Definition

A reciprocal agreement is an agreement between pension authorities that enables teachers to transfer their pension credits from one pension plan to the other, thus facilitating the movement of teachers between provinces.

The Saskatchewan Teachers' Retirement Plan is working continuously with other pension plans across Canada and is part of a Reciprocal Transfer Agreement that is currently in effect among 10 Canadian teacher pension plans. In addition to the Saskatchewan Teachers' Retirement Plan and the Saskatchewan Teachers' Superannuation Plan, the following plans are covered by the agreement:

- Alberta Teachers' Pension Plan
- British Columbia Teachers' Pension Plan
- Canadian Teachers' Federation
- Manitoba Teachers' Retirement Allowances Fund
- New Brunswick Teachers' Pension Plan
- Newfoundland/Labrador
- Nova Scotia Teachers' Pension Plan
- Ontario Teachers' Pension Plan
- Prince Edward Island Teachers' Superannuation Fund
- Commission administrative des régimes de retraite et d'assurances (CARRA) - Teachers Pension Plan and Pension Plan for Certain Teachers

Please note that transfers are not allowed between the Saskatchewan Teachers' Retirement Plan and the Saskatchewan Teachers' Superannuation Plan. There is also an independent reciprocal agreement with Newfoundland.

Applying for a Transfer

Transfers under the agreement are a complex process and take several months to complete. The following is a general outline only; individual circumstances can vary the process.

- Once you have contacted the exporting plan, they will forward two application forms for you to complete and return.
- The exporting plan will determine if you are eligible to transfer to the importing plan based on the exporting plan's regulations and the terms of the reciprocal agreement. If you are eligible to transfer, the exporting plan will calculate the amount available for transfer as prescribed in the agreement, and forward the information to the importing plan.
- The importing plan will then determine if you are eligible to transfer under their rules and the agreement. If you meet the eligibility requirements of both plans, the importing plan will provide you with a form that outlines the cost of the service and the amount the exporting plan has available for transfer on your behalf. The documentation will indicate if there are sufficient funds available from the exporting plan to purchase the same amount of service in the importing plan.

You are then in a position to make a decision on whether or not to proceed with the transfer and whether or not to make up any shortfall that may result.

SASKATOON:
2317 Arlington Avenue
S7J 2H8
Telephone 1-800-667-7762
or (306) 373-1660
Fax (306) 955-1157

REGINA:
Suite 205 – 3303 Hillsdale Street
S4S 6W9
Telephone 1-800-667-7762
or (306) 525-0368
Fax (306) 565-8899

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Reciprocal Transfer Agreement – Teacher Plans

November 2009

Saskatchewan Teachers' Retirement Plan ™

Benefits of Transferring Service

In general terms, reciprocal transfers can provide teachers with two principal advantages.

- The eligibility rules for certain benefits from pension plans, such as the early retirement rules, are often tied to minimum service criteria. Reciprocal transfers permit teachers to combine distinct periods of service and accelerate their entitlement to these benefits.
- Teacher pension plans calculate pensions as a percentage of "final" or "highest" average earnings. When a teacher leaves a pension behind following a change in employment, the loss of future salary growth usually has a detrimental impact on the ultimate pension paid from the plan. By transferring the service, the pension benefit for all service will be calculated based on the teacher's earnings in their new employment.

Teachers are cautioned to carefully review the potential benefits before transferring, as they do not apply in all cases.

How Reciprocal Transfers are Calculated

The exporting and importing amounts are based on "actuarial reserve calculations" as outlined in the Reciprocal Transfer Agreement. The actuarial reserve represents the funds required as at a specific date which, when combined with the future expected investment earnings on such funds, are expected to be sufficient to provide for the projected pension benefits to be paid to you in respect of the service being transferred. In calculating these actuarial reserves, assumptions must be made regarding economic factors such as future rates of inflation, teacher and non-teacher wages, investment returns and demographic factors such as future rates of mortality, retirement, disability, teaching service, and marriage. Each pension plan in the agreement may use different assumptions within the ranges specified in the Reciprocal Transfer Agreement. Saskatchewan Teachers' Retirement Plan uses economic assumptions based on the guidelines issued by the Canadian Institute of Actuaries. Demographic assumptions are developed in consultation with our actuary and are consistent with the assumptions adopted by the other provincial pension plans for this purpose.

