

If you signed your Settlement Instrument on or after January 1, 2012, this document does not apply to you. Please refer to “Dividing pensions: For agreements signed on or after January 1, 2012,” available on our website.

## Your pension is an asset

Like your house, car, or bank account, your pension is an asset. And, in the event of a marriage breakdown it is considered ‘family property’, and it may be subject to division.

Spousal relationship breakdown is not easy for anyone. And the last thing you want to worry about is how it will affect your Public Service Pension Plan (PSPP) pension. Ontario Pension Board (OPB) is here to help you understand what happens to your PSPP pension if your marriage ended, and you chose to assign a portion of your pension to your former spouse.

## What you need to know

Here are some things you need to know about dividing your PSPP pension:

- Your former spouse may be entitled up to 50% of the pension accrued during your relationship.
- You are not obligated to divide your pension benefit. It’s up to you and your former spouse to decide how your assets will be divided.
- We can provide general information on dividing your pension with a former spouse. For privacy reasons, we cannot provide your personal information to your former spouse unless you have authorized us, in writing, to provide this information.
- If you have a Settlement Instrument with your former spouse (separation agreement, court order or domestic contract), please provide OPB with a copy so that we can determine what obligations we may have.

Payments from the PSPP begin at retirement, death, or termination, whichever comes first.

## What you need to do

Contact us with any changes to your spousal status, and:

- notify OPB as soon as possible to avoid delays in payment and to confirm entitlement
- submit a copy of your Settlement Instrument to OPB

Complete and submit the following forms to OPB:

- OPB 1061 – Member/Former Member Information Change Form
- OPB 3007 – Declaration of Spousal Status

These forms are available online on our website, [OPB.ca](http://OPB.ca)

## Who is a spouse?

Under the PSPP, a spouse is currently defined as either of two persons who are married to each other or who are not married to each other but have been living together in a conjugal relationship:

- continuously for at least three years, or
- of some permanence, if they are the parents of a child as set out in section 4 of the *Children’s Law Reform Act* (Ontario).

A different definition of spouse may apply to you, depending on when you and your former spouse separated. If you and your former spouse were spouses and not living separate and apart when your pension began, your former spouse is the spouse eligible to receive a survivor pension (as long as they didn’t waive the benefit). Your former spouse’s eligibility for a survivor pension continues even if you divorce or remarry.

# What happens to divided pensions when you retire?

## To link or de-link... it's your choice

At OPB, if you decided to assign a portion of your PSPP pension to your former spouse, you had two options: to **link** or **de-link**. The option you chose will impact how your former spouse's entitlement is paid.

- **Link** — Payment is linked to your life. Your former spouse receives a portion of your PSPP pension for as long as you live.
- **De-link** — Payment is linked to your former spouse's life. Your former spouse receives a portion of your PSPP pension for as long as your former spouse lives. This option only applies if you separated before retirement.

Payments from the PSPP begin following the earliest of one of these events: retirement, termination, or death. Below and on the following pages, you will find more information about each of these scenarios.

- If you separated before retirement and decided to divide your pension, you had the choice to either link or de-link your PSPP pension.
- If you separated after retirement and decided to divide your pension, your PSPP pension must be linked.

For de-linked pensions, the pension entitlement is split between you and your former spouse. If your former spouse dies before you, the former spouse's share does not return to you.

## When you retire

If you separated before retirement, you had the choice to link or de-link your pension.

Here's what happens to your divided pension when you retire.

If you chose to link	If you chose to de-link
If you separated after retirement, your divided pension must be linked.	De-linking is available for pre-retirement separations only.
Your former spouse's portion is linked to your life and payable for as long as you live.	Your former spouse's portion is de-linked from your life and is calculated as a separate pension payable for as long as your former spouse lives.
Payment to your former spouse begins at the same time you begin your pension.	At your retirement, your former spouse's portion is actuarially revalued based on their age. Payment to your former spouse begins at the same time you begin your pension.
Payment to your former spouse stops upon your death.	Payment to your former spouse stops upon your former spouse's death.
Death benefits are not assigned to your former spouse.	A portion of death benefits is assigned to your former spouse.

Please inform us immediately if your spousal status changes. Complete an OPB 3007 – Declaration of Spousal Status form, available from OPB and online.

## What happens to divided pensions upon death?

If the member dies first	For linked pensions	For de-linked pensions
Separated before retirement, and member dies before retirement	<ul style="list-style-type: none"> <li>no pension payable to former spouse</li> <li>no death benefits to former spouse</li> <li>eligible spouse/children receive(s) survivor benefit*</li> </ul>	<ul style="list-style-type: none"> <li>no pension payable to former spouse</li> <li>former spouse receives portion of assigned death benefits</li> <li>eligible spouse/children receive(s) survivor benefit based on member's share of pension*</li> </ul>
Separated before retirement, and member dies after retirement	<ul style="list-style-type: none"> <li>pension in pay to former spouse stops</li> <li>no death benefits to former spouse</li> <li>eligible spouse/children receive(s) survivor benefit*</li> </ul>	<ul style="list-style-type: none"> <li>former spouse continues to receive their share of pension</li> <li>no new monies to former spouse</li> <li>eligible spouse/children receive(s) survivor pension based on member's share of pension*</li> </ul>
Separated after retirement, and member dies after retirement	<ul style="list-style-type: none"> <li>de-linking does not apply for post-retirement separations</li> <li>pension in pay to former spouse stops</li> <li>if eligible, former spouse receives survivor pension*</li> <li>no survivor pension for a new spouse</li> </ul>	<ul style="list-style-type: none"> <li>de-linking does not apply for post-retirement separations</li> <li>pension in pay to former spouse stops</li> <li>if eligible, former spouse receives survivor pension*</li> <li>no survivor pension for a new spouse</li> </ul>

