Retirement Income Options

Disclaimer

This document is provided for informational purposes only. You should not rely only on this information for your retirement planning or as a substitute for advice from a financial professional. We encourage you to consult independent financial professionals to discuss how this information applies to your specific financial situation. Ensure you have a full understanding of the commission and fee structure of the advisor you select. The Plan Administrator is not liable for any damages resulting from any retirement planning advice based on the information presented in this booklet. As a member of the Plan, it is your responsibility to educate yourself about the Plan, using the documents, information and tools available through the PEPP website.

Working Outside Saskatchewan

The plan provisions described in this booklet are contained in Saskatchewan pension legislation. Please contact PEPP if you are or were working outside Saskatchewan. Your pension may be subject to the legislation of another province.

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Introduction

Your PEPP Pension

The Public Employees Pension Plan (PEPP) is a defined contribution pension plan.

Your PEPP account balance is made up of your contributions, your employer's contributions and investment earnings.

You are entitled to receive a pension based on your account balance at retirement. You may choose how and when to receive that pension income.

This booklet provides you with an overview of the retirement income options available through PEPP. At the back of this booklet, other resources are listed that will provide you with more detailed information. Always feel free to call our staff with any questions.

Retirement Questions

Retirement means different things to different people. While reviewing this booklet and weighing your retirement income options, it may help to ask yourself these questions:

- What do I want out of my retirement?
- Do I want my pension income stream to be fixed, flexible, or both?
- Do I understand the types of risk I will encounter in retirement?
- What's my investment style?
- Should I work in retirement?

Defining Your Goals

Take time to define your version of retirement. Once you clarify your retirement goals, you can begin to determine how much money you will need when you retire.

Time Horizon

Consider your *time horizon* or how much time you expect to spend in retirement. People are living longer; in fact, it's possible to spend more time in retirement than in your working years. Consider your own family history and medical conditions when determining your time horizon. You may wish to plan to make your retirement money last at least until age 90.

Your Personal Financial Situation

Take stock of your personal finances to determine your total retirement expenses. Consider expenses like mortgage payments, the balance of your line-of-credit, or a car loan as well as your medical and regular living expenses. Having a good understanding of your financial situation may help you see if your retirement income will be enough to cover your expenses.

PEPP is a key way to save for retirement, but it is not the only source of retirement income for members. To determine your total retirement income, add up your retirement income sources (personal and spousal), including your PEPP account balance. Consider things like:

- Government pensions - Canada Pension Plan (CPP) and Old Age Security (OAS);
- Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSAs) or other pensions ;
- Non-registered investments (i.e., rental income); and/or
- Employment income (if you plan to work full or part time in retirement).

You may wish to use the Retirement Planning Worksheets on the PEPP website to determine your retirement income and expenses. To view, click on pepp.plannera.ca/insights/calculating-net-worth.

Your Online Account and PEPP Retirement Planner: Tools you can use

PEPP's goal is to ensure that you understand the options available to you within the Plan. We provide online resources like your online member account and the PEPP Retirement Planner to help you make informed decisions about your investments in PEPP.

Your online member account is a secure tool that allows you to monitor and manage your PEPP account virtually. You can use your online account to:

- Manage your investments;
- View your personal rate of return;
- Change your address and view personal information;
- Verify or change (restrictions apply) your designation of beneficiary(ies);
- Review and print your member statements;
- View, change or confirm your contribution instructions;
- View payment frequency instructions; and
- Change your security settings (password).

The PEPP Retirement Planner is a secure, online tool designed to help you plan wisely for retirement. It helps take the guesswork out of your retirement planning. The planner creates a personalized report showing how long your retirement savings may last. It also gives you a retirement score showing whether you're on track to meet your retirement goal. If not, you'll get recommendations to help you close the gap. The PEPP Retirement Planner can be accessed securely through your online account on our website at pepp.plannera.ca.

Other Considerations

If you have a spouse, consider them in your retirement plans (for example: spousal personal assets, retirement income, retirement date, and expenses). Consider how illness, death and/or divorce may affect your retirement and build a contingency plan.

Definition of Spouse

A *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. Inform PEPP if your marital or common-law status changes.

Entering Retirement

To start receiving retirement income, you must meet two criteria:

- You must be at least age 50; and
- You must have terminated your employment with a PEPP employer.

Although normal retirement age is 65, retirement is not mandatory. You may work for a PEPP employer and contribute to the Plan until the end of the calendar year you turn age 71.

