

1973 Bill 41

Second Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 41

The Public Service Pension Amendment Act, 1973

HONOURABLE DR. HOHOL

First Reading

Second Reading

Third Reading

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BILL 41

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THE PUBLIC SERVICE PENSION AMENDMENT ACT, 1973

(Assented to _____, 1973)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1. *The Public Service Pension Act is hereby amended.*

2. *Section 2 is amended*

(a) *as to clause (b)*

(i) *by adding the word "and" at the end of subclause (i),*

(ii) *by striking out subclause (ii),*

(iii) *by striking out the figure "55" and by substituting the figure "60",*

(b) *by striking out clause (d) and by substituting the following clause:*

(d) "salary" means the gross rate of an employee's ordinary salary or wages and includes cost of living bonuses and remuneration approved by the Board, but does not include moneys paid in lieu of holidays or moneys paid for other types of bonuses, or for travelling expenses, subsistence allowances, overtime pay or honorariums;

(c) *as to clause (e)*

(i) *by striking out subclause (i) and by substituting the following:*

(i) service in the Canadian or allied forces, or in a merchant navy serving the Canadian or allied cause, during World War II or the Korean War,

(ii) *by striking out the word "and" at the end of subclause (ii), by adding the word ", and" at the end of subclause (iii) and by adding the following subclause after subclause (iii):*

(iv) service as a member of the Parliament of Canada;

(d) *by adding the following clause after clause (e):*

(f) "married woman" means a woman who is legally married and is not legally separated.

Explanatory Notes

1. This Bill will amend chapter 299 of the Revised Statutes of Alberta 1970.

2. Section 2, clauses (b), (d) and (e) presently read:

- (b) "employee" means
 - (i) any person employed on a full time continuous basis for a minimum average of 30 hours per week throughout each year by the Government or the Legislative Assembly,
 - (ii) any married women employed on a full time continuous basis for a minimum average of 30 hours per week throughout each year by the Government or the Legislative Assembly who has applied within the period designated by the Board to be included in the operation of this Act, and
 - (iii) any person employed each year by the Government on a seasonal basis and included in the operation of this Act by order of the Board,
who was less than 55 years of age at the commencement of his service;
- (d) "salary" means the gross rate of an employee's ordinary salary or wages including cost-of-living bonus, but does not include moneys paid in lieu of holidays, or for travelling expenses, subsistence allowances, honorariums, fees, sales of transcripts, overtime pay, or any other moneys paid in addition to his ordinary salary or wages;
- (e) "service" means any period or periods during which a person is or has been employed prior to the age of 65 years by the Government or the Legislative Assembly or any body which is a party to a reciprocal agreement pursuant to section 35 or by any public body approved by the Board and includes any period of
 - (i) service in the British or Allied Armed Forces during World War II or the Korean War,
 - (ii) authorized leave of absence with or without pay subject to the conditions prescribed by the Board, and
 - (iii) service as a member of the Legislative Assembly or Executive Council.

3. Section 3 is struck out and the following section is substituted:

3. (1) This Act shall be administered by a board to be known as the Public Service Pension Board which shall consist of

- (a) the chief executive officer of the Public Service Pension Administration, who shall be chairman, and
- (b) not less than four other members to be appointed by the Lieutenant Governor in Council,
 - (i) one of whom shall be nominated by The Civil Service Association of Alberta, and
 - (ii) one of whom shall be designated as vice-chairman of the Board.

(2) The vice-chairman shall act as chairman when the office of chairman is vacant or where the chairman is absent or unable to act.

4. Section 4 is struck out and the following section is substituted:

4. (1) There shall be a division of the Public Service of the Province called the Public Service Pension Administration.

(2) In accordance with *The Public Service Act* there may be employed such persons as are required for the purposes of carrying out the business and affairs of the Public Service Pension Administration.

5. Section 5 is amended

- (a) as to subsection (2), clause (a) by striking out the figure "55" and by substituting the figure "60",
- (b) as to subsection (2) by striking out the word "or" at the end of clause (c) and by striking out clause (d).

6. Section 7 is amended

- (a) as to subsection (2) by adding after the word "employee's" the words "or former employee's",
- (b) as to subsection (2), clause (b) by striking out the word "employee" and by substituting the words "former employee",
- (c) as to subsection (2) by striking out the word "or" at the end of clause (c) and by striking out clause (d).

