



PEPP *Talk* . . .

on Lifetime Pension

This PEPP *Talk* provides information about PEPP's new Lifetime Pension.

Introduction

PEPP's Lifetime Pension is the latest retirement income option available to you as a Plan member. We designed the Lifetime Pension to provide you with dependable monthly payments for life, regardless of how long you live and, depending on the options you choose - your spouse's life too.

The details described in this PEPP *Talk* relate to Saskatchewan legislation.

What is Lifetime Pension?

Starting in the spring of 2025, PEPP will be offering a new retirement income option called Lifetime Pension. PEPP has designed this new option specifically for retired or retiring PEPP members who would like a dependable monthly pension payment for life.

Members can choose a combination of PEPP's Variable Pension Benefit (VPB) and the new Lifetime Pension for their retirement income. Lifetime Pension is designed to provide you with dependable monthly payments for life regardless of how long you live, while the VPB option offers you flexibility and control over when and how much retirement income to withdraw, and choice over how your money is invested within the Plan.

This combination provides you with the flexibility and stability to enjoy your retirement while giving you the peace of mind knowing you won't outlive your savings.

Lifetime Pension Eligibility

Here are the eligibility requirements to purchase a Lifetime Pension:

1. You must be a PEPP member between the ages of 50 and 94.
2. You must have terminated employment with your PEPP employer(s) and cannot be currently contributing to your PEPP account; OR you have some or all your funds in a VPB account.
3. Your Lifetime Pension purchase amount must be greater than 20% of the year's Year's Maximum Pensionable Earnings (YMPE) and total purchases cannot be more than \$1 million.
4. The money used to purchase your Lifetime Pension is governed under Saskatchewan legislation.

NOTES:

- If you're a former PEPP member, even if you have no money in your PEPP account, you could return to the Plan to purchase a Lifetime Pension or use the Variable Pension Benefit.
- If you're the surviving spouse of a deceased PEPP or VPB member, you have the option to purchase a Lifetime Pension with the death benefit if you meet the eligibility requirements above.

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The plan provisions described in this PEPP *Talk* are contained in Saskatchewan pension legislation.

How Lifetime Pension Works

Overview:

- ✓ When you buy a Lifetime Pension, your money goes into a pool with other Lifetime Pension members.
- ✓ Payments are adjusted annually based on the Moderate Fund's investment performance and the longevity experience of members in the Lifetime Pension.
- ✓ Lifetime Pension funds are invested in PEPP's Moderate Fund.
- ✓ The Lifetime Pension has an annual rate of return goal of 4% (also known as the hurdle rate). Moderate Fund returns above the 4% goal will increase pension payments.
- ✓ PEPP will adjust pension payments annually. Payments may be adjusted up or down each year, however, we expect payments to generally increase over time, which should help your pension keep up with inflation.
- ✓ Funds used to purchase a Lifetime Pension must come from PEPP accounts administered under Saskatchewan legislation.
- ✓ Funds are locked in permanently. This ensures a stable income stream for all members in the fund.

How Lifetime Pension Funds are Invested

Your contributions, along with those of other Lifetime Pension members, are pooled and invested in PEPP's Moderate Fund.

The annual rate of return goal (or hurdle rate) for Lifetime Pension is 4.0%.

The Moderate Fund's annual performance will vary from year to year, which will impact the annually adjusted monthly pension payments.

Your Lifetime Pension Monthly Payments

You'll receive monthly pension payments based on several contributing factors, including:

- the amount used to purchase the Lifetime Pension;
- the type selected (single life: which covers your lifetime only, or joint life: which also covers your spouse's lifetime);
- your age (and your spouse's age if you purchase a joint life) at the time of purchase;
- the survivor benefits you choose (60% of your Lifetime Pension continuing to your spouse or 100%);
- the death benefit guarantee period you choose (life-only, 5, 10 or 15-year guarantee); and
- the annual investment performance and longevity experience of the Lifetime Pension fund.

Keep in mind that the longer the guarantee period, or the larger the survivor benefit, the smaller your monthly pension payment will be. The younger you are when you start also decreases the monthly payments.

All retirement income payments from a pension are taxable but note that payments from the Lifetime Pension are eligible for the tax advantages of pension income splitting, regardless of age.

Payment Adjustments

You can expect your monthly pension payments to be adjusted every year. These annual adjustments ensure that the Lifetime Pension payments remain sustainable and aligned with the fund's financial health.

Annual payments will be adjusted each year and may go up or down. However, over the long term we expect payments to increase. This gradual increase is designed to help your pension keep up with inflation and maintain the purchasing power of your retirement income.

