
PEPP *Talk* . . .

on Waiver of Spousal Benefits

Under the terms of the Public Employees Pension Plan (PEPP), the spouse of a member may waive his or her rights to death or survivor benefits from the Plan. This issue of *PEPP Talk* provides you and your spouse with general information about these spousal waivers.

Who is a 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 resumes being your spouse if you resume living together in a conjugal relationship for a NEW period of at least 12 continuous months.

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.

What are Spousal Waivers?

Spousal waivers allow the spouse of a member to give up entitlement to death or survivor benefits. PEPP Legislation requires a member's spouse to be the beneficiary of the member's death or survivor benefit in the event of the member's death, unless the spouse waives this right. In order to waive entitlement to the death or survivor benefit, the member's spouse (common-law, legally married or separated) must complete the appropriate spousal waiver form.

There are five types of spousal waivers:

- **PEPP Spouse's Waiver of Death Benefits Prior to Retirement** – this allows the spouse to waive all or a portion of his/her entitlement to the death benefit prior to retirement.
- **PEPP Spouse's Consent and Waiver of Post-Retirement Survivor Benefits** – depending on the retirement income option the member chooses (single life annuity, joint life annuity, prescribed Registered Retirement Income Fund (pRRIF), PEPP Variable Pension Benefit (VPB), PEPP Lifetime Pension), the spouse may waive 100% of his/her entitlement to the survivor benefit by completing the *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form relevant to the retirement income option chosen.
- **Variable Pension Benefit (VPB) Spouse's Waiver of Designated Beneficiary Status** - for more information on this waiver, see the *PEPP Talk on Variable Pension Benefit (VPB)* .
- **Lifetime Pension Spouse's Waiver of Designated Beneficiary Form and Spouse's Consent and Waiver of Post-Retirement Survivor Benefits** - the spouse must submit both to ensure a comprehensive spousal waiver of all Lifetime Pension entitlements¹; for more information on these waivers, see the *PEPP Talk on Lifetime Pension*.

What are the Death Benefits Prior to Retirement?

Under *The Public Employees Pension Plan Act*, a spouse of a member who is not receiving retirement income is entitled to a death benefit. The death benefit prior to retirement is:

- On the death of a member before retirement income has begun, the spouse is entitled to the balance in the member's account.

A spouse may waive entitlement to all or a portion of the death benefit by completing the *PEPP Spouse's Waiver of Death Benefits Prior to Retirement* form.

What are Survivor Benefits?

Under *The Public Employees Pension Plan Act*, a spouse of a retired member is entitled to a survivor benefit. The survivor benefit is:

- On the death of a member after retirement income has begun, the spouse is entitled to a monthly pension equal to at least 60% of the pension received by the member before his or her death.

Depending on the retirement income option the member chooses, a spouse may waive up to 100% of his/her entitlement to the survivor benefit by completing the *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form.

¹ If a member wishes to revoke their spouse's beneficiary status by designating a different beneficiary, the spouse must sign the *Spouse's Waiver of Designated Beneficiary Status* form. In the absence of this form, upon the member's death, the death benefit will automatically go to the default designated beneficiary: the spouse. If the member signs this form and no alternative beneficiary is designated by the member, the payments will be made to the member's estate. The member must choose a beneficiary if they are selecting a guarantee period. A married member does not need the *Spouse's Waiver of Designated Beneficiary Status* form if they are purchasing a single life option. In this case, the *Spouse's Consent and Waiver* form is sufficient.

Why Would a Spouse Waive Entitlement to a Death Benefit?

- The member and the spouse have agreed that benefits should be paid to the member's children. This is common where there is a common-law relationship or a second marriage.
- The member and the spouse have separated but have not formally dissolved the marriage.
- The member and the spouse have agreed that death benefits should be paid to an organization or institution they want to support.

Why Would a Spouse Waive Entitlement to a Survivor Benefit?

- In order for the member to use his/her PEPP pension funds to purchase a retirement income option that does not provide a guarantee of at least a 60% survivor's benefit, a *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* is required. Retirement income options that do not provide this guaranteed 60% survivor benefit include:
 - PEPP Variable Pension Benefit (VPB) ;
 - prescribed Registered Retirement Income Fund (pRRIF); and
 - single life annuity, or joint life annuity with less than 60 per cent survivor benefit.
 - while Lifetime Pension ensures a minimum 60 per cent benefit for the spouse, a married member selecting a single-life option requires the spouse to complete the *Spouse's Consent Waiver Form*.

Before Signing a Waiver . . .

Before your spouse waives his or her rights to a death or survivor benefit, you both should:

- fully understand the benefits payable to a spouse under PEPP and the conditions under which they become payable;
- investigate whether or not the waiver can be revoked and if so, what time constraints are involved; and
- contact professionals such as a financial planner and possibly legal counsel to help you understand all the implications of a waiver.

For a detailed explanation of death and survivor benefits, you (or your legal counsel) may wish to consult portions of the following Acts and Regulations that govern spousal benefits for active PEPP members and pensioners who purchase an annuity from the Saskatchewan Pension Annuity Fund:

- *The Public Employees Pension Plan Act*;
- *The Public Employees Pension Plan Regulations, 2015*;
- *The Saskatchewan Pension Annuity Fund Act*; and
- *The Saskatchewan Pension Annuity Fund Regulations*.

These Acts and Regulations are available from Publications Saskatchewan, Saskatchewan Justice at 1-800-226-7302 (toll free in Saskatchewan), and can be downloaded from the Publications Saskatchewan website at www.publications.gov.sk.ca.

Procedure for Waiver

A spouse must complete the *PEPP Spouse's Waiver of Death Benefits Prior to Retirement* or the *PEPP Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form, whichever is applicable. This form must be completed and signed by the spouse outside the immediate presence of the member. The spouse's signature must be witnessed by an adult who is not the member.

Once a completed *PEPP Spouse's Waiver* form is filed with the Plan, the member must complete a *Designation of Beneficiary* form directing the payment of any death benefits. Death benefits paid to any beneficiary other than a spouse are taxable at source. The Plan will deduct and remit the required amount of withholding tax on payments to non-spousal beneficiaries.

Other PEPP Talks that might interest you:

- ***PEPP Talk on Variable Pension Benefit (VPB)*** - provides information on the VPB, PEPP's flexible retirement income option.
- ***PEPP Talk on Lifetime Pension*** - provides information on the Lifetime Pension, PEPP's payments-for-life retirement income option.
- ***Designation of Beneficiary*** - provides information on naming/changing your beneficiary(ies) and the different types of beneficiary(ies).
- ***Retirement Income Options Booklet*** - provides information on the options for your account balance at retirement.

Questions

For further information about the waiver of spousal benefits, contact:

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Administered by **Plannera Pensions & Benefits**

The information contained in this issue of *PEPP Talk* does not replace or supersede *The Public Employees Pension Plan 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"; PEPP Member Booklet; and the PEPP home page pepp.plannera.ca

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