3. Board is restructured. Section 3 presently reads:

3. This Act shall be administered by a board of not more than five persons who shall be appointed by the Lieutenant Governor in Council and be known as the Public Service Pension Board, and one of whom shall be nominated by The Civil Service Association of Alberta.

4. Consequential to 3. Section 4 presently reads:

4. In accordance with The Public Service Act there may be appointed a chief executive officer of the Board and such clerks or other assistants necessary for the administration of this Act.

5. Consequential to amendment 2(b). Section 5(2) presently reads:

- (2) No contributions may be made under subsection (1)
 - (a) by an employee who has attained the age of 55 years prior to the commencement of his service, or
 - (b) after the employee has attained the age of 65 years, or
 - (c) after the employee has made contributions for a total period of 35 years, or
 - (d) by a married woman unless she applies to do so within the period designated by the Board.

6. Section 7 (2) presently reads:

- (2) The interest shall continue to be credited to an employee's account until the end of the calendar month immediately preceding
 - (a) the date when payment is made in full to the employee pursuant to section 25, or
 - (b) the date the employee becomes entitled to deferred pension payments pursuant to section 26, or
 - (c) the date of death of an employee whose beneficiary is entitled to benefits pursuant to section 28, or
 - (d) the date of termination of employment of an employee entitled to benefits pursuant to section 47.

7. Section 10 is struck out and the following section is substituted:

10. An employee who has attained the age of 55 years may retire at any time prior to attaining the age of 65 years if at that time the sum of his attained age and pensionable service, calculated in each case to the nearest complete month, equals not less than 85 years.

8. Section 11 is amended

- (a) as to subsection (1) by striking out the figure "10" and by substituting the word "five",*
- (b) by adding the following subsection after subsection (2):*

(3) For the purposes of sections 17, 18 and 26, normal retirement age means the minimum age the employee would have had to attain under section 10 to have been eligible for an unreduced pension, with such age expressed in years and months and then rounded to the nearest complete year.

9. Section 14 is amended

- (a) as to subsection (1)*
 - (i) in clauses (d) and (e) by striking out the words "British or Allied Armed Forces" and by substituting the words "Canadian or allied forces, or in a merchant navy serving the Canadian or allied cause,"*
 - (ii) in clauses (j) and (k) by striking out the word "employee" and by substituting the word "person",*
 - (iii) by striking out the word "and" at the end of clause (j) and by adding the word ", and" at the end of clause (k),*
 - (iv) by adding the following clause after clause (k):*
 - (1) any period of service as a member of the Parliament of Canada, if the person pays into the General Revenue Fund at the rate and on the terms that the Board directs, contributions on the rate of remuneration paid to him by the Government of Canada during that service, together with interest at the rate prescribed by the Board that would have accumulated thereon, had an account been maintained in respect of him, to the date of completion of payment in full.
- (b) as to subsection (6), clause (b) by striking out the word "employee" and by substituting the word "person",*

7. Retirement age. Section 10 presently reads:

10. (1) An employee whose pensionable service is not less than 25 years may retire at any time after he has attained the age of 60 years.

(2) An employee whose pensionable service is not less than 35 years may retire at any time after he has attained the age of 55 years.

8. Reduces vesting period. Section 11(1) presently reads:

11. (1) The Board may authorize the retirement of an employee whose pensionable service has not been less than 10 years, and

(a) who has attained the age of 55 years, or

(b) who from mental or physical disability or other cause has become incapable of effectively performing his regular duties.

