

Service Payout Option – Nova Scotia School Boards Frequently Asked Questions (FAQ) non-union employees.

Q1. What is the Service Payout?

The Service Payout is a one-time option for eligible employees to receive a lump-sum payment in lieu of a service award, which was frozen effective August 1, 2015 for NSTU and April 1, 2015 for certain non-union employees.

Q2. Who is eligible for the Service Payout option?

To qualify for the Service Payout option, you must have eligible years of service before August 1, 2015 for NSTU employees and before April 1, 2015 for certain non-union employees.

Q3. Why are there different service dates for bargaining unit and non-union employees?

The service date of August 1, 2015 for NSTU employees was set in the *Teachers' Provincial Agreement and Classroom Improvements (2017) Act*. The service date for non-union employees was set by way of Administrative Directive effective April 1, 2015.

Q4. Do I have to take the Service Payout now? What are my options?

No, you do not have to take the Service Payout. Your other option is to wait to receive your service award when you retire, if eligible, as per the terms of collective agreements, Policy Manual for Non-union employees and regulations in place at that time.

Q5. I was hired after 2015. What are my options?

Employees hired after the service award was frozen in 2015 (after August 1, 2015 for NSTU employees, and after April 1, 2015 for certain non-union employees) do not qualify for a Service Payout and are also not eligible for a service award at retirement.

Q6. I'm not sure how much Service Payout I'm eligible for. How do I find out?

The school board is currently making payout calculations for each employee based on employment records, eligible years of service and salary on March 31, 2018. That information will be sent to you in a communication in the coming weeks. The letter will also include a form for you to complete if you choose to take the Service Payout. We ask that you please be patient and refrain from calling if possible as staff are working to process large volumes of service calculations.

Q7. How will you calculate the Service Payout amount?

The one-time Service Payout option will be calculated in accordance with applicable contract provisions. For NSTU members, this is Article 61 of the Teachers' Provincial Agreement. The calculation is based on contract eligible service up to August 1, 2015 for NSTU employees and up to April 1, 2015 for non-union employees and salary on March 31, 2018.

Q8. What counts as "eligible service"?

For NSTU members, eligible service is as defined in Article 61 of the Teachers' Provincial Agreement. For non-union employees, it is as per terms and conditions of employment.

Q9. How do I elect to be paid the Early Service Payout?

A communication will be sent to you in the coming weeks outlining the estimated amount of Service Payout that you are eligible for before deductions for income tax, CPP and EI. It will also include a form for you to indicate that you are taking the Service Payout. More detailed instructions will be provided in this communication. If you elect to take the Early Service Payout payment, you are not able to retract or change this decision.

Q10. When do I have to make my decision?

You will have to return your election form by March 19, 2018.

Q11. Will I have another opportunity to take this Service Payout?

No, the Service Payout is a one-time option. If you don't elect to take it by mid-March, your only other option is to wait until retirement to receive your service award, if eligible, as per the terms of collective agreements and regulations in place at that time.

Q12. When will I receive my payment?

All payments will be made in summer 2018. More detail will be provided at a later date.

Q13. Will the payout be included on my T4?

Yes, as employment income, the payment will be included on your T4 in the year that the payment is made.

Q14. Will the Service Payout be taxed?

The Service Payout will be taxed as employment income, and subject to income tax withholdings, CPP and EI deductions. Since it is not being paid on retirement, it cannot be treated a retirement allowance.

Q15. Can I roll this payment right into my Registered Retirement Savings Plan (RRSP)?

The Service Payout is not retirement income – it is a payment in lieu of your service award. As employment income, it is subject to all applicable taxes and deductions. However, the Province has obtained a tax waiver from Canada Revenue Agency (CRA) so that you may transfer all or some of your payment, up to \$15,000, to your RRSP without income tax being withheld, depending on your personal contribution room. Further detail will be provided in the communication you receive in the coming weeks.

Q16. How do I know if I have enough room in my RRSPs to cover the whole payment?

You will find the amount of RRSP room you have in your most recent Notice of Assessment issued by Canada Revenue Agency (CRA). Questions about your personal RRSP contribution room should be directed to CRA by calling 1-800-959-8281.

Q17. What if the \$15,000 tax waiver from CRA is not enough to cover my full payout? What are my options?

If you expect your Service Payout to be more than the \$15,000 covered by the waiver, you have two options:

1. You can receive up to \$15,000 of your payout without taxes deducted to be put into an RRSP. The rest will be paid to you after appropriate income taxes, CPP, and EI are deducted.
2. To put an amount more than \$15,000 into an RRSP without taxes deducted you must apply to CRA for a personal tax waiver. This is done by completing a T1213 form (available at <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1213.html>).

Once you receive your personal tax waiver from CRA (this can take up to 60 days to process), you must forward it to your school board head office to process your Service Payout. There will be more detail in your communication in the coming weeks.

Q18. If I choose the Service Payout option, can I receive some now and the rest at retirement?

No, this is a one-time, lump-sum payment. If you elect to receive the Service Payout, you'll be paid the full amount as calculated, less applicable taxes and deductions. There is no option to receive some now and the rest at retirement. If you choose not to take this one-time option for the Service Payout, you'll receive your service award, if eligible, upon retirement as per the terms of collective agreements and regulations in place at that time.

Q19. I retired and received my Service Award but have since returned to active employment. Am I eligible for the Service Payout? What years will it cover?

As a currently active employee, you are eligible for the service payout if you came back before August 1, 2015 if you're an NSTU member, or April 1, 2015 if you're non-union employee. The service payout will be based on the service since you returned to that date. Your combined eligible service will be capped subject to applicable collective agreements and/or regulation.

Q20. I am currently on Long Term Disability. Do I qualify for the Service Payout?

Yes, as long as you have years of eligible service before August 1, 2015 if you're an NSTU employee, or April 1, 2015 if you're a non-union employee. You should be aware that once you are on LTD you stop accruing eligible years of service. The Service Payout will be calculated based on years of eligible service up to the beginning of your LTD, using the salary in effect on March 31, 2018

Q21. I had an unpaid leave of absence before April 1/August 1, 2015. Does that impact my Service Payout?

Yes, an unpaid leave of absence will impact the eligible service. For NSTU members, eligible service is as defined in Article 61 of the Teachers' Provincial Agreement, and for non-union employees it is as per the terms and conditions of employment.

Q22. I'm a term employee. Do I qualify for the Service Payout?

For a non-union employee with eligible service before April 1, 2015, you may qualify. You must also meet other eligibility criteria.

Q23. I'm not sure what I should do. Where can I get financial advice?

If you need help making your decision about the Service Payout, you're encouraged to seek professional financial advice based on your personal situation and goals. School board staff will not provide financial advice.

Q24. Who can I call to get my service statement before the communication in the coming weeks?

You cannot receive this information prior to the Service payout statement being issued. The school board is currently working to process service statements for thousands of impacted employees. We ask that you please be patient while this work is underway and wait for your service statement to be sent to you. Service Payout statements or amounts will not be shared over the phone.

Q25. Who can I call if I have more questions?

Your personal information and an election form will be sent to you in the coming weeks. We will also provide updates as further information is available.