



Can I access my pension prior to retirement if I am terminally ill?

The Shortened Life Expectancy Provision allows a member or former member to receive the commuted value of their pension benefit as lump sum cash payment less the applicable income tax.

To qualify for the Shortened Life Expectancy Provision, you must have a life expectancy of 24 months or less, and your spouse, if you have one as defined below, must willingly waive their entitlement to the survivor benefit.

Who is a spouse?

Based on *The Pension Benefits Act, 1992* (Saskatchewan), a spouse is defined as:

- a person to whom you are legally married at the relevant time; or
- if you are not married, a person with whom you are cohabiting as spouses at the relevant time and who has been cohabiting continuously with you as your spouse for at least one year prior to the relevant time;

“Relevant time” refers to the date of application with respect to the Shortened Life Expectancy Provision, the date of death with respect to the pre-retirement death benefit, and the date of retirement with respect to the post-retirement survivor benefit.

Why is my spouse required to sign a waiver?

Your spouse is normally entitled to survivor benefits from your pension. When you access your pension under the Shortened Life Expectancy Provision, your pension benefit is discharged in full, which would leave your spouse with a very minimal survivor benefit in the event of your death. Therefore, your spouse's consent is required prior to the benefit being paid out.

What will happen to my pension if I *don't* access it through the Shortened Life Expectancy Provision and I die before retirement?

If you die before retirement, your surviving spouse is automatically entitled to receive a death benefit equal to at least the commuted value of your pension, regardless of your beneficiary designation. Your spouse may choose to have the death benefit paid in one of the following forms:

- a taxable lump sum payment of the commuted value;
- a tax exempt transfer of the commuted value to a Locked-In Retirement Account (LIRA), Registered Retirement Savings Plan (RRSP), or Registered Pension Plan (RPP); or
- a monthly lifetime pension guaranteed for five years and their life thereafter, the actuarial value of which is equivalent to the commuted value.

You may designate someone else to receive the benefit if you do not have a spouse on the date of your death, or if prior to your death:

- your spouse waives entitlement to the benefit by completing and submitting the *Spouse's Waiver of Pre-Retirement Survivor Benefit* form and does not rescind the waiver prior to your death; or
- a *Family Property Act* (Saskatchewan) division of your pension occurs prior to your death in which your spouse waives entitlement to any further benefit under the Plan.

If you do not name a beneficiary, or if all of your designated beneficiaries are no longer living, the benefit is paid to your estate.

If I *do* access my pension through the Shortened Life Expectancy Provision, will there be anything payable to my spouse or children when I die?

Following the transfer, you will remain a member of the Plan. Eligible service and earnings accrued between the lump sum payout and your death will be used to calculate



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a new pension benefit if you pass away or if you terminate employment from all SHEPP employers. Therefore, if you are on SHEPP-approved disability, you will earn credited service each month you remain on approved disability until your death. The death benefit, if any, will be payable to your spouse. If you are not survived by a spouse, then the death benefit will be payable to your beneficiaries or estate.

While a death benefit may be payable, keep in mind the amount will be minimal, as it will be calculated using only the eligible service and earnings in the months following your lump sum payout.



IMPORTANT

If you receive a lump sum cash payout of your SHEPP pension, under the Shortened Life Expectancy Provision, there may be little or no survivor benefits or pension payable.

4. SHEPP will evaluate your application and determine whether you qualify to access your pension benefit under the Shortened Life Expectancy Provision. If SHEPP is unable to make the decision, an adjudicator will review the information and make a recommendation to SHEPP.
5. SHEPP will notify you in writing whether your application has been approved. If your application is granted, then payment will be issued in accordance with your payment instructions. If your application is denied, you will have 60 days to appeal the decision should you wish to do so.

What is the application process?

The process is as follows:

1. Contact SHEPP to request information on accessing your pension benefit through the Shortened Life Expectancy provision. You can contact SHEPP by:
 - Phone: 306.751.8300 (in Regina)
1.866.394.4440 (Toll-free)
 - Email: sheppinfo@shepp.ca
 - Mail: SHEPP
201-4581 Parliament Avenue
Regina, SK
S4W 0G3
2. SHEPP will send you:
 - a letter stating the commuted value amount and the requirements to execute the provision; and
 - an *Application for Shortened Life Expectancy Benefit* form to be completed by you, your spouse (at their own will), and your physician.
3. Return the completed application form to SHEPP.

This document is prepared as a general guideline and confers no legal rights or any obligation on the Saskatchewan Healthcare Employees' Pension Plan. For complete details, please refer to the Plan Text.