



pension perspectives

Summer 2018

The winds of change

From time to time pension plans need to evolve in the best interest of the plan members and the Plan in general. The Public Employees Pension Board recommended the following changes to look after your pension.

These changes took effect May 9, 2018:

All existing members are now vested and funds locked-in, and all new members are vested and locked-in immediately at enrolment

Vesting entitles you to your full account balance - your contributions and interest as well as the employer's contributions and interest when you retire or stop working for a PEPP employer.

Locked-in funds means your account balance must be used to provide income at retirement.

Previously, members enrolled in the Plan became vested and locked-in after one year of membership.

The spouse of a deceased member may now set up a PEPP account in his/her own name and leave the death benefit in the Plan

This allows the spouse to take advantage of PEPP services and tools and make a retirement decision in the future.

Previously, a spouse of a deceased member was required to convert the account balance to retirement income, transfer the balance out of PEPP or consolidate the funds with their own PEPP account if one existed.

Ex-spouses receiving a transfer from the member on relationship breakdown may open their own PEPP account and keep the money in the Plan

A breakdown of a spousal relationship may entitle the ex-spouse to a portion of the member's account balance due to the division of assets through a court order. In the past, the ex-spouse was required to transfer that amount out of PEPP.



The 15-day waiting period for the unlocking of voluntary contributions on termination of employment was removed

Members who are no longer working with a PEPP employer may now choose to receive an immediate refund of their voluntary contributions made after January 1, 2001.

Voluntary contributions are contributions and non-locked in transfers to the Plan that you choose to make over and above the required contributions. Previously, members had to wait 15 days before receiving a refund of eligible voluntary contributions.

These PEPP Talks are available on our website for more information:

- *Termination Options*
- *Voluntary Contributions*
- *Breakdown of Spousal Relationship*



Cost-recovery fees

Like other investment funds, pension plans charge fees. You are not billed directly; the Plan deducts the fees from the unit value posted to the website. The two types of fees that are reflected in PEPP unit values are:

- administration fees - salaries, benefits, computer systems and general expenses of operating the plan.
- investment fees - investment managers and consultants and custodians.

All PEPP funds have the same administration fee, but each fund is charged a different investment fee based on the investment exposure in the fund. The more aggressive funds will have higher investment fees than the more conservative funds. PEPP fees are only to cover costs – there is no profit.

Current PEPP fees range from 0.12% to 0.75%. Open market fund fees can range from 1.5% - 2+%. Fees are shown on each fund fact sheet as *expense ratio*. Fund fact sheets are available on the website.

The other cost-recovery fees a member may pay are transaction related fees such as office-assisted inter-fund transfers (after the first two free transfers in a fiscal year), spousal relationship breakdown calculations (first one is free) and maintenance enforcement compliance. See the complete listing of transaction fees on the website. Transaction fees are taken directly from your account.

Overall, you will find PEPP fees are lower than outside financial institutions.

Saved scenarios deleted soon

Retire@Ease will be updated toward the end of August. During the update process all Retire@Ease saved scenarios will be deleted. If you have data and results you would like to save, you may want to print off your scenarios.



The PEPP 2017-18 Annual Report is available for viewing on our website.

VPB - the greatest thing since the pRRIF

That's a lot of acronyms! When you are ready to retire you need to choose a retirement income option for your account balance. PEPP's Variable Pension Benefit (VPB) was the first of its kind in Canada and has similar rules to the prescribed Registered Retirement Income Fund (pRRIF). The nice thing about the VPB is that you can stay in PEPP as a VPB member in retirement.

Important similarities between VPB and pRRIF:

- you make your own investment decisions
- you have several investment fund choices
- you are in control of your maximum spending

Important differences:

- pRRIF forces withdrawals as soon as you open the account; VPB mandatory withdrawals don't begin until age 72.
- PEPP fees are generally lower than outside financial institutions

Apparently our members are loving the VPB, because 65% of retiring PEPP members choose this option. It's the easy choice.

Check out the PEPPTalk on *Variable Pension Benefit* available on the website for more information.

RetireWithEase Workshops

Prince Albert	Aug 21
Saskatoon	Aug 22
Regina	Sep 18
North Battleford	Sep 26

Register today! Visit PEPP's home page and click on the PEBA Hosted Workshop image!

*Workshop dates are subject to change, please check the PEPP website for updates.



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