If you choose not to start receiving your retirement income, but have terminated your employment, your account balance will stay in PEPP and accrue investment earnings until you decide on a retirement income option. The *Income Tax Act* (Canada) requires you to start withdrawing your retirement income the year you turn age 72.

There are several ways to convert your PEPP account balance into retirement income. When you decide to start receiving your retirement income, you may:

- Open a PEPP Variable Pension Benefit (VPB) account;
- Purchase a Lifetime Pension from PEPP;
- Select a combination (a VPB account and a Lifetime Pension, or a VPB account and a life annuity);
- Purchase a Saskatchewan Pension Annuity Fund (SPAF) life annuity; or
- Transfer your money out of PEPP to purchase a prescribed Registered Retirement Income Fund (pRRIF) and/or a life annuity from an outside financial institution.

Protecting Against Longevity Risk

An ideal retirement finds the right balance between enjoying life and making sure your money lasts your lifetime. And, as Canadians live longer, we're hearing more about longevity risk. It's a way of asking, "Will you have enough money to last for your lifetime?"

There's no way of knowing how much money we need since we're all different, but it's better to have a plan where you have too much than too little. Consider a variety of scenarios that take into account your lifestyle and the finances needed to support your plan.

PEPP offers a variety of retirement income options to help protect against longevity risk. Many of these options can be used in combination depending on the financial needs and life situation of the member.

Featured Combination: Variable Pension Benefit (VPB) and the Lifetime Pension

Members can choose a combination of the Variable Pension Benefit (VPB) and the Lifetime Pension for their retirement income.

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, while the Lifetime Pension is designed to provide you with dependable monthly payments for life regardless of how long you live.

Both the VPB and Lifetime Pension are protected from creditors except for enforcement of maintenance orders and division upon the breakdown of a spousal relationship.

See page 12 for more information about the VPB and page 17 for more information about the Lifetime Pension.

The *Variable Pension Benefit (VPB)* is a flexible retirement income option that allows you access to your retirement funds while remaining invested in PEPP.

Pension Payments

With the VPB, you have the option to receive monthly, annual, or lump-sum payments. You also choose the amount of your payments and there are no maximum withdrawals. Minimum withdrawals are not required until you turn 72. Tax is withheld on all pension payments you receive. VPB payments are transferred to your bank account through direct deposit.

How much money should I withdraw?

It is important to carefully consider how much money to withdraw throughout retirement. Your personal financial situation, time horizon (number of years you spend in retirement), account balance, investment performance, and the amount and frequency of your withdrawals will determine how long your money lasts in retirement.

We recognize there is a lot for you to consider when deciding how much income to withdraw throughout retirement. That's why PEPP offers a variety of ways for you to get a little extra guidance. You may wish to:

- sign up for a Your Path to Retirement workshop (schedules and registration available online);
- call PEPP to request a personal retirement estimate;
- call and book an appointment for a one-on-one meeting; and/or
- use the PEPP Retirement Planner to see how long your money may last in retirement.

Your PEPP Investment

You stay invested in PEPP when you choose the VPB. PEPP offers eight investment choices. You may invest in up to three funds at one time. Choose from six asset allocation funds (PEPP Steps, Conservative, Moderate, Balanced, Growth or Accelerated Growth) and two specialty funds (Money Market or Bond). You may invest in one asset allocation fund at a time, and add one or both of the specialty funds or invest solely in specialty funds.

Each investment option offers a different potential rate of return based on a corresponding risk level. Make sure you're comfortable with the level of risk associated with your investment option and that its potential returns will be sufficient to sustain your retirement income over the long term.

Higher risk generally means higher potential rate of return over the long run combined with higher volatility. If in retirement you choose a more conservative investment option, you may be able to reduce the volatility combined with a lower potential rate of return.

It is important for you to re-evaluate your investment choice annually. You may wish to complete *My PEPP Investor Profile* to see what fund may best suit you. The profile is designed to help you measure your attitude about risk and return, and to find out what type of investor you are.

Your Personal Financial Situation

Take stock of your personal finances to determine your total retirement expenses. Consider expenses like mortgage payments, the balance of your line-of-credit, or a car loan as well as your medical and regular living expenses. Having a good understanding of your financial situation may help you see if your retirement income will be enough to cover your expenses. PEPP is a key way to save for retirement, but it is not the only source of retirement income for members. To determine your total retirement income, add up your retirement income sources (personal and spousal), including your PEPP accounts. Consider things like: Canada Pension Plan (CPP), Old Age Security (OAS), Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSAs), non-registered investments and/or employment income.