\* if none, payment may be made to member's designated beneficiary or estate

If the former spouse dies first	For linked pension	For de-linked pensions
Separated before retirement, and former spouse dies before retirement	<ul style="list-style-type: none"> <li>no pension payable to former spouse</li> <li>if no assignment of payments to former spouse's estate, member receives former spouse's share</li> </ul>	<ul style="list-style-type: none"> <li>no pension payable to former spouse</li> <li>portion of benefit payable to former spouse's estate upon member's death, termination or retirement, whichever occurs first</li> <li>former spouse's share does not return to member</li> </ul>
Separated before retirement, and former spouse dies after retirement	<ul style="list-style-type: none"> <li>pension to former spouse stops</li> <li>if no assignment of payments to former spouse's estate, member receives former spouse's share</li> </ul>	<ul style="list-style-type: none"> <li>pension to former spouse stops</li> <li>any residual benefit (difference between the former spouse's share of your contributions, with interest, and the former spouse's pension payments made from the PSP) payable to former spouse's estate</li> <li>former spouse's share does not return to member</li> </ul>

## What happens to divided pensions if you leave your job?

If you leave your job and are no longer eligible to participate in the PSPP, your membership in the Plan will end. You will be eligible for a “termination” benefit. The type and nature of termination benefit that is payable to you will depend on a variety of factors. However, unless you fall under the **small pension rules** you will be entitled to a deferred pension.

**When de-linked, your former spouse will have the same options as you**, and you each get to choose the way you want to apply your own benefits to retirement income.

Pension type	Your termination benefit provides
If you qualify for an immediate pension	If you already qualify for a pension, you and your former spouse will each start receiving that pension immediately.
If you qualify for a deferred pension	Subject to small pension rules, you and your former spouse are entitled to a deferred pension (i.e., a pension you can collect at a later date).  If you are under age 55, you and your former spouse can also transfer the commuted value of your deferred pension out of the Plan on a “locked-in” basis, which means it must be used to provide a retirement income.

Read [Leaving the PSPP before retirement](#) in the ‘Current Members’ section of our website.

## Dividing a PSPP pension — let’s look at an example

William and Mary were married for a number of years during which William earned a pension entitlement under the PSPP. William has a pension entitlement of \$2,000 per month. According to the separation agreement, Mary receives 50% of William’s pension accrued during the marriage, which works out to \$500 per month.

William and Mary are negotiating the division of their assets. They choose to assign 50% of the pension accrued during the marriage to Mary; they have two options for pension payments in his retirement:

If the pension is linked	If the pension is de-linked
The total monthly entitlement of the pension is \$2,000.	The total monthly entitlement of the pension is \$2,000.
William and Mary each receive their own pensions, for William’s life.	William receives his share for his life. Mary’s share is re-valued on her life.
William’s payments are linked to his life.	William’s payments are linked to his life.
Mary’s payments are linked to William’s life.	Mary’s payments are linked to her life.
William receives \$1,500 monthly until his death.	William receives \$1,500 monthly until his death.
Mary receives \$500 monthly until William’s death.	Mary’s portion is re-valued against her life. Mary is younger than William, and therefore the pension is expected to be paid longer.  Mary receives \$400 monthly until her death. This represents the value of Mary’s share of the pension benefit and death benefits, payable for her life.

## Income Tax reporting on divided pensions

In accordance with the *Income Tax Act*, OPB will deduct income tax on the amount of pension each person receives directly from OPB and will provide separate T4As.

## Frequently asked questions

### Are there limits to what can be paid?

The *Pension Benefits Act* (PBA) allows you to assign (in your Settlement Instrument) up to 50% of the benefit accrued during marriage to your former spouse. Once your pension starts, OPB can divide your pension so that up to 50% of the benefit earned during your marriage is paid directly to your former spouse. OPB can administer division of the pension only in accordance with the law.

### How does CPP integration affect a de-linked pension?

There is no difference with CPP integration in a linking or de-linking scenario – CPP integration occurs when the member reaches age 65.

If the member dies before age 65 while the former spouse is receiving a de-linked pension, CPP integration occurs immediately on the member's share of the pension to determine the survivor benefit associated with that pension, if any. The former spouse's share of the pension continues as before and CPP integration occurs on the date on which the member would have reached age 65.

### What happens to insured benefits?

If you qualify for insured benefits in retirement, you may choose to cover your former spouse for as long as you and your former spouse remain legally married. If you and your former spouse divorce or were in a common-law relationship, the coverage for your former spouse must end. A member can only cover one spouse at a time.

If you qualify for insured benefits and your former spouse is entitled to a survivor pension, they will receive insured benefits once that pension starts.

### What happens if I return to work after retirement?

Please contact OPB if you are considering re-employment during retirement.