9. Recognition of fact that many Canadians served in Merchant Navy and in the Canadian rather than British Armed Forces. Includes members of Parliament. Provides for those married women who have not been participants. Section 14(1) (d) and (e) and (7) presently read:

14. (1) For the purposes of this Act, pensionable service shall be deemed to include

(d) in the case of a person at the time of his enlistment

(i) who was in the employ of the Government, or

(ii) who was in the employment of the Legislative Assembly, or

(iii) who was in the employment of a public body with whom there is a reciprocal agreement

and regardless of his status under the provisions of The Alberta Civil Servants War Service Act, any period of absence on account of service in the British or Allied Forces during World War II or the Korean War, which shall be deemed to be pensionable service if he pays into the General Revenue Fund an amount equal to that which has been contributed under The Alberta Civil Servants War Service Act by the Government in respect of him during such period of absence, or would have so contributed had he been entitled to the benefits provided by that Act, but if he does not pay such amount, then one-half of that period of absence prior to the first day of April, 1947, shall be deemed to be pensionable service,

(e) in the case of a person who at the time of his enlistment was not employed by the Government, the Legislative Assembly or a party to a reciprocal agreement pursuant to section 35, any period of service in the British or Allied Forces during World War II or the Korean War,

(i) if the date he was employed by the Government, the Legislative Assembly or a party to a reciprocal agreement pursuant to section 35 was within six months of the date of his discharge from military service, except in a case where circumstances in the opinion of the Board warrant an extension of the period of time referred to, and

(ii) if he pays into the General Revenue Fund, in such manner and on such terms as the Board may direct, a sum equal to 10 per cent of the amount of his annual salary when such employment commenced following discharge, calculated as if he had received the salary during his military service, together with interest thereon from the date of his enlistment to the date that payment of the amount is completed,

(7) Notwithstanding subsection (1) and subject to the approval of the Board, any period of service that is recognized for pension purposes under any other pension plan may be deemed to be pensionable service upon such terms and conditions as the Board may direct.

- (c) *by striking out subsection (7) and by substituting the following subsection:*

(7) Notwithstanding subsection (1), any period of service that is recognized for pension purposes under any other pension plan may not be counted as pensionable service unless the Board otherwise orders and then only upon such terms and conditions as the Board may direct.

- (d) *by adding the following subsection after subsection (7):*

(8) Notwithstanding subsection (1), in the case of a married woman employee, any Government or Legislative Assembly service prior to April 1, 1973 shall be deemed to be pensionable service if payment is made into the General Revenue Fund, at the rate and on the terms that the Board directs, of contributions on the salary paid to her by the Government during that service, together with interest that would have accumulated thereon, had an account been maintained in respect of her, to the date of completion of payment in full.

10. *Section 15 is amended by striking out the words "if he pays" and by substituting the words "if payment is made".*

11. *Section 16 is amended by striking out the words "10 years" and by substituting the words "five years".*

12. *Section 17 is amended*

- (a) *by striking out subsection (1) and by substituting the following subsection:*

17. (1) Where retirement is authorized under section 11, subsection (1), clause (b), on account of an illness or disability that does not wholly disable the employee from entering any gainful employment, the Board may grant such employee a pension, which shall be the actuarial equivalent at his age of retirement of the normal pension that would have been payable to him had he then attained normal retirement age pursuant to section 11, subsection (3), as determined by the actuarial tables approved by the Board for that purpose.

- (b) *as to subsection (3) by striking out the words "the age of 65 years" and by substituting the words "normal retirement age pursuant to section 11, subsection (3)".*

10. Section 15 presently reads:

15. Where an employee has resigned or has been dismissed at any time during his service and has thereafter been re-employed by the Government or the Legislative Assembly, his service prior to his resignation or dismissal shall be deemed to be pensionable service if he pays into the General Revenue Fund in such manner and on such terms as the Board may direct any sum paid to the employee under The Superannuation Act or this Act at the time of his resignation or dismissal together with interest thereon from the date a refund of contributions was made to the date of completion of such payment in full.

11. Section 16 presently reads:

16. Subject to the provisions of sections 17 and 18, any employee who retires pursuant to section 9, 10 or 11 and whose pensionable service has not been less than 10 years is entitled upon his retirement to receive from the General Revenue Fund in monthly payments a normal pension as specified in section 20 or, at his option, an alternative pension of one of the types specified in section 21.

12. Changes actuarial reduction for early retirement. Section 17 (1) and (3) presently read:

17. (1) Where an employee whose pensionable service has not been less than 10 years is retired from the service on account of an illness or disability that does not wholly disable the employee from entering any gainful employment, the Board may grant such employee a pension, which shall be the actuarial equivalent at his age of retirement of the normal pension that would have been payable to him were his age then 65, as determined by the actuarial tables which may be approved by the Board for this purpose.

