



# INFORMATION SHEET

## Designating Beneficiaries (Pre-Retirement)

### What happens to my pension if I die before I retire?

If you are married or in a common-law relationship, your spouse is automatically entitled to the benefit payable on your death prior to retirement, regardless of your beneficiary designation.

Your designated beneficiaries are entitled to the benefit payable 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.

### 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 death with respect to the pre-retirement death benefit.

### Who can I designate as my beneficiary?

You may choose one or more beneficiaries. As well, you can include a legal entity, such as a registered charity or your estate.

You may also designate primary and contingent beneficiaries. A **primary beneficiary** is the person you have named to be first in line for your SHEPP death benefit. A **contingent beneficiary** is the person you have named to be second in line for your benefit if all of your primary beneficiaries predecease you.

On your Annual Pension Statement, the section titled, "Your Spouse and/or Designated Beneficiaries" provides spouse, primary beneficiaries, contingent beneficiaries and the minor trustee on record at the time the statement is generated.

### Isn't it easier to leave the benefit to my estate and have it dealt with in my will?

No, leaving your SHEPP benefit to a beneficiary is like taking a shortcut. It's a quick way of getting the benefit



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to someone you care about. Settling an estate can take weeks to years and can be very costly. In the meantime, your estate's money may be inaccessible. As well, if you leave your SHEPP benefit to a beneficiary, the money becomes the property of your beneficiary and is safe from your creditors if you die owing money.

## How do I designate a beneficiary?

You will be asked to designate your beneficiaries when you join SHEPP. After that, you can change your beneficiaries whenever you wish.

To change your beneficiaries:

- sign into **SHEPPweb**, select Designate my Beneficiaries from the Web Services menu and fill out the form; or
- complete a new Designation of Beneficiary form found in the Forms section at **www.shepp.ca**. Print, date and sign the form with a witness and then mail to SHEPP.

### IMPORTANT

**Each time you update your designated beneficiaries, the new designation replaces the previous one. Therefore, ensure your designation includes ALL primary and contingent beneficiaries you intend to potentially receive a benefit.**

## Can I designate my children as my beneficiaries?

Yes, you can designate your children as beneficiaries. However, SHEPP cannot pay a benefit directly to a minor. If your beneficiary is under the age of 18, SHEPP must pay the benefit to a trustee.

You can appoint any individual or organization as a trustee for your minor beneficiary using the Designate my Beneficiaries section on **SHEPPweb**. The trustee will hold any SHEPP benefit in trust until the minor reaches 18 years of age. If you do not designate a trustee, SHEPP will pay the benefit to the minor's legal property guardian. If there is no guardian, then SHEPP will pay the benefit to the Public Guardian and Trustee of Saskatchewan.

## How is my SHEPP death benefit divided if I designate more than one beneficiary?

If you are not survived by a spouse and you designate more than one person as your primary beneficiary, the benefit will be paid in equal shares to all of your named primary beneficiaries. If a primary beneficiary predeceases you, any benefit payable will be shared equally among the surviving primary beneficiaries.

If all of your primary beneficiaries predecease you, the benefit will be paid in equal shares to all of your named contingent beneficiaries.

If you don't name any contingent beneficiaries, or all of your contingent beneficiaries have predeceased you, the benefit will be paid to your estate.

## When should I review my beneficiary designation?

Review your beneficiary designations and make changes, if required, when:

- you receive your Annual Pension Statement; or
- when you experience a major life event, such as the birth of a child, a marital status change, the passing of a beneficiary, etc.

To review your beneficiary designations online, sign in to **SHEPPweb** and select Designate my Beneficiaries.



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## How is the death benefit paid to my spouse or beneficiaries?

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 (assuming the monthly pension is greater than the small benefit threshold), the actuarial value of which is equivalent to the commuted value.

As for designated beneficiaries, the death benefit would be paid in a taxable lump sum payment of the commuted value.

**For information regarding designating beneficiaries after retirement, please refer to the Designating Beneficiaries - Post-Retirement Information Sheet available at [www.shepp.ca](http://www.shepp.ca).**