

# 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 will be your beneficiary in the event of your death. Your spouse may elect to:

- if eligible, receive an immediate pension from MEPP; or
- transfer the death benefit to an RRSP on a tax deferred basis; or
- receive the death benefit as a single taxable payment (less required tax deductions).

### Definition of a Spouse

If you wish to name someone other than your spouse as your beneficiary, your spouse must complete and sign a [Spouse's Waiver of Pre-Retirement Survivor Benefit form](#).

#### Definition of Spouse

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

- and who has been cohabiting with the employee 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 primary beneficiary;
- your spouse as your primary beneficiary plus contingent beneficiaries in the event your spouse dies before you;
- your spouse as a contingent 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 Primary Beneficiary:

If you name your spouse as your primary 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 a contingent beneficiary, your estate will receive your total death benefit as a taxable payment, less withholding tax.

### Spouse and Contingent Beneficiaries:

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

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

You can name any individual or entity as an contingent 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.

### 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 [Spouse's Waiver of Pre-Retirement Survivor Benefit 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
- [Your Path to Retirement Workshop Series](#) – a workshop for every stage of your career



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

**Email:** [mepp@peba.gov.sk.ca](mailto:mepp@peba.gov.sk.ca)

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

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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.