



Your Retirement Benefits

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Plan Member Services

HRM Pension Plan | January 21, 2025

Disclaimer

This presentation is not complete without commentary. It is being provided for educational purposes only and is not intended to give advice. If you have specific questions about your personal situation, you should not rely upon this presentation but should contact the HRM Pension Office.

The information and Plan features explained in this presentation apply to pension benefits accrued to date in the current (HRM) Plan division. Provisions of the HRM Pension Plan are subject to change where allowed by the rules of the Plan text and pension law.

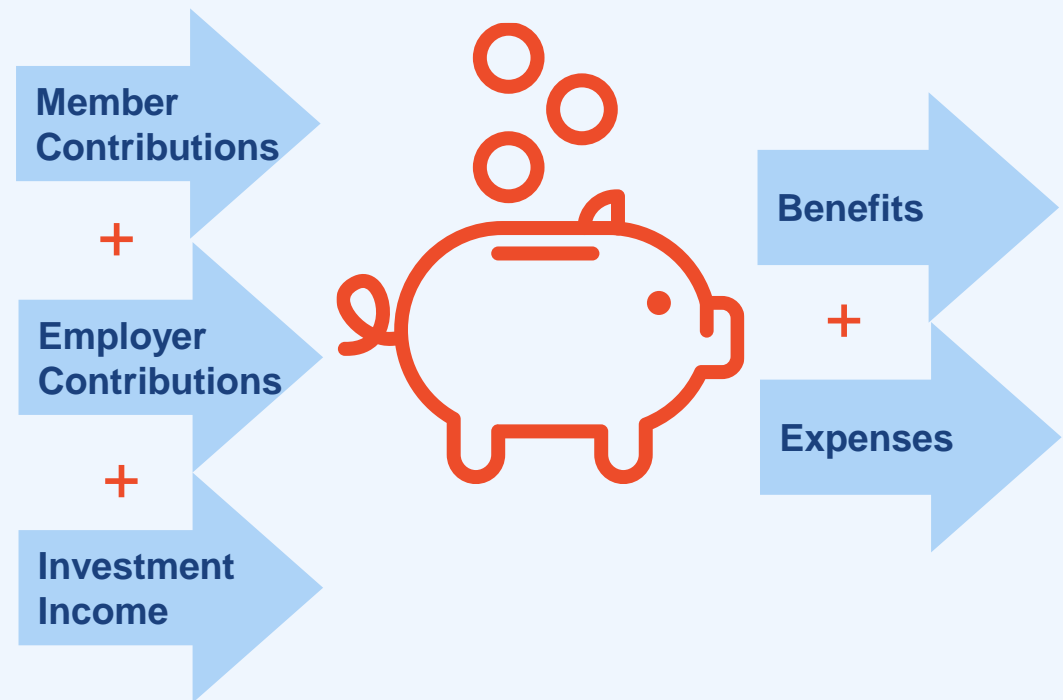
What we'll cover today

- Pension Basics
 - How does my pension work?
 - When can I retire?
 - Retirement examples
- Plan Features
 - Defined Contribution account
 - Not reduced at 65 for CPP/OAS
- Life Events
 - Employment changes
 - Death before/after retirement
 - Separation and divorce
- Service Buybacks and Reciprocal Transfers
- Website/other resources
- When you decide to retire

Pension Basics

How does my pension work?

- Defined benefit (DB) pension plan
- Fixed monthly pension payment at retirement, **based on a Pension Formula**
- Employees and employers contribute equally
- Current contribution rate for members joining in 2025: 12.21% of regular pay (PSO: 12.56%)



How does my pension work?

Based on a Pension Formula

$$\text{Annual Pension} = 2\% \times \text{BAE} \times \text{Credited Service}$$

Best Average Earnings (“BAE”)

- Average annualized earnings over 3 highest-paid consecutive years

Credited Service

- Period of time employed while a member and making required Plan contributions
- No maximum number of years

Deep Dive – Annualized Earnings

- If you work less than 100% of the year, your earnings are annualized for the pension formula
- Annualized Earnings are what you would receive if you worked 100% of the year

Example:

You work 50% of the year

The pay you receive for that year is \$25,000

Annualized Earnings = \$50,000, i.e., \$25,000 divided by 50%

Deep Dive - Service Types

Credited Service is continuous employment while making contributions, based on hours worked. This is used in the **Pension Formula**.

Continuous Service is calculated from most recent date of hire, not adjusted for part-time status or leaves of absence. This is used to determine **Unreduced Retirement Date**.

