Retirement Ahead
Frequently Asked Questions

How much income tax will be deducted from my pension payment?

Income tax is deducted from your monthly pension payment and the amount of tax deducted will depend on your pension amount and the personal exemptions that you've claimed on your TD1 federal and TD1 provincial forms, as well as any additional income tax.

The Canada Revenue Agency has an online tax calculator called PDOC (payroll deductions online calculator) that is a great resource that you and/or your tax accountant may choose to use when estimating your net pay.

Can I be rehired by a SHEPP employer after retirement?

Yes. Once you begin receiving your SHEPP pension, you will continue to receive it for the rest of your life, even if you return to work. If you receive a bridge benefit, you will receive it until age 65. That isn't to say other retirement benefits you receive won't be affected (e.g. CPP and Old Age Security).

It is important to consider how all of your retirement income sources may be affected before returning to work. Once you begin receiving your SHEPP pension, you cannot make contributions toward another SHEPP pension.

If you are considering returning to work after you've retired, ensure you discuss your plans with your potential new employer as they will have their own internal process/procedure around resumption of work as a pensioner. It is important for you and your employer to be aware that if you are in receipt of your SHEPP pension, you are exempt from rejoining SHEPP and would not contribute to the Plan through any subsequent employment.

How does accrued vacation time affect my retirement date?

To start receiving your SHEPP pension you must retire from all SHEPP participating employers. As part of that process, any accrued vacation that you have in your bank at your retirement date must be paid out by your employer in connection with your retirement notice to start receiving your pension payments.

Vacation pay paid out at retirement as a lump sum is not considered earnings and is therefore not pensionable.

Vacation pay paid to an active member is considered pensionable earnings and would therefore be included in your pension calculation.

EXAMPLE

Your employment ends on January 31.

- **Scenario 1** - Your employer has paid out your vacation balance and therefore your retirement begins February 1, with payments starting the last banking day of February.
- **Scenario 2** - Your employer has allowed you to use accrued vacation credits taking you through to February 15; your retirement would begin March 1, with payments starting the last banking day of March.