Time Horizon

Consider your time horizon or how much time you expect to spend in retirement. People are living longer; in fact, it's possible to spend more time in retirement than in your working years. Consider your own family history and medical conditions when determining your time horizon. You may wish to plan to make your retirement money last at least until age 90.

Member Resources

As a VPB member, you can access all of PEPP's member services whenever you want and at no cost to you. The three most popular resources for members planning to retire include:

- Your online account, a secure tool which allows you to monitor and manage your PEPP account online;
- PEPP's Retirement Planner, a secure, online tool to help you assess your financial projections into retirement; and
- PEPP's *Your Path to Retirement* workshop series.

Death Benefit

The *death benefit* is your pension account balance, which is payable to your spouse (or another beneficiary) upon your death.

As a *specified beneficiary*, your spouse may choose to:

- Stay in PEPP and continue to receive VPB payments;
- Transfer your account balance to another registered account; or
- Receive a lump-sum payout (less applicable taxes).

Your spouse must sign a *Spouse's Consent and Waiver of Post Retirement Survivor Benefits* form before you can transfer your account balance into the VPB. For more information about spousal waivers, see the PEPP *Talk on Waiver of Spousal Benefits* on our website.

Other beneficiaries receive a lump-sum payout. Income taxes apply.

Other Options

You may:

- Transfer other eligible registered monies into your VPB account;
- Use some of your VPB account balance to purchase a Lifetime Pension;
- Transfer your VPB account balance to a Locked-In Retirement Account (LIRA) at any time prior to the end of the calendar year you turn age 71; and/or
- Transfer all or a portion of your VPB account balance to purchase a life annuity or pRRIF.

Other Considerations

VPB accounts are protected from creditors except for enforcement of maintenance orders and division upon the breakdown of a spousal relationship.

The VPB does not offer any guarantee on investment returns, income levels, or how long your money will last. Once the account is depleted to a zero dollar balance, the account is closed.

At age 65, VPB members are eligible for up to a $2,000 pension income amount used for determining non-refundable tax credits. VPB members are also eligible to income split with their spouse at age 65.

The *Lifetime Pension* provides 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.

Pension Payments

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. 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.

Your 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.

Your PEPP Investment

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 Personal Financial Situation

Take stock of your personal finances to determine your total retirement expenses. Consider expenses like mortgage payments, the balance of your line-of-credit, or a car loan as well as your medical and regular living expenses. Having a good understanding of your financial situation may help you see if your retirement income will be enough to cover your expenses. PEPP is a key way to save for retirement, but it is not the only source of retirement income for members.

To determine your total retirement income, add up your retirement income sources (personal and spousal), including your PEPP accounts. Consider things like: Canada Pension Plan (CPP), Old Age Security (OAS), Registered Retirement Savings Plans (RRSPs), Tax Free Savings Accounts (TFSAs), non-registered investments and/or employment income.

Time Horizon

Consider your time horizon or how much time you expect to spend in retirement. People are living longer; in fact, it's possible to spend more time in retirement than in your working years. Consider your own family history and medical conditions when determining your time horizon. You may wish to plan to make your retirement money last at least until age 90.

Survivor Benefit

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 in effect at the date of your death.

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. If your spouse waives this right:

- PEPP must be confident your spouse is fully aware of the rights they are waiving, and 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.

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

If you enter a spousal relationship after buying a Lifetime Pension, you cannot convert the single life option to a joint life option.

For more information about spousal waivers, see the PEPP *Talk on Waiver of Spousal Benefits* on our website.

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 wish to name someone other than your spouse as your beneficiary, you must complete the Lifetime Pension Spouse's Waiver of Designated Beneficiary Status form.

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.

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

Funds Usable for Purchase

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.

Single Life vs Joint Life Pension

Single Life

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

You cannot choose this option if you have a spouse at retirement unless your spouse signs 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.
- If you have no beneficiaries, a lump-sum payment less applicable tax will be made to your estate.

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 surviving 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 (see page 23).

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.

You have four guarantee period options to choose from 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.
    - If you have no beneficiaries, a lump-sum pament less applicable tax will be made to your estate.

