



INFORMATION SHEET

Spousal Relationship Breakdown

(Post-Retirement)

A SHEPP pension falls within the meaning of family property. On the breakdown of a spousal relationship, a calculation of the value of the SHEPP pension may be required for the purpose of establishing the value of the family property. Once the value of the family property is determined, a division of that property may occur. Such a division may require SHEPP administration to divide your pension. SHEPP can only divide the pension in accordance with a valid interspousal agreement or court order under the applicable family property legislation.

A spouse is defined as a person to whom you are legally married at the relevant time; or if not married, a person with whom you are cohabiting as spouses at the relevant time and who has been cohabiting continuously with you as your spouse for at least one year prior to the relevant time. The relevant time means “at date of retirement” with respect to the post-retirement survivor benefit.

Requesting the value of a SHEPP pension

If you are a SHEPP member, the spouse of a SHEPP member, or the solicitor of either, you may ask SHEPP to provide a statement of the value of the member’s pension. SHEPP will provide you with a statement within 90 days of receiving the request confirming the pension earned by the member during the time of the spousal relationship and the value of the pension on the date the spousal relationship ended. If the request is made by someone other than the member, the member will be notified that a statement has been requested and will also be provided with a copy of the statement.

SHEPP will require the following information:

- the name and date of birth of the member;
- the name and date of birth of the member’s spouse;
- the date the spousal relationship started and ended; and
- your name, address and telephone number and the capacity in which you are making the request (example: as the member, the member’s spouse, the solicitor of the member or the solicitor of the member’s spouse).

Simply receiving a calculation of the value of a pension on the breakdown of a spousal relationship does not cause a member’s pension to be divided, nor does it mean that the pension has been divided. A statement of the value of a pension on the breakdown of a spousal relationship is simply information to help the member and the spouse determine the value of their family property.

Determining the value of a SHEPP pension

SHEPP determines the value of a pension in accordance with the terms of the *Pension Benefits Act, 1992* (Saskatchewan). In general, the value is calculated based on the methods and assumptions prescribed by the Canadian Institute of Actuaries on the date of the spousal relationship breakdown. You may wish to engage the services of a professional actuary to perform an independent pension value calculation.



Spousal Relationship Breakdown (Post-Retirement)



Submitting an interspousal agreement

At retirement, members with a spouse are required to elect a Joint & Survivor form of pension that continues to the spouse when the member dies, unless the member's spouse signed the prescribed waiver allowing the member to elect a Single Life form of pension.

Single Life form of pension

If the spouse signs the prescribed waiver and the member elects a Single Life form of pension, that pension may still be divided after retirement as a result of spousal relationship breakdown pursuant to a valid interspousal agreement or court order.

Joint & Survivor form of pension

If a member elects a Joint & Survivor form of pension at retirement and later separates or divorces, the post-retirement survivor benefit following the member's death remains payable to the spouse at time of retirement unless and until a valid interspousal agreement or a court order is submitted to SHEPP that removes the survivor benefit payable to the spouse.

In order to remove a spouse's entitlement to survivor benefits and revert to a Single Life form of pension with the same guarantee period elected at retirement (minimum of five years if no guarantee period was elected), SHEPP must receive a valid interspousal agreement or a court order.

An interspousal agreement or court order must meet the requirements of the *Family Property Act* (Saskatchewan) in order to be valid.

Breakdown of spousal relationship without dividing a SHEPP pension

A valid interspousal agreement or a court order may award sole ownership of the pension to the member without a division. In this case SHEPP would review the interspousal agreement or court order to ensure the spouse has waived all current and future entitlement to the pension including survivor benefits.

If the documentation provided is acceptable, the member's pension is then converted to a Single Life form of pension with the same guarantee period elected at retirement (minimum of five years, if no guarantee period was elected), commencing as and from the member's original retirement date. The member is notified in writing of acceptance of the documents and the conversion to Single Life. The converted Single Life pension is on a go forward basis only from the time that appropriate documentation is submitted to SHEPP.

Alternately, an interspousal agreement or a court order may call for a division of the pension.

Dividing a SHEPP pension on the breakdown of a spousal relationship

Dividing a SHEPP pension on the breakdown of a spousal relationship is a formal procedure regulated under the *Pension Benefits Act, 1992* (Saskatchewan). Where a SHEPP pension is to be divided, the original or a notarized copy of the complete interspousal agreement or court order must be submitted to SHEPP. Upon receipt of an agreement or order, SHEPP will advise both the member and their former spouse that an interspousal agreement or order has been filed. SHEPP will confirm whether or not it is able to comply with the agreement or order.

The agreement or order must provide SHEPP with clear and complete instruction on how the pension is to be divided and must comply with the terms of the *Pension Benefits Act, 1992* (Saskatchewan). If SHEPP is not able to determine the meaning of the agreement or order, or it does not comply with the *Pension Benefits Act, 1992* (Saskatchewan), SHEPP will not be able to effect a division until the matter is resolved.

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Spousal Relationship Breakdown (Post-Retirement)



Where SHEPP determines that we are able to comply with the agreement or order, we will confirm the actions we will take to comply with the agreement or order. The member will be provided 30 days to submit written objection to the division. In the event no notice of objection is filed, SHEPP will proceed to divide the pension. In the event an objection is filed, SHEPP may be required to apply to the court for direction.

A Canada Revenue Agency T2151 transfer form must be submitted to SHEPP before a division payment on spousal relationship breakdown can be processed.

Options for dividing a SHEPP pension post-retirement

Where a SHEPP pension is to be divided on the breakdown of a spousal relationship post-retirement, the interspousal agreement or court order may call for a lump sum division of the commuted value of the pension, or a division at source of the monthly pension amount in pay.

Division of Commuted Value

When a lump sum division of the commuted value of the member's pension occurs, the former spouse has no further claim or entitlement to any pension or benefit pursuant to the Plan. This would preclude the former spouse from receiving any survivor benefits. Following the division, the member's pension is offset by the payment to the former spouse, and is then converted to a Single Life form of pension with the same guarantee period elected at retirement (minimum of five years, if no guarantee period was elected).

EXAMPLE

Upon her retirement date of June 1, 2022, Mary elected a Joint Life 60% pension with no guarantee. If a division of the commuted value of her pension were to occur, her monthly pension amount would be reduced in accordance with the payout awarded to her former spouse and would revert to a Single Life form of pension guaranteed for not less than five years. The guaranteed period would still commence at Mary's original retirement date of June 1, 2022. Therefore, if Mary were to pass away prior to May 1, 2027, the remaining death benefit would be payable to her designated beneficiaries.

Division at Source

When the division of a pension payment (at source) occurs, the pension in pay is split according to the interspousal agreement or court order and the former spouse retains the entitlement to the post-retirement survivor benefit. The post-retirement survivor benefit stands as a benefit distinct from the monthly pension benefit.

EXAMPLE

At retirement, Mary elected a Joint Life 60% pension with no guarantee. Her gross monthly pension amount is \$1,500.00. If the interspousal agreement or court order provided for a division of Mary's pension such that her spouse John was to receive \$500.00 per month, then John would receive \$500.00 per month (with Mary receiving the remaining \$1,000.00) until either party passed away. If John predeceased Mary, the \$500.00 would revert to Mary and she would continue to receive \$1,500.00 per month until her death. If Mary were to predecease John, then John would receive the 60% survivor benefit Mary elected at retirement (\$900.00 per month) until his death.

For more information about valuing and/or dividing a pension on the breakdown of a spousal relationship, please contact SHEPP.

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