Municipality of the District of Argyle	Item: Defined benefit pension plan Date: January 25, 2026

Vision statement

Argyle is the community of choice to invest, live and play.

Mission statement

Argyle invests time & talent in growth opportunities in fishing, tourism, and renewable energy sectors.

Argyle provides affordable taxation while providing safe and healthy communities and strives to engage and inform our residents on decisions that affect them most.

Argyle provides high class, accessible recreational and cultural facilities and helps celebrate its unique heritage and culture and welcomes new residents to our region.

CAO's Recommendation:

That council approves the transition of our defined contribution plan to the defined benefit pension plan for our staff

Suggested motion:

Move that CAO be authorized to transfer the Municipality of the District of Argyle's registered pension plan to the Provincial Service Superannuation Plan, moving from a defined contribution to the provincial defined benefit plan, effective as early as April 1, 2026, and that the additional cost of contributions be included in the 2026-27 and subsequent operating budgets.

Background:

Our existing pension plan is offered to all permanent full-time staff and is a defined contribution plan. The plan contribution is 6% from Argyle, matched by a 6% staff contribution for a total annual contribution of 12%. This plan had not been reviewed in over 10 years, and in fiscal 24-25, we received permission from council to review our plan. |We engaged an independent actuarial firm to assess our current pension scenario compared to the relatively new Provincial Service Superannuation Plan, or PSSP.

The PSSP is a defined benefit plan, which guarantees a monthly payment to retired staff for as long as they live past retirement. This plan also extends to the spouse of the staff (at a reduced rate of benefit) should our former employee pass away before the spouse. The PSSP calculates the benefit based on a percentage of staff salary multiplied by the number of years of pensionable service.

A defined contribution plan is a plan where the contribution is defined, but not the payout at the time of retirement.

Comparative review of plans in the region.

In our initial assessment, we compared our plan with neighboring municipal pension plans, summarized here - this information is not current to 2026 and may have changed since.

Defined benefit

- Municipality of Digby – PSSP plan (defined benefit – 16.8%
- Town of Yarmouth - PSSP plan (defined benefit) – 16.8%

Defined contribution

- District of Yarmouth – 18% total – employee contribution ranges from 5-9% dependent on experience.
- District of Barrington – 14% total, 7% employee contribution.
- District of Shelburne – 12% total, 6% employee contribution.
- Town of Digby - 14% total, 7% employee contribution.

Based on the above noted information, it was noted that our pension plan does not currently compare to other municipalities in the region, with one exception.

Analysis:

Attached is the comparative analysis of our plan, adjusted upwards for an increase in contribution, and the PSSP. The assessment is complicated and was presented to the leadership group for consideration.

After deliberation internally, the assessment was brought to staff for their consideration. They had questions about how it would work. In the end, the transition from one plan to another is completed on a case-by-case basis, where the employee has the option to buy back years using their existing pension plan balances, or not. The municipality would accommodate both options.

In short, depending on your status of employment, there are either great advantages of transitioning to the PSSP, or it is essentially a break-even consideration.

Here are other factors to consider in how the plan works compared to a defined contribution program.

Defined benefit – PSSP

Defined benefit programs shift the risk away from the plan holder (staff) and to the plan holder itself. Under normal circumstances, this presents greater risk and cost to the municipalities. In the past, many towns and municipalities that were on defined benefit plans were on their own plan. Actuarial calculations of the plan assets, liabilities and surplus/deficit must be completed every 3 years, and if a deficit existed, it was entirely the municipal obligation to pay it. This proved very costly to municipalities and in some cases resulted in their departure from this plan.

The PSSP plan is the provincial benefit plan. Actuarial calculations are done entirely differently than in a municipal or private plan. Individual changes in plan assets at the local level have little to no impact on the larger investment. The pension plan is not in a deficit position, and the calculation of a deficit is done entirely differently for a provincial investment.

Staff would not recommend the defined benefit option if the plan was implemented by the municipality. The PSSP is held by the province and more detailed information as to its assets, surplus and other relevant information can be found here Home | Nova Scotia Public Service Superannuation Plan

From the staff's perspective, the defined benefit option takes the investment risk out of their hands. The benefit received does not rely on the success or failure of market investments. In many instances, staff in a defined contribution plan take investments out of riskier stocks later in their career, to avoid sharp losses in their portfolio as they close to retirement. Investment choices are made by the portfolio managers, and they have no impact on your future benefit calculation.

The PSSP plan is used by provincial staff members. Municipalities will see a decrease in the supply of qualified staff in the public sector. Recruiting and retaining staff is of fundamental importance especially in our location, which has disadvantages compared to HRM or other communities closer to transportation or other services. Entering the PSSP not only reduces the risk to the staff but makes recruitment and retention of qualified staff that much superior. The recruitment of provincial staff was next to impossible before, but an easy transfer of a PSSP plan from one employer to another would be a strong incentive.

MGA considerations:

The issuance of compensation, including pension plans, is authorized under section 65 of the MGA, and should be budgeted to confirm that the investment is for municipal services.

Financial considerations:

There will be an increase in the staff contribution by 2.4 % and an increase of pension cost to the municipality of 2.4%. This increase will occur in 2026-27, and the higher percentage will be the new normal rate for Argyle. In hard numbers, the increase could reach $30,000 for Argyle.

Alternatives to consider:

The pension contributions are below market conditions for staff at the municipality. Alternatives include leaving the contributions at 12% total or increasing the contributions to the existing defined contribution plan. Both alternatives were considered by senior staff. An increase in contributions would have been very similar if not more expensive than the PSSP percentages proposed. Furthermore, the shift of risk from the staff person to government (with very low risk to us as a municipality) was considered far superior for new staff, recruitment and retention.

There were concerns raised by staff, but most would be addressed in one-on-one conversations with plan operators.

Attachments:

PSSP report as prepared by independent actuarial firm.

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