Example:

You work from January 1 to December 31 in the year

You work 50% of full-time hours

Credited Service = 0.5 years

Continuous Service = 1 year

When can I retire?

- **Normal Retirement Date (NRD): Age 65** (60 for PSO members)
 - No reduction in pension
- **Early Retirement Date (ERD): Age 55** (50 for PSO members)
 - Pension subject to reduction of 6% for each year your pension commencement precedes your Unreduced Retirement Date
- **Unreduced Retirement Date (URD): Rule of 80** (75 for some PSO members) **or Age 60**
 - Continuous employment service + age = 80 (or 75); no minimum age; or
 - Age 60
 - No reduction in pension

When can I retire?

- **Postponed Retirement Date: After NRD**
 - If still employed at age 71, member is considered to have retired on postponed retirement date (pension must start in year member reaches age 71)

Example 1: When can I retire?

Member Details:

- Hired at age 32, joined the Plan at age 33, non-public safety occupation

Continuous Service = 23 years (service from date of hire to age 55)
Rule of 80 test = 78 pts (age 55 + 23 years' Continuous Service)

Retirement Options:

- Early Retirement Date (ERD) = Age 55 (10 years before NRD, pension will be reduced by 6% for retiring one year before URD)
- Unreduced Retirement Date (URD) = Age 56 (rule of 80 test satisfied at age 56 + 24 years' service)
- Normal Retirement Date (NRD) = Age 65

Example 1: What is my annual pension?

Member Details:

Hired at age 32, joined the Plan at age 33, non-PSO

Best Average Earnings = \$60,000

Assumes full time service and continued membership to retirement



Retirement Age	Continuous Service	Rule of 80 test	Credited Service	Annual Pension	Reduction	Reduced Pension
ERD (age 55):	23	78	22	$2\% \times \$60,000 \times 22 = \$26,400$	6%	\$24,816
URD (age 56):	24	80	23	$2\% \times \$60,000 \times 23 = \$27,600$	0%	\$27,600
NRD (age 65):	33		32	$2\% \times \$60,000 \times 32 = \$38,400$	0%	\$38,400

Example 2: When can I retire?

Member Details:

- Hired in a “rule of 75” public safety occupation (PSO) at age 32, joined the Plan at age 33

Continuous Service = 21.5 years (service from date of hire to age 53.5)
Rule of 75 test = 75 pts (age 53.5 + 21.5 years' Continuous Service)

Retirement Options:

- Early Retirement Date (ERD) = Age 50 (10 years before NRD, pension will be reduced by 21% for retiring 3.5 years before URD)
- Unreduced Retirement Date (URD) = Age 53.5 (rule of 75 test satisfied)
- Normal Retirement Date (NRD) = Age 60

Example 2: What is my annual pension?

Member Details:

Hired at age 32 (PSO), joined the Plan at age 33

Best Average Earnings = \$60,000

Assumes full time service and continued membership to retirement



Retirement Age	Continuous Service	Rule of 75 test	Credited Service	Annual Pension	Reduction	Reduced Pension
ERD (Age 50):	18	68	17	2% x \$60,000 x 17 = \$20,400	21%	\$16,116
URD (Age 53.5):	21.5	75	20.5	2% x \$60,000 x 20.5 = \$24,600	0%	\$24,600
NRD (Age 60):	28		27	2% x \$60,000 x 27 = \$32,400	0%	\$32,400

Retirement Estimates

- Found on your Annual Pension Statement
- Can be calculated using the “Retirement Modelling” tool on HRM Pension Plan website: www.hrmpensionplan.ca
(once you have received your first annual pension statement)
- Pension Office staff can calculate estimates (by request) within 2 years of proposed retirement date
 - Payment amount gross and net of taxes provided

Key Retirement Takeaways

- Your pension income is based on a formula ($2\% \times \text{BAE} \times \text{Credited Service}$)
- The more credited service you have and the higher your BAE, the higher your pension income will be
- Continuous service is used to satisfy early retirement eligibility requirements for your URD
- If you retire before your URD, there will be a reduction to your pension
- There is no reduction if you choose to retire at age 60, regardless of your continuous service
- Your ERD, URD and NRD can be found on your annual statement

