

Guide to Understanding the Implications of Resignation of Employment

This document was developed by APEX for information purposes only and does not constitute an authoritative document. It is important to always verify with Government of Canada sources before making a decision. In situations where there is a difference between the information contained in it and the official information available from Government of Canada sources, the latter will take precedence.

Introduction

This document was developed by APEX for information purposes only and does not constitute an authoritative document. It is important to always verify with Government of Canada sources before making a decision. In situations where there is a difference between the information contained in it and the official information available from Government of Canada sources, the latter will take precedence.

Compensation

In 2014, the government changed the period of time upon which bi-weekly salary payments are determined for all federal public servants and this triggered a one-time salary payment known as a [transition payment](#).

The transition payment ensured that no employee would experience financial hardship because of the shift to payment in arrears, which means that employees receive a pay every second Wednesday for the ten days of work that concluded two weeks previously. This one-time payment was equal to your basic pay and occurred on May 7, 2014. This payment was subject to the standard payroll deductions, e.g., tax, Canada Pension Plan/Quebec Pension Plan, Employment Insurance/Quebec Parental Insurance Plan, pension plan contributions and any insurances where executives pay for coverage.

Unlike employees hired [after](#) the date when this change occurred, existing employees continued to receive a salary payment every two weeks without delay. As a result of this change to the period of time upon which bi-weekly payroll is calculated, you will not be entitled to a regular salary payment two weeks [after](#) you depart from the public service. This final two weeks will be withheld to reimburse the Crown for the transition payment. Employees hired [after](#) April 2014 can expect to receive a regular salary payment two weeks after their departure.

If your final pay is insufficient to recover any debt to the Crown, your compensation service provider will consider recovering the full amount owing from:

- any accumulated vacation leave

- a money order or certified cheque from you for the amount owing, payable to the Receiver General for Canada
- pension benefits, if applicable
- return of pension contributions, if applicable
- any unpaid severance benefits

Additional information regarding payment in arrears and this change in the pay process can be found at the following Public Services and Procurement Canada [website](#).

As you plan your resignation, you are encouraged to consult your compensation service provider to confirm any amount owing and potential sources of payment.

Performance Pay

In order to be eligible to receive a lump sum performance award, an executive in the core public administration must be on strength as of April 1st of the fiscal year following the year for which the performance awards are being considered. Exceptions to this requirement are set out in [Appendix D of the Directive on the Performance Management Program \(PMP\) for Executives](#).

If you are employed by a Separate Agency or Crown Corporation, you should contact your Human Resources department to confirm the implications of resignation on lump sum performance awards.

Severance Pay

In 2011, the Government of Canada eliminated further accumulation of severance benefits. At the time, employees were given three payment options: a single and immediate cash-out of their severance benefits or a deferral of this payment to when they terminate their employment or a combination of both options.

It is recommended that you consult your compensation service provider to confirm the option, if any, that you exercised and whether you are entitled to any residual severance benefits on resignation. At the time, executives in the core public administration who failed to select an option regarding the disposition of accumulated severance pay were deemed to have chosen to take the severance cash out as a single payment at the time of their termination of employment.

If you are employed by a Separate Agency or Crown Corporation, you should contact your Human Resources department to confirm the treatment of any accumulated severance pay should you resign.

Leave

Each April 1st, your vacation leave is advanced for the fiscal year based on years of service and the corresponding [rate of entitlement](#). When advised of your resignation, the compensation service provider will reconcile your vacation leave allotted with vacation leave earned and taken as of your planned date of resignation to determine if monies are owing to you or the Crown. Monies owing to you will be paid in full and monies owing to the Crown will be recovered from unused vacation leave, your final salary payment or by requesting a money order or certified cheque payable to the Receiver General for Canada.

Executives are not entitled to payment on departure for any other type of leave.

Pension

If you are resigning your employment with the federal public service, the following information will help you understand your options under the public service pension plan.

