

MEPP *In-Depth*

Designation of Beneficiary (Before Retirement)

This issue provides information about designating a beneficiary who will receive the death benefit if you die before starting your pension.

Death Benefit

If you have earned a pension benefit with MEPP and die before you start receiving your pension, your beneficiary will receive a death benefit.

The death benefit is the amount you would have been eligible to receive from the Plan if you had terminated employment on the date of your death.

If You Have a Spouse

If you have a spouse, your spouse is automatically your beneficiary.

Your spouse may waive the right to the death benefit by signing a [Spousal Waiver of Pre-Retirement Death Benefits](#) form. This form must be signed in the presence of a lawyer licensed to practice in Saskatchewan.

By signing the waiver, your spouse gives up the legal right to the death benefit.

Definition of a Spouse

A spouse is the person married to a Plan member. If the member is not married, the spouse is the person in a common-law relationship with a member:

- and who has been cohabiting with the member for at least one year; or
- in which each of the two individuals is the natural or adoptive parent (legally or in fact) of the same child.

The Plan recognizes only one spouse at a time. A legally married spouse takes priority over another person, even if that person meets the definition of a common-law spouse.

Under the Plan rules, you are still legally married if you are separated but not divorced.

If you divorce, PEBA requires proof of divorce before you can name a new beneficiary to replace a former spouse.

Naming Beneficiaries

You have four options when it comes to naming your beneficiaries. Each of these options are explained in more detail below. The options include:

- your spouse as your sole beneficiary;
- your spouse as your sole beneficiary plus alternate beneficiaries in the event your spouse dies before you;
- your spouse as a co-beneficiary along with other beneficiaries; or
- designated beneficiaries only.

If you **do not** have a spouse or named beneficiary, your death benefit will be paid to your estate. The estate will receive your death benefit as a taxable payment, less withholding tax.

Spouse as Sole Beneficiary:

If you name your spouse as your sole beneficiary, your spouse will receive your total death benefit when you die.

Your spouse can:

- transfer the death benefit to a Registered Retirement Savings Plan (RRSP);
- receive the death benefit as a taxable payment, less withholding tax; or
- receive a pension from the Plan.

If your spouse dies before you and you have not named an alternate beneficiary, your estate will receive your total death benefit as a taxable payment, less withholding tax.

Spouse and Alternate Beneficiaries:

If you name your spouse as the sole beneficiary and also name alternate beneficiaries, your spouse will receive your total death benefit if you die. An alternate beneficiary receives a death benefit *only* if your spouse dies before you.

To name or add alternate beneficiaries, you must complete a [Designation of Beneficiary](#) form. In the form, you must indicate the portion of the survivor benefit each alternate beneficiary will receive.

You can name any individual or entity as an alternate beneficiary. If you name someone under the age of 18, you must also name a trustee who will ensure that the benefit is paid to the child.

Spouse and Co-Beneficiaries:

Co-beneficiaries share the death benefit. If you name your spouse as a co-beneficiary with other beneficiaries, your death benefit will be paid as follows:

- Your spouse will receive only the portion of the death benefit indicated on the [Designation of Beneficiary](#) form.
- Your co-beneficiaries will receive the balance, based on the portion indicated on the [Designation of Beneficiary](#) form.

To name a co-beneficiary, you must complete a [Designation of Beneficiary](#) form. Your spouse must sign a [Spousal Waiver of Pre-retirement Death Benefits](#) form before the designation becomes effective.

Co-beneficiaries receive their portion of the death benefit as a taxable payment, less withholding tax.

Designated Beneficiaries:

A designated beneficiary is any individual or entity. If you have a spouse, before you can name a designated beneficiary, your spouse must sign a [Spousal Waiver of Pre-Retirement Death Benefits](#) form.

If you name a designated beneficiary or beneficiaries, each will receive the portion of your death benefit indicated on the [Designation of Beneficiary](#) form.

Designated beneficiaries receive death benefits as taxable payments, less withholding tax.

Withholding Tax

PEBA must withhold tax on any taxable payments made to your beneficiaries. The Canada Revenue Agency (CRA) requires income tax be withheld on taxable payments at the following rates:

Amount of Payment	Tax Rate
Up to and including \$5,000	10%
\$5,001 to \$15,000	20%
Over \$15,000	30%

Note: The amount withheld is based on the amount of the payment - not on total income. Your beneficiary could still have more tax to pay when filing an annual income tax return.



The forms required for your MEPP pension application are available on the website.

Looking for more information? You'll find more information from these sources:



- [MEPP Member Booklet](#)
- [MEPP Matters](#) – the Plan newsletter
- [RetireWithEase](#) – retirement planning workshop

Need assistance? Contact us using one of these convenient options:



Email: mepp@peba.gov.sk.ca

Phone: 306-787-2684 (in Regina)
1-877-506-6377 (toll-free)

Fax: 306-787-0244

This information does not replace or supersede *The Municipal Employees' Pension Act* or *The Pension Benefits Act, 1992* or related regulations. In the case of error or discrepancy, the terms of the Acts and regulations apply.