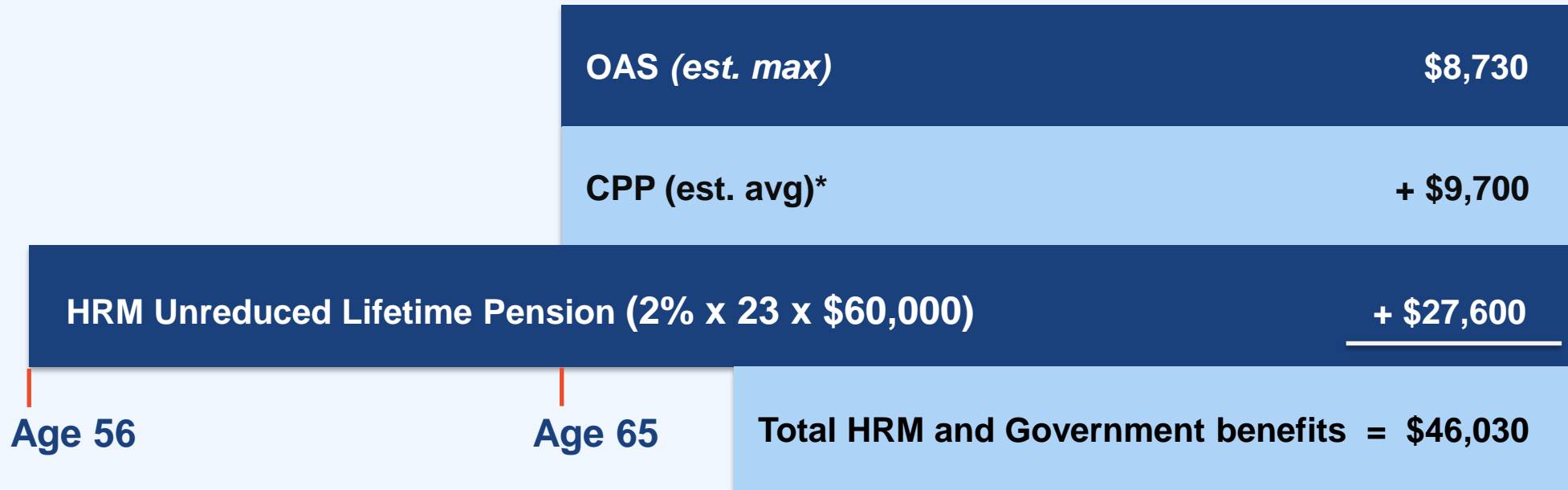
Plan Features

Defined Contribution Accounts

- Member can contribute on overtime or other non-regular earnings (e.g., bonus, lump sum payout of vacation time)
 - Matched by employer at 6.3% each
- Police officers can contribute on extra-duty earnings
 - No employer matching (12.6% employee)
- Member can:
 - Transfer balance to Locked-In Retirement Account (LIRA) at termination/retirement
 - Use it to purchase additional pension (purchased with account value at retirement)

HRM Pension and Government Benefits

- Age: 56 (with 80 points)
- Credited Service: 23 years
- Best Average Salary: \$60,000



* CPP can begin as early as age 60 at a reduced rate (0.6% for each month you receive your CPP pension before age 65). Alternatively, it can increase by 0.7% for each month you delay past age 65.

Key Plan Feature Takeaways

- Members may earn additional pension from overtime / non-regular earnings using a Defined Contribution account
 - You can opt in / out of making DC account contributions on Jan 1 of each year. Money stays in the fund until termination of employment, retirement or death
- HRM Pension benefit formula is a level 2% - your pension is not reduced when you start CPP / OAS benefits

There is no indexing provided in the HRM Pension Plan

Life Events

What happens if I terminate employment?

If you are not retirement-eligible...

1. Deferred pension

- Payable unreduced at NRD
 - *Age 65 for non-PSO Members; age 60 for PSO Members*
- Can start receiving deferred pension up to 10 years prior to NRD
 - 6% reduction for each year actual retirement date precedes NRD plus pension that can be purchased with DC account (*if applicable*)

2. **Commuted value** of deferred pension and value of DC account (*if applicable*) transferred in a lump sum to:

- Locked-in retirement account;
- An insurance company to purchase an annuity; or
- Another registered pension plan, if accepted by plan

What is a Commuted Value?

A Commuted Value is a **lump sum**, estimated to be equivalent to the value of the **monthly pension payments** you would receive if you left your benefit in the pension plan until retirement. It uses the pension you have earned up to your termination date, based on the pension formula.

