

PEPP *Talk* . . .

on Designation of Beneficiary

This issue of PEPP *Talk* provides members of the Public Employees Pension Plan (PEPP) with information about the designation of a beneficiary. Your beneficiary is the person who will receive a benefit from your PEPP account if you die before you begin receiving pension income.

For Variable Pension Benefit (VPB) members, information on designation of beneficiary specific to VPB is available in the PEPP *Talk* on *Variable Pension Benefit*.

Death Benefit

In the event of your death before you have begun receiving pension income, PEPP will provide your beneficiary with the value of your PEPP account balance.

Designating Only One Primary Beneficiary

If You Have a Spouse

Pension legislation dictates that your spouse is automatically your sole primary beneficiary.

You may only name another primary beneficiary(ies) if your spouse waives the right to all or a portion of the death benefit by submitting a *Spouse's Waiver of Death Benefits Prior to Retirement* form. (see page 3 *Designating Multiple Primary or Contingent Beneficiary(ies)*)

Your spouse may revoke the waiver at any time, and there are special requirements that must be met for the waiver to take effect. Please see the PEPP *Talk* on *Waiver of Spousal Benefits* for more information.

Death Benefit Options

Your spouse will receive the entire death benefit if you die. Your spouse has the option to:

- use the death benefit to apply for the PEPP Variable Pension Benefit (VPB) or Life Annuity from the Saskatchewan Pension Annuity Fund (SPAF);
- consolidate the death benefit into his or her own PEPP account, if they are currently a PEPP member;
- enrol as a PEPP member and leave the death benefit in the Plan. The PEPP account balance will continue to be valued based on current unit values;
- transfer the death benefit to a Registered Retirement Savings Plan (RRSP), Locked-in Retirement Account (LIRA), prescribed Registered Retirement Income Fund (pRRIF), or a Life Annuity from a financial institution;
- transfer the death benefit to another Registered Pension Plan (RPP);
- receive a refund, less withholding tax; or
- a combination of the above.

Definition of Spouse

Your spouse is the person to whom you are legally married; or if you are not married, the person with whom you are living in a conjugal relationship, and to whom at least one of the following situations applies. He or she:

- has been living with you in a conjugal relationship for at least 12 continuous months;
- is the parent of your child by birth or adoption; or
- has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

A spousal relationship with someone to whom you are legally married ceases upon divorce.

A spousal relationship with someone to whom you are not married ceases upon a separation of at least 90 days due to a breakdown in your relationship. The individual resumes being your spouse if you resume living together in a conjugal relationship for a NEW period of at least 12 continuous months.

A married spouse takes priority over another person even if that person meets the definition of a spouse. You cannot have more than one spouse at any given time.

If you divorce, Plannera requires proof of divorce, such as a certified copy of the divorce certificate or Decree Absolute, before you can name a new beneficiary to replace a former spouse. Under the Plan rules, you are still legally married if you are separated but not divorced.

The Plan recognizes only one spouse at a time. A legally married spouse takes priority over another person, even if that person meets the definition of a common-law spouse.

Also Note:

In addition to your *primary* beneficiary, you may also name *contingent* beneficiaries who will receive the benefit if your primary beneficiary dies before you do (see page 3).

If your primary beneficiary dies before you and you have not updated your beneficiary designation or named a contingent beneficiary, your estate will receive the total benefit as a lump sum, less withholding tax. Any benefit paid to your estate may be subject to probate fees and may be subject to claims by your creditors. You should consider carefully whether you wish for your estate to be your beneficiary.

It is your responsibility to ensure that your designation of beneficiary is up to date and reflects your intentions at all times. You must inform PEPP of any changes in your marital or family status so that your benefit can be paid out according to your wishes in the event of your death.

If You Are Single

If you are single, you may name any person or organization, such as a charity, as your primary beneficiary or name multiple primary beneficiaries. (see page 3 *Designating Multiple Primary or Contingent Beneficiary(ies)*)

Death Benefit Options

Your primary beneficiary(ies) will receive the entire death benefit if you die. The beneficiary(ies) you have listed will be paid as per your instructions in a lump-sum payment less withholding tax.

Also Note:

In addition to your *primary* beneficiary, you may also name *contingent* beneficiaries who will receive the benefit if your primary beneficiary dies before you do (*see below*).

If your primary beneficiary dies before you and you have not updated your beneficiary designation or named a contingent beneficiary, your estate will receive the total benefit as a lump sum, less withholding tax. Any benefit paid to your estate may be subject to probate fees and may be subject to claims by your creditors. You should consider carefully whether you wish for your estate to be your beneficiary.

It is your responsibility to ensure that your designation of beneficiary is up to date and reflects your intentions at all times. You must inform PEPP of any changes in your marital or family status so that your benefit can be paid out according to your wishes in the event of your death.

Designating Multiple Primary or Contingent Beneficiary(ies)

Plan legislation allows you to designate more than one primary beneficiary or name contingent beneficiaries in the event your primary beneficiary dies before you. Remember, if you have a spouse, your spouse must complete a *Spouse's Waiver of Death Benefits Prior to Retirement* form for your designation of additional primary beneficiaries to be effective.

There are two ways you can designate multiple primary or contingent beneficiaries:

Joint Designation

This is where you are designating more than one beneficiary to share the death benefit among the living beneficiaries listed in equal portions. Since your intent is to divide the death benefit equally you do not indicate any percentage amounts.

In-common Designation

This is where you are designating more than one beneficiary to share the death benefit among the listed beneficiaries in specified portions. Since your intent is to allocate specific portions of the death benefit among your beneficiaries, you indicate the percentage of the death benefit you want to go to each beneficiary.

Unlike the joint designation, if any of the beneficiaries listed pre-decease you, you have the option of distributing their share in one of three ways. Their share:

- can go to their descendents (e.g., children, grandchildren, and great-grandchildren);
- can be divided among the other surviving beneficiaries (pro-rated based on their entitlement); or,
- can go to your Estate.

Other PEPP Talks that may interest you:

- ***Waiver of Spousal Benefits***
provides general information on waiving the spousal entitlement to benefits
- ***Breakdown of Spousal Relationships***
provides beneficiary and benefit information pertaining to the breakdown of a spousal relationship

PEPP Talks are available on our website at pepp.plannera.ca.

Questions

For further information about designation of beneficiaries, contact:

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Administered by **Plannera Pensions & Benefits**

The information contained in this issue of *PEPP Talk* does not replace or supersede *The Public Employees Pension Act* or *The Pension Benefits Act, 1992* or related regulations. In the event of any misunderstanding or conflict, the Acts and Regulations will prevail. Please contact PEPP if you are or were working outside Saskatchewan. Your pension may be subject to the legislation of another province.

The Public Employees Pension Plan produces issues of *PEPP Talk* as a service to its members. These documents provide information on specific provisions of the Plan. Plan information is available in a variety of other forms including: issues of *PEPP Talk* on other topics; our newsletter, "Pension Perspectives"; the *PEPP Member Booklet*; and the PEPP home page pepp.plannera.ca

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