(3) Where a person has been granted a total disability pension in an amount determined under section 20 or at his option an alternative pension of one of the types specified in section 21, the Board may from time to time require the person to submit medical evidence of his continuing total disability, and if at any time prior to his attaining the age of 65 years the Board finds that he is no longer wholly incapable of gainful employment, his pension may be actuarially reduced as provided by subsection (1).

13. Section 18, subsection (1), clause (b) is amended by striking out the words "were his age then 65" and by substituting the words "had he then attained normal retirement age pursuant to section 11, subsection (3),".

14. Section 19 is struck out.

15. Section 21 is amended by striking out the words "sections 16 and 18" and by substituting the words "this Act".

16. Section 25 is amended by renumbering the section as subsection (1) and by adding the following subsection after the renumbered subsection (1):

(2) Where a married woman, employed by a body described in section 36 or 37, has accumulated a period of not more than five years of pensionable service and resigns or is dismissed and elects to receive a return of her contributions, the employer contributions paid by the employer during that period shall then be refunded to the respective employer upon written application and submission of any pertinent facts that the Board may require.

17. Section 26 is amended

(a) as to subsection (1), clause (b) by striking out the figure "10" and by substituting the word "five",

(b) as to subsection (2), clause (a) by striking out the word "or" and by substituting the words "but that amount shall not exceed an amount that is equal to the accumulated contributions that were made at the rate set pursuant to sections 5 and 40 and interest, or",

(c) by striking out subsection (6) and by substituting the following subsections:

(6) Notwithstanding subsections (2) and (4), where a former employee has attained the age of 55 years he may be paid a deferred pension commencing at any time prior to the age of 65 years if at that time the sum of his attained age and pensionable service, calculated in each case to the nearest complete month, equals not less than 85 years.

(6.1) Where a former employee has attained the age of 55 years and is not entitled to a normal pension because of his age and pensionable service, he may be granted a deferred pension which shall be the actuarial equivalent, at his age on the effective date he applied to receive such pension, of the normal pension that would have otherwise been

13. Changes actuarial reduction for early retirement. Section 18(1) (b) presently reads:

18. (1) Where a retirement is authorized under section 11, subsection (1), clause (a), the Board may determine on its judgment of the merits of the case whether in the circumstances the pension to be paid to the employee is to be

(b) in an amount that is the actuarial equivalent at the employee's age of retirement of the normal pension that would have been payable to the employee were his age then 65 as determined by actuarial tables, which may be approved by the Board for the purpose.

14. Actuarial reduction for early retirement is now covered by other sections. Section 19 presently reads:

19. Notwithstanding sections 17 and 18, where a person is retired from the service before he attains

(a) the age of 60 years and his pensionable service is not less than 25 years, the actuarial equivalent of the normal pension shall be computed at the person's age of retirement of the pension that would have been payable to him were his age then 60, or

(b) the age of 55 years and his pensionable service is not less than 35 years, the actuarial equivalent of the normal pension shall be computed at the person's age of retirement of the pension that would have been payable to him were his age then 55,

as determined by the actuarial tables approved by the Board for that purpose.

15. Section 21 presently reads in part:

21. The alternative pensions referred to in sections 16 and 18 shall be of an actuarial value equivalent in each case to that of the normal pension provided for by section 20, and the alternative pensions shall be of the following types:

16. Refund of employer contributions involving married women employees. Section 25 presently reads:

25. When an employee, before he becomes entitled to receive a pension under this Act, resigns or is dismissed, and if he elects to receive a return of his contributions, the amount standing to his credit in the records of the Board, including the accrued interest credited on his contributions under this Act and statutory deductions under The Superannuation Act, shall be paid to him, except in the case of an employee who at the time of his resignation or dismissal has made contributions pursuant to this Act with respect to a period of service of less than one year, in which case he shall receive no interest.

17. Reduces vesting period, provides for earlier retirement, changes actuarial reduction and limits "like amount" to normal contributions. Section 26 (1)(b) and (2)(a) and (b) presently read:

26. (1) This section applies to any person who resigns or is discharged from the service of the Government, the Legislative Assembly or a university under The Universities Act, or from the service of any of the employers referred to in section 37 and who

(b) had been a contributor for a period of not less than 10 years, but who was not eligible upon the termination of his services to receive a pension pursuant to this Act.