- Calculated using various actuarial assumptions – interest rates, mortality rates, etc.
- Subject to CRA ITA limits for tax sheltering

HRM Pension Plan office does not provide Commuted Value estimates

Small Pension Rule

- Commuted value payments must usually be locked-in (*can't be accessed by member until retirement*)
- **Exception!** Unlocked (*paid in cash or to **non locked in RRSP***) if:
 - Annual pension is **less than 4% of YMPE**; or
 - Commuted value is **less than 20% of the YMPE** in year of termination

Example (member terminates in 2025):

Annual pension	Commutated value	2025 YMPE
\$2,000	\$10,000	\$71,300

- ✓ Annual pension is less than \$2,852 (4% x \$71,300) and
- ✓ CV is less than \$14,260 (20% x \$71,300)

This is a small pension!

What happens if I die before retirement?

With a Spouse

- Spouse can elect to receive:
 - Commuted value of member's deferred pension; or
 - Equivalent immediate pension or deferred pension

Without a Spouse

- Designated beneficiary or estate receives commuted value of member's "entitlement"

What happens if I die after retirement?

With a Spouse

- 66.67% of member's pension continues to surviving spouse for life after member's death (must be spouse named at *date of retirement*)

Without a Spouse

- Payments guaranteed for 10 years
- Value of balance of guaranteed payments payable to designated beneficiary or estate

In either case, minimum guaranteed payments of at least member contributions with interest to date of retirement

Definition of Spouse

Under the Nova Scotia Pension Benefits Act, the definition of **spouse** mainly addresses three possible situations:

- 1) **spouse** applies where a couple is legally married and has not divorced
- 2) **spouse** applies to individuals who have entered a “registered domestic partnership” under the Nova Scotia Vital Statistics Act
- 3) **spouses** in common law relationships - a common law partner is defined as a person cohabiting in a conjugal relationship with a member for at least:
 - (a) three years, if either of them are currently legally married; or
 - (b) one year, if neither of them are married

YOUR PENSION CAN BE ONE OF YOUR MOST VALUABLE ASSETS

Keep your file up-to-date: Let us know if you are entering a new spousal relationship (marriage or common law), ending a spousal relationship, or getting a divorce

Spouse & Beneficiary Designation

- Benefits may be paid to spouse or designated beneficiary (including estate)
 - Spouse has first right to survivor benefits
 - Designated beneficiary can be changed
- Always ensure administrator is informed of changes
 - Entitlement can be contentious
- Change of beneficiary forms available on our website:
<https://hrmpensionplan.ca/plan-members/beneficiary-designation>

Upon a Relationship Breakdown with Your Spouse

If your marriage or common-law relationship ends,

under Nova Scotia pension law, your former spouse or common-law partner may be entitled to up to 50% of pension benefits earned while you were together and a Plan member

- This share can only be paid to the former spouse at the time benefits are paid to the member (**at retirement, death or termination**)
- In order to act on a direction to split pension benefits, we must receive either a court order or a separation agreement

Service Buybacks and Reciprocal Transfers

Service Buybacks

- Members may be able to purchase **credited service** in the Plan to increase their future pension benefit at retirement.
- Examples of service eligible for Buybacks:
 - Approved leaves when the member did not contribute
 - Service with the employer prior to joining the Plan
 - Prior periods of service under the HRM Plan for which the member was paid out when employment ended
 - Certain periods of employment with other employers (non HRM Buyback subject to administration fee)

***Important:* Buying back credited service does not allow the member to retire earlier**

If you are interested in a Buyback...

- The pension plan office can offer an estimate of the cost to Buyback **1 year** of service
 - Members must have a minimum of three months of service available to Buyback
 - Buying back Non-HRM service (i.e., service with previous employer) – subject to an administration fee
 - If you are not 100% full time (e.g., 50% Part Time) you are not able to buyback the other 50%
- If you wish to proceed with the buyback, a detailed statement is provided