The Lifetime Pension fund follows PEPP's fiscal year of April 1 to March 31. An actuary will perform an annual review based on the fund's year-end results as of March 31.

PEPP will send you a letter detailing the adjustments to your pension payments every June. **You will then receive your adjusted monthly pension payment at the end of June, which will remain at that amount until the following June.**

Pension payment adjustments are calculated by actuaries and are based on two main factors:

1. Annual investment performance of the Lifetime Pension fund

All Lifetime Pension funds will be invested in PEPP's Moderate Fund.

The Lifetime Pension annual rate of return goal (or hurdle rate) is 4%. Annual pension payment adjustments will be made based on the difference between the 4% hurdle rate and the Moderate Fund's annual rate of return (ROR) net of fees.

- If the Moderate Fund's annual ROR is **greater than 4%**, monthly payments will be adjusted upwards.
- If the Moderate Fund's annual ROR is **less than 4%**, then monthly payments will be adjusted downwards.

2. Longevity experience within the Lifetime Pension fund

The longevity adjustment accounts for the following components relating to the longevity of fund members:

- differences between the estimated number of members in the Lifetime Pension fund and the actual number of members remaining in the fund over the year; and
- changes in the future life expectancy of those within the Lifetime Pension fund.

Other Considerations

Purchasing a Lifetime Pension Part Way Through the Year

You can purchase a Lifetime Pension at the beginning of any month. However, **a full year of participation starts from April 1 to March 31**, which reflects the fiscal year for PEPP and the Lifetime Pension fund.

If you join partway through the fiscal year, note that the investment performance adjustment described in the **Payment Adjustments** section above will be pro-rated based on the number of full months you participated in the Lifetime Pension fund in the first fiscal year.

Example: Let's say a member purchases a Lifetime Pension on May 1, 2025.

Year 1: The member will receive the initial monthly pension payment from May 2025 to May 2026.

Note: While a full year of participation is from April 1 to March 31, PEPP's actuary needs time to calculate the annual adjustments based on the March 31 year-end results and therefore, the payment adjustments are reflected in the June payments.

Year 2: In June 2026, the member will receive a letter detailing the adjustment to their monthly pension payments. The adjustment to the member's monthly pension payment will be pro-rated to reflect their participation in 11 of the 12 months of the prior fiscal year (May 1, 2025 to March 31, 2026).

Year 3: In June 2027, the member will receive a letter detailing the adjustment to their monthly pension payments **without** any pro-rating since they participated in the fund for the full 12 months (April 1, 2026 to March 31, 2027). These annual adjustments each June will continue for as long as the member (and/or spouse/beneficiaries) are entitled to receive payments.

Income Splitting Option

Lifetime Pension payments qualify for pension income splitting.

For more information on income splitting and how it works, visit the [Canada Revenue Agency website](#).

Survivor Options and Death Benefits

The Lifetime Pension provides survivor options and death benefits to ensure financial security for your beneficiaries. To learn more about the options available, refer to the **Lifetime Pension Options section** in this document.

Administrative Fees

There are no additional fees when you purchase a Lifetime Pension. This fund incurs the same operating expenses and investment fees as the other PEPP funds. These fees are incorporated into the fund's net return.

To learn more about the Moderate Fund's performance, you can view the [Moderate Fund Fact Sheet](#) on the PEPP website.

Binding and Permanent

When you submit an application to start a Lifetime Pension, you are entering a binding and permanent contract based on the options you have selected. After the purchase date, you cannot change your mind, nor can you or PEPP change the selected options or terms of the contract.

Also, once you purchase a Lifetime Pension, your funds are locked in permanently. This ensures a stable income stream for all members in the fund.

Compliance and Regulatory Oversight

PEPP's Lifetime Pension is governed by several federal and provincial regulations, including the *Income Tax Regulations (Canada)* and *The Public Employees Pension Plan Act*. The Plan must adhere to these regulations, and any significant changes to the Lifetime Pension must be reviewed and approved by the Public Employees Pension Board.

Annual Reporting

PEPP's plan administrator, Plannera Pensions and Benefits, is responsible for any reporting required under *The*

Pension Benefits Act (Saskatchewan).

How to Purchase a Lifetime Pension

What Funds Can be Used to Purchase a Lifetime Pension?

You can transfer either a portion or your entire account balance from your PEPP or Variable Pension Benefit (VPB) account to purchase a Lifetime Pension.