- You may be wondering what, if any, pension options exist when leaving the public service. Your options vary depending on your years of service, your age when you cease to be employed and your reason for leaving.
- If you have at least 2 years of pensionable service at the time of resignation, you may be entitled to:
 - [Transfer value](#)
 - [Deferred annuity](#)
 - [Annual allowance](#)
 - [Immediate annuity](#)
- If you have at least 2 years of pensionable service, additional information can be found in the communiqué [Two or More Years of Pensionable Service](#).
- If you have less than 2 years of pensionable service, a return of contributions is your only pension benefit entitlement under the public service pension plan. A return of contributions is a lump sum equal to the pension contributions you paid into the plan, plus accrued interest. The rate of interest payable is calculated at the annual rate of return of the public service pension fund, compounded quarterly to the end of the quarter preceding the date of payment. Additional information can be found in the communiqué [Less than Two Years of Pensionable Service](#).
- If you leave the public service and have chosen one of the following pension benefit options: (1) a return of contributions, (2) a transfer value payment or (3) transferred

your accrued pension credits to another pension plan, you will be covered under the post-2013 pension plan rules (refer to [post-2013 pension plan rules](#)) if you are re-employed as a plan member at a later date. For more information, refer to [Re-employment](#).

- If you have [Operational Service](#) with Correctional Service Canada, you may be entitled to different pension options and should contact the [Pension Centre](#).
- If you accept an employment opportunity outside the federal public service, you may be able to transfer your pensionable service out of the public service pension plan through one of the pension portability provisions of the *Public Service Superannuation Act*. The [Pension Portability Package](#) provides you with general information regarding pension portability options under the public service pension plan.
- If you accept employment with the Canadian Forces or the Royal Canadian Mounted Police, you may be eligible to transfer your accrued pensionable service from the public service pension plan to their pension plan. Additional information can be found by consulting the [Service Buyback Package](#).
- If you are attempting to determine the value of your pension options, you can begin by looking at your most recent personal Pension and Insurance Benefits Statement, which includes a summary of your entitlements and their approximate value. The [Compensation Web Applications](#) (CWA) can also help you estimate your yearly and monthly pension based on the information you enter in the tool. If you do not have access to the CWA, you may contact the Pension Centre at:

Public Services and Procurement Canada
Government of Canada Pension Centre
Policy and Advisory Services Division
PO Box 5155
Shediac NB
E4P 8T9

- Alternatively, Government of Canada Executives have access to a dedicated pension service team that is reachable by telephone at 1-888-742-1300.
- If you have periods of prior service, you may be able to buy it back or transfer it to another plan, all of which may increase your pension, your survivor benefits and possibly provide access to post-retirement benefits coverage. It is important to note that any service buyback or request to transfer credits under a [Pension Transfer Agreement](#) must be made before you terminate your employment. Depending on

the type of prior service, there may be conditions that must be met. There are also impacts to consider, such as taxation. Additional information can be found in [Pensionable Service](#).

- If you have an existing prior service buyback that is not fully paid when you terminate your employment, you will have to continue making payments after you leave. For more information, refer to the [Service Buyback Package](#).
- If you took leave without pay during your career and as a result you are making pension and Supplementary Death Benefit contributions, these amounts owing must be paid in full when you terminate employment. Information on payment options for these contributions can be found in the [Pension Entitlement Information Packages – Two or More Years of Pensionable Service](#).
- Your first step toward choosing a pension benefit option should entail referring to your most recent Pension and Insurance Benefits Statement to review your current pension entitlements, or if you have access to the CWA, using the pension tools to estimate a future pension benefit. If you do not have access to the CWA, you should contact the [Pension Centre](#).
- When you have chosen a termination date, you are required to contact the Pension Centre to request a personalized Pension Benefit Options Statement outlining your pension choice. To confirm your preferred option, you must complete and return the Pension Benefit Options Statement to the Pension Centre.
- More detailed information regarding the termination of employment process and required forms can be found in the [Pension Entitlement Information Packages](#).