(2) Where an employee is discharged because of the abolition of the position he was employed in, he is entitled to receive at his option

(a) the amount standing to his credit in the records of the Board as provided by section 25, together with a like amount from the General Revenue Fund, or

(b) a deferred pension, as provided in this section, at the age of 65 years but may be granted a pension at any time after he attains the age of 60 years.

payable had he then attained normal retirement age pursuant to section 11, subsection (3), as determined by actuarial tables approved by the Board for that purpose.

18. Section 28 is amended

(a) by striking out subsection (3) and by substituting the following:

(3) Where the beneficiary of a deceased employee, or a deceased former employee who had elected to receive a deferred pension, is

(a) the surviving spouse of that employee or former employee, or

(b) a dependent child under the age of 18 years, the beneficiary is also entitled to receive a further sum equal to the amount standing to the credit of the account of the deceased, but that sum shall not exceed an amount that is equal to the accumulated contributions that were made at the rates set pursuant to sections 5 and 40 and interest.

(b) as to subsection (4)

(i) *by striking out the figure "10" and by substituting the word "five",*

(ii) *by striking out the words "widow or her dependent widower" and by substituting the word "spouse",*

(iii) *in clause (a) by striking out the word "wife" and by substituting the word "spouse",*

(c) by adding the following subsection after subsection (4):

(5) Where a surviving spouse elects to be paid a pension pursuant to subsection (4) and the deceased employee had accumulated other service that could be recognized as pensionable service under this Act if contributions had been paid, the surviving spouse may be permitted to make the payment of contributions in respect to that service in order that an increased pension may be granted.

19. Section 36 is amended by adding the following subsection after subsection (6):

(7) Where a married woman who had been employed by a University is, subsequent to her resignation or dismissal, re-employed by a University or employed by the Government or the Legislative Assembly, or any body described in section 37, and pays back the contributions and interest received at the time of her resignation or dismissal pursuant to section 25, the University shall make payments into the General Revenue Fund in an amount and upon such terms and conditions as the Lieutenant Governor in Council may prescribe.

18. Section 28, subsections (3) and (4) presently read:

(3) Where the beneficiary of a deceased employee or a deceased former employee who had elected to receive a deferred pension is

- (a) his widow, or
- (b) his or her dependent child under the age of 21 years, or
- (c) her dependent widower,

the beneficiary is also entitled to receive a further sum equal to the amount standing to the credit of the account of the deceased.

(4) Where the pensionable service of an employee or a former employee who had elected to receive a deferred pension, at the date of his death has not been less than 10 years, and where the beneficiary is his widow or her dependent widower, the beneficiary may elect to be paid in lieu of the payments under subsection (3)

- (a) a pension of the same amount as would have been payable if the employee immediately before his death had retired under the provisions of section 11, subsection (1), clause (b) and had been entitled to exercise and had exercised the option given under section 21 of receiving a pension during the joint lives of himself and his wife and during the life of the survivor, or
- (b) a pension payable for life or for a term of years certain, whichever is the longer, that is an actuarial value equivalent to that of the pension provided for under clause (a).

19. Return of employer refund of contribution in the event of a return to employment.

20. Part 2 is struck out.

21. The Public Service Management Pension Act is amended as to section 3, subsection (1), clause (a) by striking out the words "Public Service Pension Board" and by substituting the words "Public Service Pension Administration".

22. This Act comes into force on the day upon which it is assented to and upon so coming into force

- (a) the provisions of this Act, except section 2, clause (c), subclause (ii) and section 9, clause (a), subclause (iv) shall be deemed to have been in force at all times on and after April 1, 1973, and*
- (b) section 2, clause (c), subclause (ii) and section 9, clause (a), subclause (iv) shall be deemed to have been in force at all times on and after July 1, 1971.*

20. Part 2, entitled “Short Term Retirement Benefits”, is now covered by other provisions in the Act.

21. Consequential. Section 3(1)(a) presently reads:

3. (1) This Act shall be administered by a board called The Public Service Management Pension Board and consisting of
 - (a) the chief executive officer of the Public Service Pension Board, who shall be chairman of the Board under this Act, and