



UPDATE

A Newsletter for Members of the Saskatchewan Teachers' Retirement Plan

Investing in Your Future Making Voluntary Contributions

The STRP is committed to helping you build a secure financial future. While your STRP pension will be an important piece of your retirement income, government benefits and your personal savings will also play an important part in helping you achieve the retirement lifestyle you want.

One option for increasing your retirement savings is to make voluntary contributions to the STRP. These are optional contributions that you can make to the pension plan, in addition to your required teacher contributions.

Voluntary contributions can be made by regular deductions from your pay and they're tax deductible. You can start and stop making voluntary contributions at any time. However, the amount

you invest in any year cannot exceed the maximum limit set by the federal government.

This limit only applies to cash contributions. There is no limit on transfers from your personal RRSP to your voluntary contributions account. Spousal contributions are not permitted.

It's important to understand that making voluntary contributions will not increase your monthly teacher pension.

Your voluntary contributions account is like a separate retirement savings account, similar to an RRSP. The balance in your voluntary account will be paid as a lump sum when you retire or terminate from the Plan.

Unlike an RRSP, you cannot cash in your voluntary contributions account whenever you want. All voluntary contributions must stay in the pension plan until you either retire or terminate from the Plan – consider this a long-term investment.

Voluntary contributions earn interest equal to the Plan's net rate of return. Like STRP's other assets, your money is invested by professional money managers so you don't have to make any investment decisions. However, like other investments you may have, the rate of return can be positive or negative in any given year.

Voluntary Contributions Can Help You Purchase a Maternity Leave

Voluntary contributions are not just for retirement savings. They can also be used to buy eligible pension service related to approved leaves of absence, such as maternity or education leaves. During these types of leaves, you don't contribute to the pension plan, which results in a gap in pension service.

So, if you're planning to start a family or take an education leave, you might consider making voluntary contributions early in your career. This way, you'll have money available to purchase the pension service lost during your leave.

Purchasing service will increase your monthly retirement pension and possibly help you retire earlier.

Whether you're building your nest egg or saving for a past or future purchase of service, the sooner you start saving, the faster your investment will grow. For more information, visit www.stf.sk.ca > Pension & Benefits > Pension Plan > Contributions.

Please note that contributions must be received by December 31 to be claimed as a deduction for the current tax year.



Retirement on Your Radar?

Have You Considered Purchasing Eligible Pension Service?

So, you've picked the big day – the day you're finally going to retire – and you're beginning to check off the things you need to do to prepare. Have you considered purchasing service for any board approved leaves you've taken during your career?

Purchasing eligible service will increase your monthly pension. You may also be able to retire earlier than planned. But don't wait too long to look into a service purchase. The process can take several months and all purchases must be finalized before you retire.

We recommend you start the purchase process at least 6 months before your anticipated retirement date.

Where to Start?

Check out the types of leaves eligible for purchase by visiting the Pension & Benefits section of the Federation website. Go to Pension Plan > Types of Service > Purchases of Service.

You can find out the cost to purchase eligible service by contacting the STRP. Please note that your employing school board must verify the approved leave, your leave dates and your salary before the cost can be determined.

Once you receive a cost estimate, you can use the STRP Pension Estimator to determine how the additional pension service will affect your monthly pension. You'll need to input information provided with the cost estimate.

If You Decide to Purchase

If you decide to go ahead with the purchase of service, arrange for payment to the STRP as soon as possible.

Generally, available RRSP room is needed to purchase pension service. If this is the case, after payment is received in full, our office must apply to the Canada Revenue Agency (CRA) for approval. It can take up to 2 months to receive approval from CRA.

Your retirement date cannot be earlier than the 1st of the month after we receive approval from CRA. For example, if you plan to retire July 1, 2019 but your service purchase is not approved by CRA until August 24, 2019, you'll be considered to have retired September 1, 2019. You will not receive retroactive monthly payments.

Purchasing eligible pension service is a personal decision. You may want to speak to a professional financial planner to determine if a service purchase fits into your overall retirement plan.

Canada Pension Plan (CPP) Changes Begin January 1, 2019



An increase in CPP benefits will be gradually phased in from 2019 to 2025. As the increase in benefits only applies to CPP service after 2018, it will take over 40 years for the enhancements to take full effect.

To pay for the increase in CPP benefits, both employee and employer CPP contributions will gradually increase starting in 2019. For more information, please visit the Government of Canada website, www.canada.ca.

When should I retire?

Should I work part time?

How will a salary increase affect my pension?

The **STRP Pension Estimator** can help you make important decisions about your financial future.

Check it out at www.stf.sk.ca > Pension & Benefits > Pension Plan.

Need More Information?

Contact us at:

Saskatchewan Teachers' Retirement Plan
2317 Arlington Avenue, Saskatoon SK S7J 2H8

T: 306-373-1660 or 1-800-667-7762

stp@stf.sk.ca
www.stf.sk.ca

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