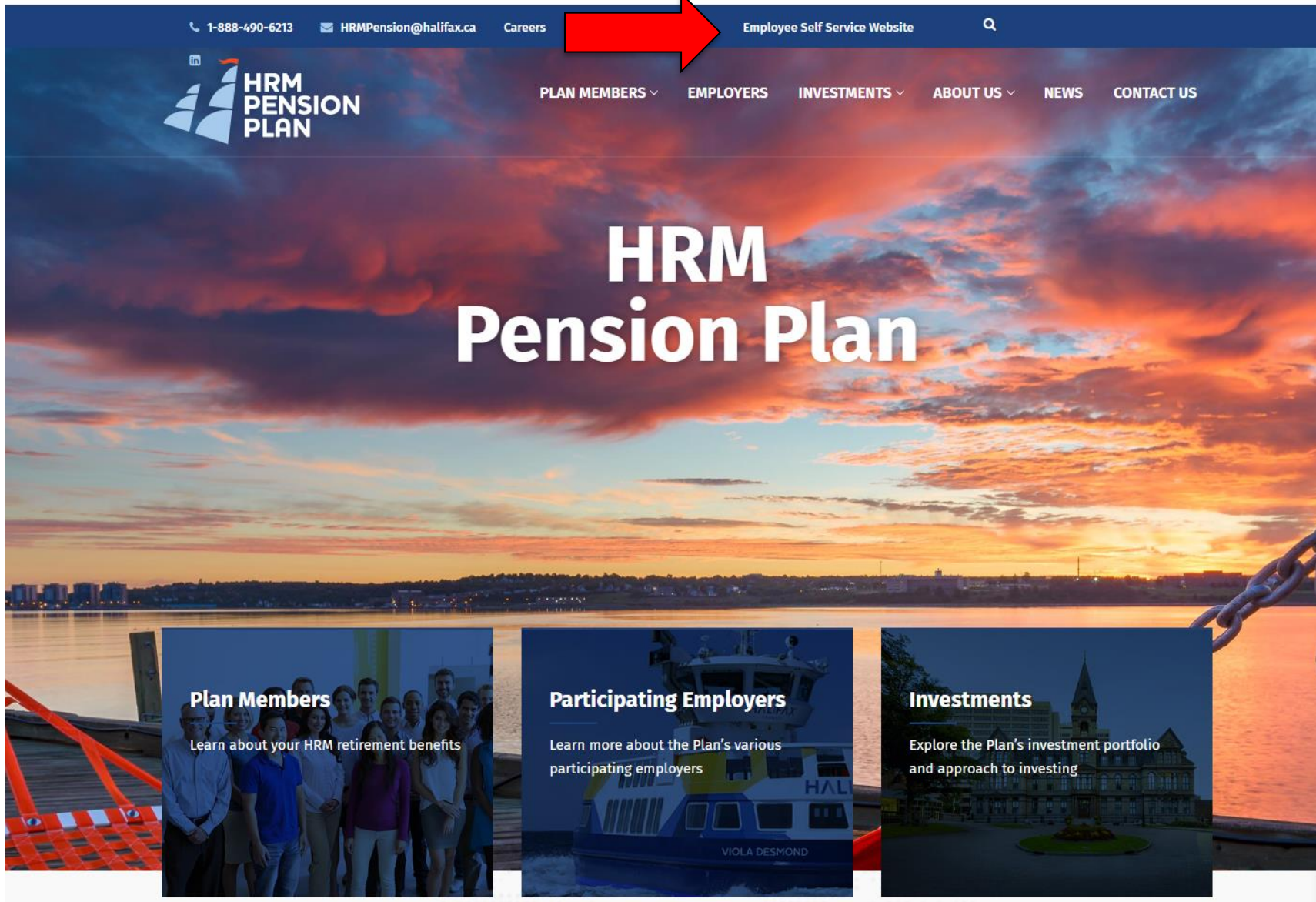


Reciprocal Transfers (for new members only)

- Members can transfer service between participating pension plans if pension benefit is left in the previous plan
- Reciprocal transfer agreements and timelines:
 - **Province of Nova Scotia** (incl. many public authorities) - within one year of employment
 - **Federal Public Service Superannuation Plan** - within one year of Plan membership
 - **Ontario Municipal Employees Retirement System (OMERS)** – must commence employment within one year, join the pension plan within one year of being eligible, and initiate the reciprocal within 6 months of membership
 - **Province of Newfoundland and Labrador** – must commence employment within three years, then initiate within 6 months of membership
- Provides members with credited and continuous service
- Contact HRM Pension Plan Office for info on eligibility and procedures
 - \$1,000 administration fee for transfer of service (current)

