



# INFORMATION SHEET

## Portability Transfer

### What is a portability agreement transfer?

A portability agreement transfer is a direct transfer of credited service and money from your former employer's Canadian Registered Pension Plan (RPP) to SHEPP.

### How does a portability transfer to SHEPP help me?

If you transfer service currently credited to you under your former employer's pension plan to SHEPP, it will be recognized by SHEPP as credited service. In general, the more credited service you have, the greater the SHEPP pension on retirement and the sooner you will qualify for Rule of 80 retirement.

### Who can transfer service to SHEPP under a portability agreement?

As a member of SHEPP, you may apply to transfer service and funds to SHEPP under a portability agreement at any time during your career. Keep in mind that it's best to transfer credited service earlier in your career rather than later because it's less expensive. A transfer may only occur if:

1. Your former employer's pension plan is prepared to make a portability transfer to SHEPP (you will have

to contact the administrator of that plan to determine whether or not it is prepared to make such a transfer to SHEPP); and

2. The terms and conditions under which your former employer's pension plan is prepared to make a transfer to SHEPP are acceptable to SHEPP.

### How much money is transferred from my former employer's pension plan on a portability transfer?

The lesser of:

- the amount required by SHEPP to credit the service available for transfer; or
- the amount available for transfer from your former employer's pension plan under the terms of that plan.

### How does SHEPP determine the amount of money it requires to credit the service available for transfer?

The amount required is calculated by SHEPP using methods and assumptions established by the Plan's actuary.

Specifically, SHEPP calculates the amount required to fund the additional pension payable to you due to the



# Portability Transfer



increase in credited service as a result of the transfer, plus the amount required to fund the expense of what could be an earlier retirement. In general, all else being equal, the higher your earnings and/or the closer you are to qualifying for an unreduced pension, the greater the amount required by SHEPP to credit you with the service.

## What happens if the amount of money transferred from my former employer's pension plan is less than the amount that SHEPP requires to credit the service?

SHEPP will determine how much service can be credited based upon the amount of money transferred from your prior employer's pension plan. You may choose to satisfy the deficiency via cash or a transfer from your RRSP; otherwise you will receive only a partial service credit.

You may subsequently elect to purchase the outstanding service as eligible prior service.

## What are the tax implications of a portability transfer?

The funds are transferred on a tax-exempt basis. That is, the amount transferred is not reported as taxable income to you nor is the transfer tax deductible by you.

On receiving a transfer of service and funds from another pension plan, SHEPP is required to determine whether or not a Past Service Pension Adjustment (PSPA) arises in respect of any post-1989 service transferred. A PSPA serves only to reduce your available RRSP contribution room. In general, the PSPA is calculated as follows:

### Transfer from a defined benefit pension plan to SHEPP:

PSPA = Pension Adjustments (PAs) calculated in accordance with SHEPP provisions less PAs and PSPAs under the former plan.

### Transfer from a defined contribution pension plan to SHEPP:

PSPA = PAs calculated in accordance with SHEPP provisions less qualifying transfer from prior plan (qualifying transfer is that portion of the transferred funds that is identified by the former plan to relate to post-1989 service).

If a PSPA arises, SHEPP will apply to the Canada Revenue Agency (CRA) to have it certified. CRA will certify the PSPA if you have adequate RRSP contribution room. If you do not have adequate RRSP contribution room, SHEPP will not be able to credit you with the service unless and until you make a qualifying withdrawal from your RRSP (taxable to you) to make sufficient RRSP contribution room available.

## What happens to the transferred money if I die before retirement?

The total money transferred from your prior pension plan under a portability transfer agreement will be recorded separately as a portability transfer contribution. If you die prior to retirement, the transferred money, plus interest, will be paid to your surviving spouse. If you are not survived by a spouse or your surviving spouse has waived entitlement to the pre-retirement death benefit, it will be paid to your designated beneficiary or estate.



# Portability Transfer

## How is my Rule of 80 date affected by the transfer of credited service to SHEPP under a portability agreement?

In general, for every year of transferred service credited, your Rule of 80 date moves six months closer. Consider the following example:

### EXAMPLE

A member has four years of service available for transfer from a former employer’s pension plan. Without those four years of credited service, this member’s Rule of 80 date will occur at the age of 62 with 18 years of service. If the member transferred those four years of service from their former plan, their Rule of 80 date becomes age 60, at which time they will have 20 years of credited service.

	No Transfer	With Transfer
Age	62	60
Credited Service from SHEPP enrolment to retirement	18	16
Transferred in	0	4
<b>Total age plus credited service</b>	<b>80</b>	<b>80</b>

the Plan. These options include the portability transfer of your termination entitlement to another Canadian registered pension plan that is prepared to accept such a transfer from SHEPP, subject to the locking-in provisions of *The Pension Benefits Act, 1992* (Saskatchewan) and other possible terms that may apply to the service and funds transferred in to SHEPP from your former employer’s pension plan.

## What if I had service under a former employer’s pension plan that I cashed out?

If you received a termination benefit under your former employer’s pension plan and you no longer have service under that plan, you may still be eligible for a portability agreement transfer. You will need to contact your former employer’s pension plan to confirm the details of your credited service and pensionable earnings while you were a member of that plan.

## Can I cancel my portability transfer?

Once executed, you cannot cancel a portability transfer. If on termination of employment and Plan membership you are not entitled to an immediate pension from SHEPP, you will be entitled to the termination benefit options under

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