Benefits

Public Service Health Care Plan

- **Effective April 1, 2015**, new retirees require a minimum of six (6) years of pensionable service to be eligible for coverage as a retired member under the Public Service Health Care Plan (PSHCP).
- When you leave the federal public service and are not in receipt of an immediate and ongoing pension benefit, your coverage terminates when your employment terminates. However, if a PSHCP contribution has been taken in the month in which your employment terminates, coverage will continue until the end of the following month.

- When you leave the federal public service and you remain eligible for a future-dated pension benefit, you may be eligible to apply for coverage under the PSHCP^[1]. It is recommended that you take a few minutes to review the [Public Service Health Care Plan](#) booklet and contact the Pension Centre if you have specific questions regarding eligibility to resume coverage or the associated cost following resignation.

Supplementary Death Benefit

Upon resignation from the federal public service, you may retain Supplementary Death Benefit (SDB) coverage if you have at least two years of service without substantial interruption or have participated under the SDB plan without

interruption for two or more years, provided you continue to pay for it. You can use a period of time in the Canadian Forces-Regular Force or as a regular Forces participant under Part II of the Canadian Forces Superannuation Act to make up the two-year period. For details on commercial rates applicable to this coverage, contact the Pension Centre.

If you are planning to resign from the federal public service, you must elect to retain the benefit within 30 days after leaving. If you decide to retain this benefit, your coverage will be the same as the amount at the time you leave the public service, subject to the reduction of coverage after you reach age 65. Information regarding the reduction that occurs at age 65 can be found at the following [site](#).

Additional information regarding the Supplementary Death Benefit plan, coverage and cost can be found at [Supplementary Death Benefit](#).

Public Service Dental Care Plan

Your membership in the Public Service Dental Care Plan (PSDCP) ends automatically on the date you cease to be employed or on the date you cease to qualify as an eligible employee.

If you resign and are eligible to receive a pension or will be eligible to receive a pension in the future, you may be eligible to apply for coverage under the [Pensioners' Dental Services Plan](#). It is recommended that you take a few minutes to review the [Dental Services Plan booklet](#) and contact the Pension Centre if you have specific questions regarding eligibility to resume coverage or the associated cost following resignation.

Public Service Management Insurance Plan

The [Public Service Management Insurance Plan](#) (PSMIP) provides public service employees excluded from collective bargaining with group life insurance, accidental death and dismemberment insurance, dependants' insurance, and long-term disability insurance.

If you leave the public service, your life insurance will cease, subject to a 31-day extension period. During that extension period, you will be able to obtain an individual private life insurance policy, including some types of term insurance regularly issued by Industrial Alliance without medical examination and regardless of your state of health. Such a policy may be for any amount equal to or less than the amount for which you were last insured under the group policy and will be available at Industrial Alliance's standard rates for your age, based on any special non-medical hazards (e.g., those hazards which an aircraft pilot could experience) to which you may be exposed.

If your own Public Service Management Insurance Plan (PSMIP) basic life insurance ceases, dependant's insurance will also cease. However, the life insurance portion of your dependants' life insurance may also be converted to an individual private policy. Accidental Death and Dismemberment (AD&D) and Long-Term Disability (LTD) insurances cannot be converted to private policies, and terminate on the day you leave the federal public service.

You must make your own arrangements directly with the Insurer to convert your insurance to a private policy. You, or your beneficiary may contact Industrial Alliance at:

Industrial Alliance Insurance and Financial Services Inc.
Group Life and Disability Claims Department (PSMIP)
522 University Avenue
Toronto, Ontario
M5G 1Y7
Telephone: 1-877-422-6487

For the purpose of discussing coverage with Industrial Alliance, you should quote the group policy number G68-1400.

[1] The pensioner must be in receipt of a pension based on at least six years of pensionable service, as highlighted in the October 2015 PSHCP

Bulletin <https://www.pshcp.ca/media/28844/special-bulletin-oct2014-en.pdf>