Plans may have different provisions for items such as retirement eligibility, pension formulas, indexing, and pre and post retirement survivor benefits. All these differences come into play when the "actuarial reserve" is calculated. For example, the Saskatchewan teacher plans have a provision for teachers to retire with 30 years of eligibility service at any age with no reduction in benefits. This is a more generous retirement provision than other plans offer and would cause a difference in the cost to bring service into the Saskatchewan Teachers' Retirement Plan from another jurisdiction.

Consequently, the actuarial reserve amounts calculated by the importing and exporting plan for the same years of service may not be the same because of different plan provisions as well as the different economic and demographic assumptions used in the calculations.

While the Reciprocal Transfer Agreement ensures that you will receive some credit for your service when you take a teaching position in another jurisdiction, there is no guarantee that you will receive credit for all your service in the new pension plan. Differences in plan provisions and assumptions used in the calculations may result in less service being credited in your new or importing plan than your old or exporting plan. While you may be able to make up a shortfall you should check with the importing plan to determine how shortfalls are handled and what options are available.

As an importing plan, the Saskatchewan Teachers' Retirement Plan permits any shortfalls in the amounts available to transfer to be made by the teachers themselves.

Conversely, the amount required by the importing plan may be less than the amount that is available for transfer by the exporting plan. In this instance, Saskatchewan Teachers' Retirement Plan as the exporting plan calculates a value in respect of the benefits you are entitled to receive from the Saskatchewan Teachers' Retirement Plan. If the value exceeds the amount required by the importing plan, you will be advised of any residual funds that may be owing to you directly. If you are transferring service to the Saskatchewan Teachers' Retirement Plan, you will need to check with your exporting plan on how they handle residual funds. Please note that residual funds cannot be used to increase the number of years being transferred to the importing plan.

Addresses for Pension Authorities

Alberta Teachers' Retirement Fund Board
600 Barnett House
11010 142 St NW
Edmonton AB T5N 2R1
Phone: (780) 451-4166; 1-800-661-9582

British Columbia Pension Corporation
Teachers' Pension Plan
Box 9460
Victoria BC V8W 9V8
Phone: (250) 953-3022

Canadian Teachers' Federation
2490 Don Reid Drive
Ottawa ON K1H 1E1
Phone: (613) 232-1505

Manitoba Teachers' Retirement Allowances Fund
Johnston Terminal
330 – 25 Forks Market Road
Winnipeg MB R3C 4S8
Phone: (204) 949-0048; 1-800-782-0714

New Brunswick Pension Administration Office
Department of Finance
Box 6000
Fredericton NB E3B 5H1
Phone: (506) 453-2296

Newfoundland/Labrador
Department of Finance
P.O. Box 8700
St. John's NL A1B 4J6
Phone: (709) 729-3932

Nova Scotia Pension Services Group
P.O. Box 371
Halifax NS B3J 2P8
Phone: (902) 424-5070

Ontario Teachers' Pension Plan Board
5650 Yonge St
Toronto ON M2M 4H5
Phone: (416) 226-2700; 1-800-668-0105

Prince Edward Island Teachers' Superannuation Commission
Box 2000
Charlottetown PE C1A 7N8
Phone: (902) 368-4004

Quebec Pension Commission
475, rue Saint – Amable
Quebec PQ G1R 5X3
Phone: (418) 644-4640

Saskatchewan Teachers' Retirement Plan
2317 Arlington Ave
Saskatoon SK S7J 2H8
Phone: (306) 373-1660; 1-800-667-7762

Saskatchewan Teachers' Superannuation Commission
129 – 3085 Albert St
Regina SK S4P 2L7
Phone: (306) 787-6440; 1-877-364-8202