



Teachers' Pension Plan Frequently Asked Questions – Plan Text

1. Why did I receive a letter relating to the *Teachers' Pension Act, 2018* and the Newfoundland and Labrador Teachers' Pension Plan text?

- The Teachers' Pension Plan Corporation (the "TPPC"), administrator of the Newfoundland and Labrador Teachers' Pension Plan (the "Plan"), wants to keep you informed about your pension plan.
- We are in the last steps of pension reform which results in new legislation, recently proclaimed, and a new Plan text governing your pension benefits. The benefit provisions of the Plan were removed from the old legislation and have been incorporated into a non-statutory pension plan text.

2. Why did the Plan move from being a statutory plan (i.e. contained in legislation), to a non-statutory plan; and what is the difference between the two?

- The Plan is now under the responsibility of the Sponsor Body who operates at arm's length from the NL Government.
- The Sponsor Body has authority to amend the Plan; however, if the Plan had remained a statutory plan, the Sponsor Body would have been required to ask the NL Government to amend the Plan through the legislative process, which could hinder the Sponsor Body's amending authority.
- The non-statutory plan text reflects the provisions of the former *Teachers' Pensions Act*, with the exception of the Supplementary Pension Benefits which are still contained in legislation. The non-statutory plan text also encompasses additional provisions which reflect in greater detail how benefits are administered under the Plan.

3. If the Plan is now a non-statutory plan, why is there still a *Teachers' Pensions Act, 2018*, SNL 2018 C.T-4.01 (the "Act")?

- Certain provisions related to the Plan had to be maintained in legislation, for example:
 - Supplementary Pension Benefits – these are benefits that exceed the *Income Tax Act* maximum limits imposed upon all registered pension plans. These benefits are paid outside of the registered portion of the Plan by the NL Government through the Consolidated Revenue Fund. As such, they are not contained in the non-statutory plan text which only reflects the provisions of the registered portion of the Plan.

- Exemption from the *Pension Benefits Act* – jointly sponsored pension plans, such as the Plan, are not regulated under the *Pension Benefits Act* and the Act is required to exempt the Plan from the *Pension Benefits Act*.
- Authority to impose locking-in on benefits transferred outside the Plan - the Plan is exempt from the *Pension Benefits Act*; however, a mechanism was required to preserve locking-in requirements for benefits transferred outside of the Plan since, in general, such benefits are meant to provide a retirement income and not a lump sum cash payment.
- The Act was required to establish/continue the TPPC, administrator of the Plan.

4. Is the NL Government still responsible for the Plan?

- The sponsorship of the Plan is now the responsibility of the Sponsor Body.
- The NL Government's responsibility in respect of the Plan now consists of:
 - appointing representatives to the Sponsor Body;
 - appointing representatives to TPPC;
 - making special payments as provided for under the Plan;
 - making required contributions and such other responsibilities of an employer under the Plan; and
 - equally sharing in deficits and surpluses under the Plan with all of the Plan members.
- The NL Government is also responsible to fund and administer the Supplementary Pension Benefits provided for under the *Teachers' Pensions Act*.

5. Who has authority to change or amend the Plan?

- The Plan text may be amended by the Sponsor Body from time to time through the required process under the Joint Sponsorship Agreement.

6. How will I be communicated to about future changes to the Plan text?

- Any substantial changes to the Plan text will be communicated to you directly. Non-substantial changes will be communicated to you via the website.
- Should you wish to receive a hard copy of the Plan, please contact the TPPC at the following link: <https://www.tppcnl.ca/Contact>

7. What is the Sponsor Body? Who is appointed to the Sponsor Body and by whom?

- The Sponsor Body is the entity established pursuant to the Joint Sponsorship Agreement dated March 15, 2016 between Government and Newfoundland and Labrador Teachers' Association ("NLTA") to sponsor the Plan. It is comprised of 4 representatives appointed by the NL Government and 4 representatives appointed by the NLTA.

