

## Frequently Asked Questions .... About Pensions

## Making Pension Contributions - How the Plan works:

1. *I have been appointed to a probationary tenure track position. Do I have to pay into the pension plan? Does it matter if I have a limited term contract instead?*

All full or part time Dalhousie employees (i.e. greater than 50%) become eligible for membership in the Dalhousie Pension Plan at the date of employment. Automatic deductions will be made from your monthly pay. Membership in the Dalhousie Pension Plan is not dependent on whether you are on a tenure stream or limited term contract – both are eligible.

2. *How are my deductions calculated? Does the Board pay the same amount on my behalf?*

You are required to contribute 4.65% of the first \$5000 of your annual salary plus 6.15% of your annual salary in excess of \$5000. The Board makes the same contribution but in addition, the Board has an overall responsibility to ensure that its contribution is sufficient to give you a pension at the time of your retirement.

3. *What does it mean that the Board has a responsibility to ensure that its contribution is “sufficient” to give me a pension when I retire?*

Dalhousie has a “defined” benefit pension scheme, which means that your pension is calculated on a formula: “Average best salary X Years of Service X .02. It is not possible to know what your best salary might be or how many years of service you may have at the University so it is up to the Board (i.e. your employer) to guarantee that you receive the pension to which you are entitled.

4. *What does the term “vesting” mean? When does it happen?*

Vesting means your right to receive both your contributions and those made by the Board on your behalf. If you terminate your employment with less than one full year of membership in the Pension Plan (or have an appointment for less than one year) you are entitled to receive *only* your contributions to the Plan plus the accumulated interest. After one year in the Plan, you are entitled to receive your contributions *plus* the vested portion of the University’s basic matching contributions made on your behalf. You are eligible for full vesting in the Board’s contributions after 24 months of pension-able service.

5. *Will my deductions increase over time?*

Your deductions are based on your annual salary rate. As your salary increases over time, so too will the deductions that are taken from your salary.

6. *What happens to my deductions when I go on a one –year sabbatical when I receive 85% of my normal salary?*

You continue to make pension (and other benefit) deductions at your nominal salary rate (i.e. 100%). The Board continues its contributions at 100% as well.

7. *What happens to my pension deductions if I become sick and go on sick leave? What about long term disability?*

While on sick leave, you are covered by the Salary Continuance Program, which means your salary continues at your normal actual salary rate and your pension contributions continue to be deducted as normal. After 180 days, if you become eligible to receive benefits on Dalhousie's Long Term Disability Plan, provision will be made for the continuation of your contributions while you receive LTD. The Board will continue to make its own regular contributions until you reach normal the retirement age of 65 years, when your pension becomes payable to you.

8. *I was a faculty member at another University prior to starting my new appointment at Dal. Can I transfer my accumulated pension contributions into the Dal plan?*

Dalhousie has reciprocal agreements with the University of Kings College and the Province of Nova Scotia. You can make arrangements to transfer your pension credits from there to Dalhousie. For other institutions, you can make arrangements with Dal to "purchase" the equivalent of your pension contributions at the other university.

9. *I am resigning my academic appointment at Dalhousie to take an appointment at another university, can I transfer my accumulated contributions to my new university?*

If you have contributed to the Dal pension plan for more than 24 months, you are entitled to the greater of your vested contributions *or* the commuted value of the pension you have earned to the date of your resignation. You can transfer this amount into an RRSP, subject to Revenue Canada maxima. There are other options available to you as well.

10. *What does "commuted" value mean?*

Remember that as a member of the Dalhousie Pension Plan, you are entitled to a defined benefit pension, which means your pension is calculated based on a formula (see Question #3 above). The "commuted" value is the amount of money that is required to fund your pension.