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. PEPP must receive all required forms and documentation at least five business days before the start of the month you want to start receiving payments.

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

Income Splitting Option

Lifetime Pension payments qualify for pension income splitting regardless of your age. For more information on income splitting and how it works, visit the Canada Revenue Agency website.

Administrative Fees
There are no additional fees charged 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.

You can view the Moderate Fund's performance for more information on the Fund and its investment performance.

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).

Investment Options

You no longer make investment choices after you purchase a Lifetime Pension. PEPP bears all the investment risk.

Member Resources

As a Lifetime Pension member, you can access all of PEPP's member services whenever you want and at no cost to you. The three most popular resources for members planning to retire include:

- Your online account, a secure tool which allows you to monitor and manage your PEPP account online;
- PEPP's Retirement Planner, a secure, online tool to help you assess your financial projections into retirement; and
- PEPP's *Your Path to Retirement* workshop series.

SPAF Life Annuities

The Saskatchewan Pension Annuity Fund (SPAF) lets PEPP members convert their PEPP account into a *life annuity* to provide lifetime retirement income with fixed monthly income.

Pension Payments

The payments you receive from a SPAF annuity are based on:

- The amount of money used to purchase the annuity;
- Bond market rates;
- Type of annuity (single life annuity or joint life annuity);
- Your age (and your spouse's age if you purchase a joint life annuity);
- The survivor benefits (60%, 66 2/3%, 75% or 100%) you choose; and
- The guarantee period option you choose (life-only, 5, 10 or 15 years).

When you purchase a life annuity, you may transfer all or a portion of your PEPP account balance to SPAF. In turn, SPAF will make payments to you at the end of every month based on the terms of your annuity contract. You will receive monthly payments for your lifetime and continuing for your spouse's lifetime if you purchase a joint life annuity. Tax is withheld on all pension payments.

Type of Annuity

There are two types of annuities. Your life annuity contract provides you with monthly payments based on the terms of the type of annuity you select.

- **Single Life Annuity:** Provides guaranteed fixed monthly payments for your lifetime.
- **Joint Life Annuity:** Provides guaranteed fixed monthly payments for your lifetime, and in the event of your death, payments continue in whole or as a percentage to your spouse (as per the contract) for his or her lifetime.

Pension Legislation requires that if you have a spouse at the time of retirement, you must choose a joint life annuity with a minimum survivor benefit of 60%, unless your spouse waives this right.

Survivor Benefit (applicable to a joint life annuity only)

The *survivor benefit* you choose (at the time you purchase the annuity) determines the percentage of your annuity that your spouse will receive, in the event of your death. You may choose a 60%, 66 $^{2}/3$%, 75% or 100% survivor benefit. For example, if your monthly annuity payment was $1000 and you chose a 60% survivor benefit, on your death, your spouse would receive $600 a month for his/her lifetime.

If your spouse predeceases you, the monthly income you receive will continue for the rest of your lifetime and then cease, subject to any guarantee period.

Guarantee Period Options

Guarantee periods guarantee that annuity payments will be made for a certain period of time. The *guarantee period option* you choose determines the benefit that will be paid to your beneficiary or estate. The guarantee options SPAF offers are:

- **Life-only:** If you purchase a single life annuity with a life-only guarantee, you will receive a monthly annuity payment for your lifetime. When you die payments stop. There are no benefits for beneficiary(ies) with this option.

  If you purchase a joint-life annuity with a life-only guarantee you will be paid for your lifetime. When you die your surviving spouse will be paid at the survivor rate chosen until his/her death. Once both you and your spouse are deceased all payments stop and no further benefits are paid.

- **5-year, 10-year or 15-year:** If you choose a joint life annuity with a 5,10 or 15-year guarantee and you pass away during the *guarantee period*, payments to your surviving spouse continue at 100% of your monthly annuity payment for the remainder of the guarantee period. After the guarantee period, your spouse receives lifetime income based on the survivor benefit (60%, 66 2/3%, 75% or 100%) chosen.

If you have a single life annuity with a guarantee period or if you have a joint life annuity and both you and your spouse pass away during the guarantee period, the full value of your monthly income may continue for your beneficiary or estate. At the end of the guarantee period, payments cease.

There is a provision where the estate may apply for a lump-sum payment of the remaining monthly payments in the guarantee period in order to close the estate.

Investment Options

You no longer make investment choices after you purchase a life annuity. The annuity issuer (SPAF) bears all the investment risk.