8. What is the Joint Sponsorship Agreement and where can I find a copy?

- The Joint Sponsorship Agreement is the agreement between the NL Government and the NLTA to provide for the joint sponsorship of the Plan.
- A copy of the agreement can be found at the following link:
https://www.tppcnl.ca/Content/pdfs/JSA_JointSponsorshipAgreementandamendment-2016.pdf

9. What is the Funding Policy and where can I find a copy?

- The Funding Policy is the document that establishes the framework for funding the benefits under the Plan, taking into account factors that are relevant for the Plan.
- The Funding Policy is contained in Appendix A to the Joint Sponsorship Agreement which can be found at the following link:
https://www.tppcnl.ca/Content/pdfs/JSA_JointSponsorshipAgreementandamendment-2016.pdf

10. Who is responsible for administering the Plan?

- The administrator and trustee of the Plan is the TPPC, which was established under the Act.
- The framework under which the Corporation operates is detailed in Appendix B to the Joint Sponsorship Agreement which can be found at the following link:
https://www.tppcnl.ca/Content/pdfs/JSA_JointSponsorshipAgreementandamendment-2016.pdf

11. Who sits on the Board of Directors of the TPPC and how are they appointed?

- The Board of Directors of the TPPC is an expert board and is comprised of 8 directors, 4 of which are appointed by the NL Government and 4 of which are appointed by the NLTA.
- Additional information about the Board of Directors and who the current directors are may be found at the following link:
<https://www.tppcnl.ca/AboutUs/PlanGovernance/#boardOfDirectors>

12. How did the benefits change under the Plan as a result of the pension reform?

- The main changes resulting from the pension reform were:
 - suspension of guaranteed post-retirement indexing on pensions accrued in respect of service after August 31, 2015;
 - a change in the earnings averaging formula from a 5-year to an 8-year average;
 - a change in the date a deferred pension is payable for Teachers terminating after August 31, 2016 with less than 24.5 years of service; and
 - an increase to teachers contributions to 11.35%, effective September 1, 2015.

13. Where do I find more information about the benefits under the Plan?

- You may access additional information about the Plan on the TPPC website at the following link: www.tppc.nl.ca.

14. Why is the Plan exempt from the *Pension Benefits Act*? Who has regulatory oversight over the administration of the Plan?

- The Reform Agreement dated June 15, 2015 between Government and NLTA contemplated that the Plan would be exempt from the *Pension Benefits Act*. The Plan is a jointly sponsored pension plan and such pension plans are not regulated by the *Pension Benefits Act*.
- The NL Superintendent of Pensions has no regulatory oversight over the Plan.
- The Plan is registered under the *Income Tax Act* and the Canada Revenue Agency has regulatory oversight of the Plan with respect to compliance with the *Income Tax Act*.
- Protections afforded to pension plans under the PBA have been built into the *Teachers' Pensions Act, 2018* and the Plan text, such as locking-in of pension funds and provisions dealing with marriage breakdown.

15. What is the Plan's current funded status?

The Plan's December 31, 2018 financial statements showed a funded ratio of 101.7%.

16. What happens if the Plan is in a deficit? Will benefits be reduced?

- If, following an actuarial valuation, the funding position of the Plan falls below a certain target, the TPPC will provide the Sponsor Body with a range of options to address the funding deficit. Any changes made cannot reduce *accrued pension benefits**, and no changes can be made to a pensioner's benefits.
- Options could include adjustments such as:
 - an increase in contributions of members and employers;
 - changes to Plan eligibility and retirement dates;
 - changes to pension benefits; or
 - a combination of any of the above.
- All adjustments are shared equally between the NL Government and Plan members.
- If adjustments were made and, following an actuarial valuation, the funding position has improved to a certain level, then the value of such adjustments will be restored in a manner that allocates 50% of the restoration benefit to the NL government and the other 50% to members.

