

# Civil Service Superannuation Fund

## NEWSLETTER

**July 2000**

### Early Retirement Option Approved

#### *Civil Service Superannuation Act*

Provincial Treasurer, Pat Mella, is pleased to announce that changes were made to the *Civil Service Superannuation Act* (CSSA) to provide long-service employees with an early retirement option. Effective September 1, 2000, members who have a minimum 30 years of pensionable service, and who are a minimum of age 55, can retire without penalty.

There are also benefits for long-service employees who wish to retire early but do not have 30 years of pensionable service. Currently, early retirement is possible at age 55 with a penalty of three percent for every year prior to age 60. Under the new provisions, the earliest retirement age **remains at age 55**; however, the penalty would be three percent for every year:

- a) prior to age 60, **or**
  - b) prior to attaining 30 years of pensionable service,
- whichever is less.

Pensionable service is calculated from the date a member began contributing to the Civil Service Superannuation Fund (CSSF) to the date of retirement, **plus** any purchased service and any service transferred in, **less** any leave of absences without pay.

**Table A** *Samples Before and After Early Retirement Option*

	Service	Average Salary	Age 60 Unreduced Annual Benefit	Annual Penalty If Retiring at Age 55	*Annual Benefit at Age 55
<b>New Provisions</b>	<b>30 years</b>	<b>\$35,000</b>	<b>\$21,000</b>	<b>\$0</b>	<b>\$21,000</b>
Old Provisions	30 years	\$35,000	\$21,000 (60% x \$35,000)	\$3,150 (15% x \$21,000)	\$17,850
<b>New Provisions</b>	<b>28 years</b>	<b>\$35,000</b>	<b>\$19,600</b> (56% x \$35,000)	<b>\$1,176</b> (6% x \$19,600)	<b>\$18,424</b>
Old Provisions	28 years	\$35,000	\$19,600 (56% x \$35,000)	\$2,940 (15% x \$19,600)	\$16,660

*\*Annual Benefit Formula = Years of Service x 2% x Average Salary (three best years)*

**Table B**

*Comparison of Pre- and Post-Retirement Income  
(Annual Salary of \$35,000 and 30 Years of Service)*

	<b>Gross Monthly Income</b>	<b>Tax Deduction</b>	<b>CPP</b>	<b>UIC</b>	<b>RPP</b>	<b>Other</b>	<b>Net Pay</b>
Pre-Retirement Income	\$2,916 (\$35,000/12)	\$615	\$102	\$70	\$208	\$73*	\$1,848
Post Retirement Income	\$1,750 (\$21,000 /12)	\$276					\$1,474

\* *Other includes union dues, mandatory life insurance, long-term disability, and AD&D. Optional benefits are not reflected in this table.*

A CSSF pension is reduced in the month following a member's 65<sup>th</sup> birthday since the CSSF is integrated with the Canada Pension Plan. The reduction calculation is based on the number of years that a person contributed to the Canada Pension Plan while a member of the CSSF.

### **Plan Improvements**

- Effective June 14, 2000, **all refunds** of employee contributions are eligible for five percent compound interest. Prior to this amendment, an employee with less than three years of service didn't receive any interest on their refunded contributions.
- Effective May 1, 1999, all permanent part-time appointments are eligible to become contributors to the CSSF.

### **Upcoming Changes**

- **Birth or Adoption Leave** – It has been approved in principle to allow individuals to purchase birth or adoption leave. (Regulations are being drafted and further details will follow.)
- **Transfer of Service Between Public Sector Pension Plans** – Industry standards dictate that existing agreements must be redrafted and agreements with the greatest traffic are being drafted first. The CSSF is in the process of renegotiating new agreements with the Federal Government, the provinces of Nova Scotia, New Brunswick and Newfoundland and the Uniform Hospital Pension Plan.
- **Marriage Breakdown Regulations** – These regulations have been drafted and sent forward for review and final approval.

### **Other**

- The 1998/1999 Annual Report and Audited Financial Statements of the Province of Prince Edward Island Civil Service Superannuation Fund are now available at Island Information Service.



*For more information, please call  
Employee Benefits  
368-4200*

