

On November 7, the Government of Alberta announced an amendment to the Teachers' Pension Plans by the plan sponsors (the Alberta government and the Alberta Teachers' Association). This change is effective January 1, 2019 and will result in an increase to some pensions. Read below for more information about the change and who it impacts.

What's the change?

- Since 1992, the *Income Tax Act* (ITA) placed a limit on how much pension can be earned in one calendar year in registered defined benefit pension plans like the Teachers' Pension Plans.
- This defined benefit limit is prescribed by the Canada Revenue Agency (CRA), and usually changes every year.
- For example, the maximum pension that can be earned by plan members in 2018 is \$2,944.44 as set by CRA. This limit means that teachers who earn more than \$163,992 in 2018 do not pay pension contributions nor earn a pension on the portion of their salary that is above this cap.
- The Teachers' Pension Plans Regulation currently contains a provision that dictates how the ITA limits are applied to plan members' pension benefits at the time of retirement. The provision says that the total pension benefit on all service earned after 1991 cannot exceed the total of the defined benefit limits prescribed in the ITA over these years. This provision, somewhat unique to the Teachers' Pension Plans, has the effect of further reducing pensions beyond what's required under the ITA.
- The Teachers' Pension Plans Regulation is now being amended to change this provision and the way the maximum pensions are calculated. Now, the pension will be calculated based on the 5-year average earnings using the salaries that have already been capped each year according to the ITA limits. No further reduction to the pension will be required to account for the historical ITA limits.
- This change will make the calculation of the maximum pension under the Teachers' Pension Plans more similar to other defined benefit plans, including other Alberta public sector plans.
- This change will be in effect January 1, 2019.

Who's impacted?

- Approximately 900 (or around 3%) of the almost 30,000 retired members receiving a pension under the Teachers' Pension Plans will see an increase in their pension payments following this change. The increase will bring their pension to the level it would have been if it wasn't for the further reduction explained above.
- The increase in their monthly pension will be reflected in the January pension payments, which will be made on January 29, 2019.
- Plan members not currently receiving a pension are not impacted. In other words, the new provision will be used to calculate their pension benefits once they start receiving them. The additional reduction that they may have been subject to as per the current provision will no longer apply. We invite plan members who are not currently receiving a pension to use the pension calculators in the *MyPension* portal on atrf.com to see an estimate of their pension benefits.

How do I know if my pension will be adjusted?

- The approximately 900 retired members who will see an adjustment in their pension payments in January 2019 will receive communication from the plan administrator, the Alberta Teachers' Retirement Fund (ATRF), in November. **If you don't receive this communication, this means you are not impacted.** We will confirm shortly the date this correspondence will be sent so you can watch for it.
- Personalized letters with pension amounts before and after the change will also be sent in January 2019 with your regular annual Pension Information Statement. Again, if you don't receive this letter with your regular statement in January, this means you are not impacted.
- It is unfortunately not possible to give an exact salary threshold at which retired members are impacted, as it varies depending on the years in which you accrued your pensionable service and the year you started your pension. What we can say is that you are not impacted if:
 - Your pension effective date is before 2004, or
 - Your 5-year average salary on which your pension was calculated is less than \$96,000.
- If your 5-year average salary is above \$96,000, it doesn't mean you are impacted. The threshold varies depending on the years in which you accrued your pensionable service, the year you started your pension and the ITA limits in effect in each year. For example, we observed that impacted members who retired in the past two school years had a 5-year average salary of more than \$120,000.
- For more information about the ITA limits and how your 5-year average salary is calculated, please visit our [website FAQs](#) under the "Pensionable Salary" section.

Will this change affect the overall health of the plans or my contributions?

- There is no significant impact to the plans and this will not change the regular contributions paid by teachers and the government or employers.

When will I know how much my pension is increasing?

- Each impacted retired member will receive a personalized letter in January 2019 with their pension amounts before and after the change.