**accrued benefits is defined under the Joint Sponsorship Agreement as "benefits earned and to which a member is entitled, without projection of future salary or service, and assumed to start at the normal retirement date, unless the member has qualified for retirement under early retirement with unreduced pension.*

17. What happens if the Plan is in a surplus/overfunded? How will the surplus be shared?

- If, following actuarial valuations, the Plan's funded position is above a certain target, the TPPC will provide the Sponsor Body with a range of options for consideration. This could include reductions in contributions or improvements in benefits. In all cases, the surplus will be shared equally with the NL Government and Plan members.
- Changes as a result of an overfunded Plan will not be immediate but rather any change will be following a diligent review of options by the Sponsor Body and the TPPC over a fixed period of time.

18. Can my pension go down?

- Accrued pension benefits cannot be reduced. In the case of pensioners, benefits cannot change in any way. In the case of members who are not yet retired, your pension based on your current earnings and service and payable at the Plan's normal retirement date cannot be reduced.

19. Can my contributions to the Plan go up?

- If, following an actuarial valuation, the funding position of the Plan falls below a certain target, the TPPC will provide the Sponsor Body with a range of options to address the funding deficit. This could include an increase in both member and employer contributions.

20. The Plan text talks about a designated beneficiary. Who can I designate as a beneficiary and how?

- Plan members may designate any individual or organization to receive any benefit payable as a result of death. Notwithstanding the above, a member's principal beneficiary (i.e. legal spouse or cohabiting partner), dependent children or other dependants, as applicable, would take precedence over any designated beneficiary.
- Designating a beneficiary can be beneficial from an estate planning perspective, in that any lump-sum death benefits would be payable directly to your beneficiary rather than the member's estate, reducing probate fees.
- Other dependants must be designated as beneficiaries in order for such individuals to take precedence over any benefit payable to another designated beneficiary.
- If you wish to designate a beneficiary, you must complete and submit the beneficiary designation form found at the following link:
<https://www.tppcnl.ca/Content/pdfs/forms/Designation%20of%20Beneficiary.pdf>

21. What happens if I transfer my benefit out of the Plan?

- If you terminate employment after accumulating five years of service under the Plan, and do not meet the retirement eligibility criteria, you may elect to defer your pension benefits until you are retirement eligible or transfer the commuted value of your pension benefits to any of the following vehicles:

- another pension plan provided the administrator of that other pension plan agrees to accept the transfer;
- a life income fund (LIF), a locked-in retirement income fund (LRIF), or a locked-in retirement account (LIRA); or
- a deferred annuity purchased from an insurance company licensed to transact business in Canada.
- Benefits transferred from the Plan are to remain locked-in to provide for a retirement income when you retire.

22. What are Supplementary Pension Benefit?

- Supplementary Pension Benefits are benefits that exceed the Income Tax Act maximum limits imposed upon all registered pension plans. These benefits are paid outside of the registered portion of the Plan by the NL Government through the Consolidated Revenue Fund.
- The Supplementary Pension Benefits are administered by the NL Government.

23. If I don't agree with a decision about my pension benefits, what is the process to appeal?

- The TPPC has developed a new appeal process applicable to any person aggrieved by any decision of the TPPC to ensure a fair and efficient process and result.
- The TPPC will work with you in an attempt to informally resolve the dispute; however, should you and the TPPC be unable to reach a resolution, there is a formal appeal to a Review Officer and a formal appeal of the Review Officer's written decision to an Appeals Committee as additional appeal options. You continue to have the right of a Judicial Review of the final decision through the Courts.
- For more information on the appeals process, please review the appeals policy at the following link: <https://www.tppcnl.ca/FormsResources>

24. Who do I contact if I have other questions?

- The Teachers' Pension Plan Corporation website has various documents and tools to assist members, including copy of the Plan text and a detailed Members' Guide.
- For further questions you may contact the TPPC directly using the following link: <https://www.tppcnl.ca/Contact>