Website / Other Resources

www.hrmpensionplan.ca



Employee Self Service Website



Login

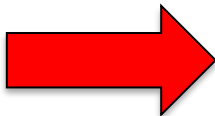
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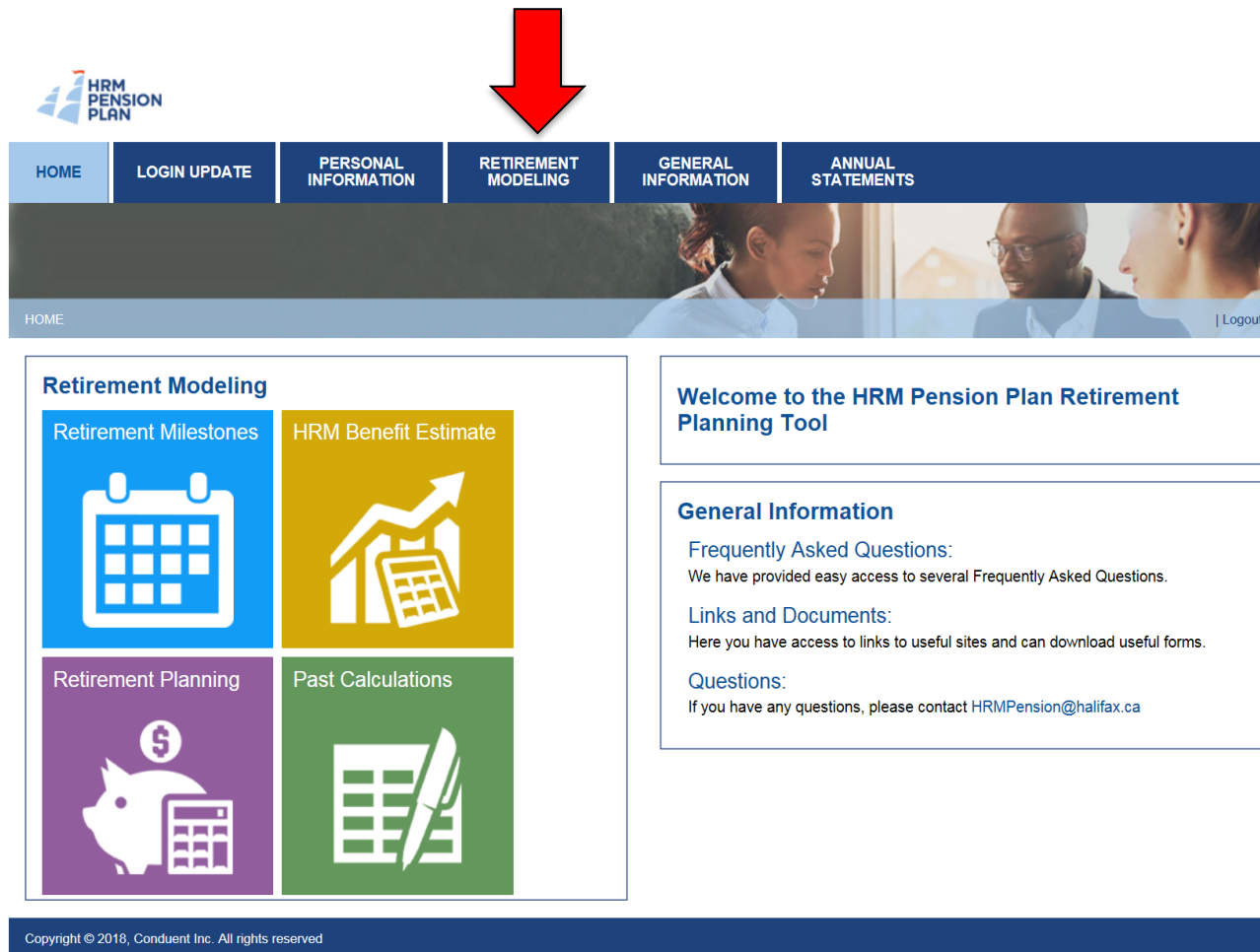
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Employee Self Service Website



HRM PENSION PLAN

HOME LOGIN UPDATE PERSONAL INFORMATION RETIREMENT MODELING GENERAL INFORMATION ANNUAL STATEMENTS

HOME | Logout

Retirement Modeling

- Retirement Milestones
- HRM Benefit Estimate
- Retirement Planning
- Past Calculations

Welcome to the HRM Pension Plan Retirement Planning Tool

General Information

Frequently Asked Questions:
We have provided easy access to several Frequently Asked Questions.

Links and Documents:
Here you have access to links to useful sites and can download useful forms.