Other Considerations

SPAF life annuity contracts are protected from creditors except for enforcement of maintenance orders and division upon the breakdown of a spousal relationship.

Once you have purchased your life annuity, you cannot change your decision, alter the terms of the annuity contract or transfer it out. Your income will remain fixed. You may need to plan for cost of living increases with income sources outside your life annuity.

When you purchase a life annuity you are immediately eligible for the $2,000 pension income amount used for determining non-refundable tax credits. You are also eligible to income split with your spouse.

Life Annuities

SPAF and other life annuity contracts offer similar benefits. You may purchase an external life annuity contract from an authorized insurance company. Annuities purchased from an outside financial institution must abide by pension legislation.

You may find that a combination of retirement income options suit your retirement needs best. Choosing PEPP's VPB and the Lifetime Pension or SPAF will allow you to reap the rewards from both types of retirement income - flexible and fixed.

Pension Payments

The VPB portion of your pension will be flexible; you can choose how much money you wish to receive and when you would like to receive it. The Lifetime Pension or SPAF portion of your pension will be a fixed, guaranteed stream of income for your lifetime and, if you purchase joint life, your spouse's lifetime.

Investment Options

While you will continue to make investment choices with the VPB portion of your pension, you will no longer make investment decisions with the fixed portion of your pension.

Other Considerations

VPB, the Lifetime Pension, and life annuities are protected from creditors except for enforcement of maintenance orders and division upon the breakdown of a spousal relationship.

When comparing PEPP's VPB and the prescribed Registered Retirement Income Funds (pRRIFs), there are similar benefits. You may purchase a pRRIF through a bank, trust company, credit union, insurance company, brokerage firm or independent financial advisor. Prescribed RRIFs are designed to provide income throughout retirement.

Staying in PEPP provides the advantage of the plan's historic track record on investment performance, low fees, and access to PEPP's team of Retirement Information Consultants.

Pension Payments

You must begin to make minimum annual withdrawals the year after you purchase a pRRIF. More information will be available where you purchase your pRRIF.

Investment Options

If you purchase a pRRIF, those funds will no longer be invested with PEPP.

You will have different investment options and fees where you purchase your pRRIF.

Other Considerations

Like the VPB, pRRIFs are protected from creditors except for enforcement of maintenance orders and division upon the breakdown of a spousal relationship.

At age 65, your pRRIF income qualifies for up to a $2,000 pension income amount used for determining non-refundable tax credits. You are also eligible to income split with your spouse at age 65.

The Right Retirement Option for You

There are many factors to consider when choosing your retirement income option. Consider your personal financial situation, time horizon, lifestyle wants, income needs, and other retirement income sources. For many PEPP members, the right choice may be a combination of retirement income options.

While PEPP does not provide financial advice, we do have Certified Financial Planner professionals available to meet with you, free-of-charge, to discuss your retirement options and help you with general retirement planning.

Once you have chosen a retirement option (or options), please notify PEPP at least one month before you plan to retire.

These are the documents we need to initiate a PEPP VPB, a Lifetime Pension, an annuity from SPAF, a pRRIF, or a Life Annuity from an outside financial institution:

- Your birth certificate.
- If you have a spouse, married or common-law, your spouse's birth certificate.
- If you are married, your marriage certificate.
- If you have a common-law spouse, complete the *Common-Law Spouse Declaration* form available on our website.
- If you are not married now but were previously married, we require proof of your "single" status, (proof of death if your spouse is deceased or the Decree Absolute or Certificate of Divorce if you are divorced).
- A *Spouse's Consent and Waiver of Post Retirement Survivor Benefits* form is required if you have a spouse (married or common-law) and wish to purchase a VPB, Lifetime Pension, pRRIF, a joint life annuity with less than 60 per cent survivor benefit, or a single life annuity.

All certificates must be certified copies of the originals. For more information on Acceptable Documentation, go to: plannera.ca/acceptable-documentation.

You choose your retirement income option by completing the *PEPP Retirement Options* form sent to you with your *Retiring with PEPP* package and return it to PEPP along with any required certificates and Canada Revenue Agency forms.

Please call PEPP if you have questions: 1-877-275-7377.