Funds outside of PEPP must be transferred to a PEPP or VPB account before they can be used to purchase a Lifetime Pension.

Purchases must be at least 20% of the Year's Maximum Pensionable Earnings (YMPE) and total purchases per member are capped at one million dollars.

Choosing a combination of PEPP's Variable Pension Benefit (VPB) and Lifetime Pension for your retirement income is recommended for most members.

Lifetime Pension Estimate/Projection

If you're interested in the Lifetime Pension option, contact PEPP and we will provide you with estimated monthly pension payments based on your personal information.

Applying for the Lifetime Pension

To apply, complete the Application for Lifetime Pension form and Spousal Waiver form (if applicable). Return the form(s) to PEPP along with any certificates and Canada Revenue Agency (CRA) forms required. The Comments and Instructions section of the application form has a complete list of the required documents and certificates.

Need More Information?

We know each member's situation is different due to several factors. We encourage you to meet with one of our Retirement Information Consultants (RICs) or use our Lifetime Pension calculator to help choose the best combination for you. Find this information and more, on the [Retirement Income](#) webpage.

Lifetime Pension Options

PEPP recognizes that every member is different. That's why the Lifetime Pension gives you options to tailor your pension payments to reflect the needs of you and your loved ones.

This section walks you through key definitions and options that apply to you when buying a Lifetime Pension. This includes:

- Definition of a spouse
- Survivor Benefits
- Beneficiaries
- Single Life vs Joint Life Pension
- Guarantee Period Options

Definition of 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:

- have 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. Under the Plan rules, you are still legally married if you are separated but not divorced.

If you divorce, PlannerA needs proof of divorce, such as a certified copy of the divorce certificate or Decree Absolute.

Survivor Benefits

The Lifetime Pension provides your spouse with a survivor benefit in the event of your death. PEPP calculates the amount based on a percentage of the monthly pension you were receiving. You can choose either 100% of your Lifetime Pension to continue to your surviving spouse or 60%. If you pass away before your spouse, PEPP will direct these monthly pension payments to your spouse for their lifetime.

Pension legislation requires that if you have a spouse at the time of retirement, you must choose the joint life option with a minimum survivor benefit of 60%, unless your spouse waives this right by completing a *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form.

The spouse indicated when you purchase a Lifetime Pension is permanent and cannot be changed after, regardless of any changes to your marital status.

Beneficiaries

When you buy a Lifetime Pension with a guarantee period you may choose a beneficiary(ies) to receive any remaining benefits if you, and your spouse, if applicable, pass away.

If you do not choose a beneficiary(ies), any remaining benefits will be paid to your Estate.

If you have a spouse when you buy a Lifetime Pension, they will receive the survivor benefit unless your spouse waives the right to survivor benefits and you have chosen the single life option.

If your spouse waives the right to survivor benefits, you may name anyone you wish as your beneficiary. Keep in mind that:

- PEPP must be confident that your spouse is fully aware of the rights they are waiving.
- Your spouse must complete the *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form.

- This form must be signed outside the immediate presence of you, the member, and witnessed by a Notary Public or Commissioner for Oaths in and for Saskatchewan.
- You can read the PEPP Talk on *Waiver of Spousal Benefits* on PEPP's website or contact PEPP.

If you **do not** have a spouse when you buy a Lifetime Pension, you may buy a single life pension with or without a guarantee period.

You may also **choose one or more beneficiaries** to receive any remaining guarantee benefits in the event of your death. Beneficiaries may be changed at any point up until your death. However, if you enter a spousal relationship after buying a Lifetime Pension, you cannot convert the single life option to a joint life option.

Single Life vs Joint Life Pension

Single Life Pension

This option provides you with dependable monthly payments for your lifetime.

You cannot choose this option if you have a spouse at retirement unless they sign the required written waiver. In the event of your death:

- Your monthly pension payment will end if you have a single life pension with a life-only guarantee period.
- If you elected a guarantee period and die before that period ends, your monthly pension payment will continue to your beneficiary(ies) for the remaining guarantee period.

Joint Life Pension

This option provides you with dependable monthly payments for your lifetime.

If you pass away, PEPP will direct these monthly pension payments to your spouse, which will continue to receive annual adjustments and last for their lifetime.

If you have a spouse, pension legislation requires you to purchase the joint life option with at least a 60% survivor benefit unless your spouse signs a *Spouse's Consent and Waiver of Post-Retirement Survivor Benefits* form.

When you purchase a joint life option, you have the option to leave your spouse a survivor benefit equal to:

- 100% of your monthly pension payment, or
- 60% of your monthly pension payment.