Questions:
If you have any questions, please contact HRMPension@halifax.ca

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Employee Self Service Website

The screenshot shows the HRM Pension Plan website interface. At the top left is the HRM Pension Plan logo. A navigation bar contains links for HOME, LOGIN UPDATE, PERSONAL INFORMATION, RETIREMENT MODELING (highlighted), GENERAL INFORMATION, and ANNUAL STATEMENTS. Below the navigation bar is a banner image of three people in a meeting. A 'Logout' link is visible in the top right corner of the banner. The main content area is titled 'RETIREMENT MODELING' and features a left-hand sidebar with links to Retirement Milestones, HRM Benefit Estimate, Retirement Planning, and Past Calculations. The main content area lists four options under the heading 'Retirement Modeling': Retirement Milestones (with a calendar icon), HRM Benefit Estimate (with a house and calculator icon), Retirement Planning (with a piggy bank icon), and Past Calculations (with a spreadsheet icon). Two large red arrows point to the 'HRM Benefit Estimate' and 'Retirement Planning' options. At the bottom of the page is a dark blue footer with the text 'Copyright © 2018, Conduent Inc. All rights reserved'.

When You Decide to Retire

When you decide to retire

- Advise your employer **3-6 months** before effective date
- Advise **HRM Pension Plan Office**:
 - **902-490-6213/1-888-490-6213**
 - **902-490-5597 (fax)**
 - **hrmpension@halifax.ca**
- You will receive a retirement statement and forms approximately 45 days prior to actual retirement date
- Northern Trust Canada Ltd. will start pension on 1st business day of month following date of retirement

Gather your documents! You will need copies of your birth certificate or passport, for you and your spouse (if applicable)

Other Considerations

- ✓ Do you have any pension benefits in a former employer's pension plan?
- ✓ Have you talked to a financial advisor? Do you know your options?
- ✓ How much can you expect from government plans (e.g., CPP, OAS)?
- ✓ Are you eligible for any lump sum payments (e.g., pre-retirement leave, severance pay, accrued vacation) from your employer?
- ✓ How much tax will you pay on your retirement income?
- ✓ Will your benefits coverage (medical, dental, life) continue?
- ✓ Do you have a will?
- ✓ Are you mentally prepared for retirement?
 - ✓ Employer-sponsored Employment Assistance Program may provide pre-retirement counselling

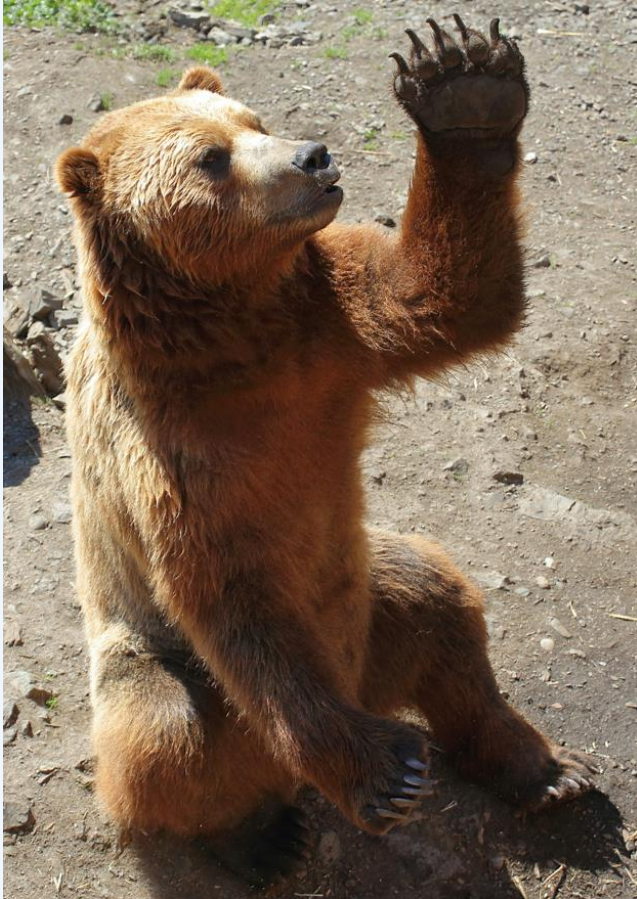


Photo credit: Simon Hurry

Questions?

Appendices

Example 3 (older new hire): When can I retire?

Member Details:

- Hired at age 45, joined the Plan at age 46, non-public safety occupation

Continuous Service = 15 years (service from date of hire to age 60)
Does not meet Rule of 80

Retirement Options:

- Early Retirement Date (ERD) = Age 55 (10 years before NRD, pension will be reduced by 30% for retiring five years before URD)
- Unreduced Retirement Date (URD) = Age 60 (rule of 80 test not reached before NRD)
- Normal Retirement Date (NRD) = Age 65

Example 3 (older new hire): What is my annual pension?

