

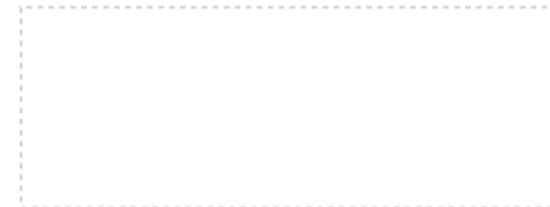


TO: Plan Members

FROM: Pensions Administration Division, Department Of Finance,
Government of Newfoundland and Labrador and
Benefits Office, Memorial University

RE: **PORTABILITY OF PENSIONS ACT**

DATE: July 2010



THIS NOTICE APPLIES TO YOU IF:

1. YOU ARE CURRENTLY A MEMBER OF ONE OF THE PLANS NOTED BELOW;
2. YOU WERE PREVIOUSLY A MEMBER OF ANOTHER OF THE PLANS NOTED BELOW; AND
3. UPON LEAVING YOUR PREVIOUS EMPLOYER YOU LEFT YOUR PENSION CONTRIBUTIONS WITH YOUR FORMER PLAN
 - Public Service Pension Plan
 - Teachers' Pension Plan
 - Memorial University of Newfoundland Pension Plan
 - Members of the House of Assembly Pension Plan
 - Uniformed Services Pension Plan

The *Portability of Pensions Act* (the Act) establishes the terms and conditions whereby individuals may transfer pensionable service when moving between plans provided they have not received a termination of employment benefit (i.e., refund, pension etc) from the previous plan*.

The Act has been amended to modify the basis for transfer between the plans.

Effective **January 1, 2011** the amount available for transfer from the former plan and the amount required by the new plan will be determined using the **actuarial cost** of the service at the date of election to transfer. Currently, the cost to transfer to the new plan is two times the contributions required under the importing plan based on the employee's starting salary. This cost is offset by the employee and employer contributions plus interest which are transferred from the exporting plan. As each transfer is unique, it is not possible to determine the impact this change will have on

affected plan members. Under both alternatives, any deficiencies in transfer costs will have to be paid by plan members or, alternatively, a lesser amount of service may be credited.

Plan members who apply to transfer service prior to **January 1, 2011**, will be provided with estimates under the new actuarial cost method and the current method and may avail of whichever method is more beneficial. For further information or, to apply for a transfer, please contact your employer's human resource/pension representative. The **Portability of Pensions Application** may be downloaded from the Pension Administration Division's website via the following link www.fin.gov.nl.ca/fin/forms/portability.pdf.

* *In situations where a termination benefit has been paid or, in situations where contributions were not paid but both the current and former Plan recognize the eligibility of the service, plan members can apply to purchase the service under their current plan based on the actuarial cost*