The greater the survivor benefit you choose, the lower your monthly payment will be.

You also must choose **one of the four guarantee period options**. In the event of your death:

- With a **life-only guarantee period**, your spouse will receive a lifetime survivor benefit based on the joint life option in your contract (either 100% or 60%). Once your spouse dies, all payments will end.
- With a 5, 10 or 15-year guarantee period:
 - PEPP will provide payments to your surviving spouse at 100% of your monthly payment for the remainder of the guarantee period.
 - After the guarantee period ends, your spouse will receive the lifetime survivor benefit for their lifetime (based on the survivor benefit you chose).

- If your spouse happens to die before the guarantee period ends, PEPP will direct payments to your beneficiary(ies) until all remaining guarantee payments are made.

Guarantee Period Options

Guarantee periods ensure that your monthly payments will continue for a specific amount of time, starting from the date you buy your Lifetime Pension. The option you choose for the guarantee period affects what your spouse, beneficiary, or estate will receive.

The guarantee period **begins on the date you purchase** your Lifetime Pension.

You have four guarantee period options to choose from:

- Life-only
- 5-year
- 10-year
- 15-year

Each of these four options impact the survivor benefit in the Joint Life option.

Life-only

A life-only guarantee period means you will receive a monthly pension payment for your lifetime.

In the event of your death:

Single Life	<ul style="list-style-type: none"> • Monthly payments will end and no further benefits are paid.
Joint Life	<ul style="list-style-type: none"> • Your surviving spouse will receive the survivor benefit you chose (100% or 60% of your Lifetime Pension) for their lifetime. • After your spouse dies, all payments end, and no further benefits are paid

5-year Guarantee

The 5-year option guarantees at least 60 monthly payments (12 monthly payments for five years) from the date of purchase.

In the event of your death within this guarantee period:

Single Life	<ul style="list-style-type: none"> • Payments will continue to your estate or beneficiary for the remainder of the guarantee period.
Joint Life	<ul style="list-style-type: none"> • Payments to your surviving spouse continue at 100% of your monthly payment for the remainder of the guarantee period. • After the 5-year guarantee period, your spouse receives the lifetime survivor benefit payments regardless of how long they live (based on the survivor benefit you chose). • If your spouse happens to die during the guarantee period, payments will follow the Single Life survivor benefit.

10-year Guarantee

Guarantees at least 120 monthly payments (12 monthly payments for 10 years) from the date of purchase.

In the event of your death within this guarantee period:

Single Life	<ul style="list-style-type: none"> • Payments will continue to your estate or beneficiary for the remainder of the guarantee period.
Joint Life	<ul style="list-style-type: none"> • Payments to your surviving spouse continue at 100% of your monthly payment for the remainder of the guarantee period. • After the 10-year guarantee period, your spouse receives the lifetime survivor benefit payments regardless of how long they live (based on the survivor benefit you chose). • If your spouse happens to die during the guarantee period, payments will follow the Single Life survivor benefit.

15-year Guarantee

Guarantees at least 180 monthly payments (12 monthly payments for 15 years) from the date of purchase.

In the event of your death within the guarantee period:

Single Life	<ul style="list-style-type: none"> • Payments will continue to your estate or beneficiary for the remainder of the guarantee period.
Joint Life	<ul style="list-style-type: none"> • Payments to your surviving spouse continue at 100% of your monthly payment for the remainder of the guarantee period. • After the 15-year guarantee period, your spouse receives the lifetime survivor benefit payments regardless of how long they live (based on the survivor benefit you chose). • If your spouse happens to die during the guarantee period, payments will follow the Single Life survivor benefit.

If you die during the guarantee period and your named beneficiary is your estate, the estate can apply for a lump-sum payment equal to the present value of the remaining payments.

Whatever guarantee period you choose, keep in mind that the longer the guarantee period, the lower your monthly pension payment will be.

IMPORTANT: When you purchase a Lifetime Pension, you enter a binding contract. The contract will state the options you have selected. After the purchase date, you cannot change your mind, nor can you or PEPP change the selected options or terms of the contract.

Other PEPP Information to Review

- **Retirement Income Options Booklet:** provides information on retirement options for PEPP members.
- **Waiver of Spousal Benefits:** provides information on the waiver of death and survivor benefits.

These documents are available on our website at pepp.plannera.ca

Questions

For further information about PEPP's Lifetime Pension, contact:

Public Employees Pension Plan (PEPP)

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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 website.

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