Member Details:

Hired at age 45, joined the Plan at age 46, non-PSO

Does not meet rule of 80

Best Average Earnings = \$60,000



Assumes full time service and continued membership to retirement

Retirement Age	Continuous Service	Rule of 80 test	Credited Service	Annual Pension	Reduction	Reduced Pension
ERD (Age 55):	10	65	9	$2\% \times \$60,000 \times 9 = \$10,800$	30%	\$7,560
URD (Age 60):	15	75	14	$2\% \times \$60,000 \times 14 = \$16,800$	0%	\$16,800
NRD (Age 65):	20		19	$2\% \times \$60,000 \times 19 = \$22,800$	0%	\$22,800

Example 4 (lower BAE): When can I retire?

Member Details:

- Hired at age 32, joined the Plan at age 33, non-public safety occupation

Continuous Service = 23 years (service from date of hire to age 55)
Rule of 80 test = 78 pts (age 55 + 23 years' Continuous Service)

Retirement Options:

- Early Retirement Date (ERD) = Age 55 (10 years before NRD, pension will be reduced by 6% for retiring one year before URD)
- Unreduced Retirement Date (URD) = Age 56 (rule of 80 test satisfied at age 56 + 24 years' service)
- Normal Retirement Date (NRD) = Age 65

Example 4 (lower BAE): What is my annual pension?

Member Details:

Hired at age 32, joined the Plan at age 33, non-PSO

Best Average Earnings = **\$35,000**

Assumes full time service and continued membership to retirement



Retirement Age	Continuous Service	Rule of 80 test	Credited Service	Annual Pension	Reduction	Reduced Pension
ERD (age 55):	23	78	22	2% x \$35,000 x 22 = \$15,400	6%	\$14,476
URD (age 56):	24	80	23	2% x \$35,000 x 23 = \$16,100	0%	\$16,100
NRD (age 65):	33		32	2% x \$35,000 x 32 = \$22,400	0%	\$22,400

Example 5 (part-time): When can I retire?

Member Details:

- Hired at age 32, joined the Plan at age 33, non-public safety occupation
- 50% of full-time

Continuous Service = 23 years (service from date of hire to age 55)

Rule of 80 test = 78 pts (age 55 + 23 years' Continuous Service)

Rule of 80 test not affected by part-time status

Retirement Options:

- Early Retirement Date (ERD) = Age 55 (10 years before NRD, pension will be reduced by 6% for retiring one year before URD)
- Unreduced Retirement Date (URD) = Age 56 (rule of 80 test satisfied at age 56 + 24 years' service)
- Normal Retirement Date (NRD) = Age 65

Example 5 (part-time): What is my annual pension?

Member Details:

Hired at age 32, joined the Plan at age 33, non-PSO

Working 50% of full-time

Best Average Earnings = \$60,000



Assumes 50% of full-time service and continued membership to retirement

Retirement Age	Continuous Service	Rule of 80 test	Credited Service	Annual Pension	Reduction	Reduced Pension
ERD (age 55):	23	78	11	$2\% \times \$60,000 \times 11 = \$13,200$	6%	\$12,408
URD (age 56):	24	80	11.5	$2\% \times \$60,000 \times 11.5 = \$13,800$	0%	\$13,800
NRD (age 65):	33		16	$2\% \times \$60,000 \times 16 = \$19,200$	0%	\$19,200

Service Canada Contact Information

Phone: 1-800 O-Canada (1-800-622-6232)

Website: Canada.ca - click [Public pensions \(CPP and OAS\)](#)

- The website provides links to your *My Service Canada* account, current CPP payment amounts and payment dates, the opportunity to change your personal information and access to CPP/OAS retirement planning tools

Maximum Pension

- *Income Tax Act* limits annual pension that can be paid per year of credited service by a DB plan
 - 2025 limit: **\$3,756.67 per year of credited service**
- With 2% pension formula, limit affects members with **average annualized earnings of \$187,834 or higher**, if retiring in 2025
 - $\$187,834 \times 2\% = \mathbf{\$3,756.67}$
- No contributions required on earnings above limit

Maximum Pension - Example

- Member retiring in 2025
 - Credited service: 33 years
 - Best average earnings: \$190,000
 - Pension formula: $2\% \times \$190,000 \times 33 \text{ years} = \$125,400$

Maximum annual pension = \$123,970
(\$3,756.67 x 33 years)