Additional Resources

You may access other resources relating to retirement on our website or by calling PEPP. Some resources are:

- PEPP *Talk on Annuities from SPAF*
- PEPP *Talk on Changing Your Investment Options*
- PEPP *Talk on Designation of Beneficiary*
- PEPP *Talk on Transferring Money into PEPP*
- PEPP *Talk on Variable Pension Benefit (VPB)*
- PEPP *Talk on Lifetime Pension*
- PEPP *Talk on Waiver of Spousal Benefits*
- Fund Performance Bulletins
- My PEPP Investor Profile
- PEPP's Retirement Planner is a secure, online tool designed to help you plan wisely for your retirement. To learn more or to access the planner, log in to your online account and select the PEPP Retirement Planner in the Quick Links menu.
- *Your Path to Retirement* workshop series is designed to help you make informed decisions about your retirement options and financial wellness. You can register for any of PEPP's four workshops on our website.

Retirement Income Options Highlights*

	VPB
Income Options	You choose the amount and frequency of your income (through regular withdrawals or lump-sum requests). You may change your income instructions at any time. Minimum withdrawals are not required until you turn 72.
Investment Options	You remain invested in PEPP. You maintain control; you make ongoing investment decisions.
Death/ Survivor Benefit	The value of your death benefit is determined by the value of your account balance.
Inflation Risk	Depending upon your investment performance, you may be able to increase your withdrawals to cover inflation.
Beneficiary	You must name your spouse as beneficiary unless your spouse waives this right.
Transfer Options	You can transfer to other pRRIFs or life annuity at any time. You may be able to transfer RRSPs, LIRAs, and RPPs into the VPB account.
Taxes	All pension payments are taxable. At age 65 you qualify for up to a $2,000 income tax credit. You are eligible to income split with your spouse at age 65.
Alternative	A pRRIF is similar to the VPB. Withdrawals must begin the year after opening a pRRIF.

*This is a general summary of the characteristics of the main retirement income options provided.

	Lifetime Pension
Income Options	You receive dependable monthly payments for life, regardless of how long you live and your spouse's lifetime (if a joint Lifetime Pension is purchased). The terms of the Lifetime Pension cannot be altered or changed once it has been purchased.
Investment Options	You no longer make investment choices. You share the investment risk with other Lifetime Pension members.
Death/ Survivor Benefit	The survivor benefit is the monthly amount paid to a beneficiary. It is determined by the type of Lifetime Pension survivor benefit (single or joint) and the guarantee period option chosen.
Inflation Risk	The Lifetime Pension monthly payments are adjusted up or down each year based on the investment performance and mortality experience of the fund. The long-term expectation is that payments will generally increase over time. This should help your pension keep up with inflation.
Beneficiary	If you are married, you must purchase a joint lie Lifetime Pension, unless your spouse waives this right. Under a Joint Lifetime Pension, your spouse is your beneficiary.
Transfer Options	You cannot transfer into or out of a Lifetime Pension contract.
Taxes	All pension payments are taxable. You are eligible to income split with your spouse immediately.
Alternative	The SPAF life annuity is similar to the Lifetime Pension, but monthly payments are not adjusted up or down each year based on performance and mortality.

Retirement Income Options Highlights

	SPAF Life Annuity
Income Options	You receive fixed monthly income for your lifetime and your spouse's lifetime (if a joint annuity is purchased). The annuity contract cannot be altered or changed once it has been purchased.
Investment Options	You no longer make investment choices. The annuity issuer bears all the investment risk.
Death/ Survivor Benefit	The survivor benefit is a monthly amount paid to a beneficiary. It is determined by the type of annuity and survivor and guarantee options chosen.
Inflation Risk	Your income from the annuity will never increase; inflation may decrease your purchasing power.
Beneficiary	If you are married you must purchase a joint life annuity, unless your spouse waives this right. Under a joint life annuity, your spouse is your beneficiary.
Transfer Options	You cannot transfer into or out of a life annuity contract.
Taxes	All pension payments are taxable. You immediately qualify for up to a $2,000 tax credit. You are eligible to income split with your spouse immediately.
Alternative	Life annuity from an insurance company may provide you with different annuity options.

Contact Us

We're always here to help. Connect with us for answers to your questions or for help with developing your personal retirement plan.

Public Employees Pension Plan

110 - 1801 Hamilton Street
Regina, SK S4P 4W3

Website: pepp.plannera.ca

Email: pepp@plannera.ca

Phone: 306-787-5442 (in Regina)

Toll free: 1-877-275-7377

facebook.com/PEPP.Canada

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