are not married ceases upon a separation of at least 90 days due to a breakdown in your relationship. The individual immediately resumes being your spouse if you resume living together in a conjugal relationship.

A married spouse takes priority over another person even if that person meets the definition of a spouse. You cannot have more than one spouse at any given time.

If you divorce, PEBA requires proof of divorce, such as a certified copy of the divorce certificate or Decree Absolute, before you can name a new beneficiary to replace a former spouse. Under the Plan rules, you are still legally married if you are separated but not divorced.

The Plan recognizes only one spouse at a time. A legally married spouse takes priority over another person, even if that person meets the definition of a common-law spouse.

Beneficiary Options If You Have a Spouse

If you have a spouse, pension legislation dictates that he or she is automatically your sole beneficiary. You may also name:

- alternate beneficiaries who will receive the death benefit in the event your spouse dies before you do;
- co-beneficiaries to share the benefit with your spouse, if your spouse waives the right to part of the benefit; or
- other beneficiaries to receive the whole benefit, if your spouse waives the right to the benefit entirely.

1. Spouse as Sole Beneficiary

If you have a spouse, your spouse will receive the entire death benefit if you die. Your spouse can:

- leave the benefit in PEPP until a later date;
- use the benefit to apply for retirement income with the PEPP Variable Pension Benefit or a Life Annuity;
- transfer it into his or her own PEPP account, if one exists;
- transfer it to a Registered Retirement Savings Plan (RRSP) or Locked-in Retirement Account (LIRA) provided your spouse is less than age 72;
- transfer it to another Registered Pension Plan;
- purchase a prescribed Registered Retirement Income Fund (pRRIF); or
- receive a cash refund, less withholding tax.

If your spouse dies before you and you have not updated your beneficiary designation or named an alternate beneficiary, your estate will receive the total benefit as a lump sum, less withholding tax.

If you have a spouse, you can only name other beneficiaries if your spouse signs a *Spouse's Waiver of Death Benefits Prior to Retirement* form.

2. Spouse and Alternate Beneficiaries

If you wish to name an alternate beneficiary who will receive the death benefit in the event your spouse predeceases you, you must complete a *Change in Personal Data* form. On the form, you must indicate the portion of the benefit each alternate beneficiary will receive.

You can name any individual or organization, such as a charity, as an alternate beneficiary. An alternate beneficiary will receive the benefit as a lump sum, less withholding tax.

3. Spouse and Co-beneficiaries

If you wish to designate a beneficiary or beneficiaries to share the death benefit with your spouse, you must complete a *Change in Personal Data* form. Your spouse must complete a *Spouse's Waiver of Death Benefits Prior to Retirement* form for the designation to be effective. For more information, refer to the PEPP *Talk on Waiver of Spousal Benefits*.

If you name your spouse as a co-beneficiary with other beneficiaries, the benefit will be paid out in the portions indicated on the *Change in Personal Data* form.

Other beneficiaries receive their portion of the benefit as a lump sum, less withholding tax. Your spouse's options are outlined in section 1.

4. Other Beneficiaries

If your spouse has waived the right to the death benefit, you can name another beneficiary. A beneficiary other than a spouse can be any individual or entity, such as a charitable organization.

Your beneficiary or beneficiaries will receive the portion of the benefit indicated on the *Change in Personal Data* form as a lump sum, less withholding tax.

Naming Beneficiaries

The *Change in Personal Data* form that you file with PEPP is used as the starting point for payout of the death benefit. To ensure that your intentions for the distribution of the benefit are carried out in a timely manner, make certain that your designation is clear and up-to-date.

When providing PEPP the name of a beneficiary, make sure to give the full name of the beneficiary. If you name a charity, provide the legal name and address of the organization. If you name someone under the age of 18 as a beneficiary, you must name a trustee.

If you name more than one primary beneficiary, unless you specify the portion of the benefit each is to receive, the benefit will be distributed equally amongst them.

A few examples:

	Full Name	Relationship	Portion	Birth date
a) more than one beneficiary	Jennifer Jayne Jones Ryan Robert Redding Anna Lee Ewen	Daughter Brother Sister	50% 25% 25%	01/06/1974 30/12/1940 25/05/1950
b) estate as sole beneficiary	Estate (name of law firm or executor)	N/A	100%	N/A
c) minor as sole beneficiary	Mary Jane Smith, in trust for my son, Scott John Smith	Son	100%	15/02/1997

Note: if you define the portion to go to each beneficiary as part of your designation, the portions must add up to 100%.

Other PEPP Talks that may interest you:

- ***Waiver of Spousal Benefits***
provides general information on waiving the spousal entitlement to benefits
- ***Breakdown of Spousal Relationships***
provides beneficiary and benefit information pertaining to the breakdown of a spousal relationship

PEPP Talks are available on our website at www.peba.gov.sk.ca.

Questions

For further information about designation of beneficiaries, contact:

Public Employees Pension Plan (PEPP)
c/o Public Employees Benefits Agency (PEBA)

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Regina SK S4P 4W3

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The information contained in this issue of PEPP Talk does not replace or supersede *The Public Employees Pension Act* or *The Pension Benefits Act, 1992* or related regulations. In the event of any misunderstanding or conflict, the Acts and Regulations will prevail. Please contact PEPP if you are or were working outside Saskatchewan. Your pension may be subject to the legislation of another province.

The Public Employees Pension Plan produces issues of PEPP Talk as a service to its members. These documents provide information on specific provisions of the Plan. Plan information is available in a variety of other forms including: issues of PEPP Talk on other topics; our newsletter, "Pension Perspectives"; the *PEPP Member Booklet*; and the PEPP home page www.peba.gov.sk.ca/pensions/pepp/home.html

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