Power Notes

I.B.E.W. Local 2067

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Retirement

Brothers and Sisters, we have received some requests for information regarding retirement; more specifically, “when is the best time to retire?”

Everyone’s situation is going to be different, so it is therefore important to get advice that relates to your particular circumstances from a professional advisor who understands your pension plan.

There really is no right answer to the question as it would be dependent on several factors.

Basic assumptions would be that the members of IBEW employed by SaskPower are participating in either the Power Corporation Superannuation Plan or the Public Employees’ Pension Plan. Both plans are with the Public Employees Benefits Agency (PEBA) and further information can be accessed by visiting their website at http://www.peba.gov.sk.ca/.

If the member is in the Superannuation Plan, they are in a defined benefit pension plan. All members have attained 35 years of pensionable service and are eligible to retire with an unreduced pension. Request pension estimates from the PEBA to review the pension options available.

If the member is in the Public Employees’ Pension Plan, the member would be entitled to receive their pension contributions that have been remitted on their behalf. The ability to withdraw is based on the eligible retirement age being reached by the member.

The following are some factors one may consider when selecting a retirement date, however, these factors are not a “deal breaker” in terms of a retirement date, nor will they make your pension plans suddenly wealthier. On the other hand, the following may address how to get the best value out of the benefit plans.

- **December or earlier versus January or later.**
  - If a member is considering a retirement date of early in the New Year,
    - they will be eligible for prorated basic vacation credits, extra service vacation credits (if applicable), prorated FSA, prorated Millennium Plan (based on eligibility) and boot allowance; keeping in mind that there would be a required claw back on FSA overpayments and overused vacation credits.
    - If the retirement notice is submitted before the first payroll cut-off in the New Year, payroll will automatically prorate the New Year’s FSA payment so there won’t be a FSA claw back. The member will only receive the portion they are entitled to for the year.
  - The member must keep in mind:
    - Which tax year the payouts will occur and what those impacts may or may not be. Review the potential outcomes with your professional advisor before submitting the retirement notice.
    - The prorating of benefits, as those would be the primary factors in maximizing the financial incentive for the end of the year versus the beginning of the year.

- A member in the Superannuation Plan who is currently in their best five years would be looking to increase their pensionable earnings which would include the Millennium Plan and FSA. The Millennium Plan is paid on December 31st of each year and the FSA is paid on January 15th.

- **Monday versus Friday.**
  - For employees in the Superannuation Plan, retiring on a Monday versus the Friday before means the member may have worked more days in the pay period which would increase the pensionable earnings; salaried employees are paid based on the number of days in the pay period.
  - For the majority of the members on the Public Employees' Pension Plan, the day of the week has very little impact other than when it deals with the prorating of benefits and that is very minor in the adjustment.

- **First half of month versus second half of month.**
  - If a member retires in the first half of the month, the calculation on vacation entitlement will be reduced, if the member leaves in the second half they would receive the full entitlement for the month.

- **Wait for pay increase.**
  - If there is going to be a pay increase and the member is eligible for the pre 1996 severance credits, the amount would be based on the increased rate should the employee retire *after* it was implemented.

Once again, please remember that everyone's situation is going to be different, so it is therefore important to get advice that relates to your particular circumstances from a professional advisor who understands your pension plan.

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