

PENSION PLAN

FOR NON-TEACHING EMPLOYEES OF PUBLIC SCHOOL BOARDS IN MANITOBA

PLAN SUMMARY

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WELCOME TO YOUR MANITOBA SCHOOL BOARDS ASSOCIATION PENSION PLAN

The Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba is a defined contribution pension plan. This means the benefit you receive at retirement depends on the contributions made and the investment performance of the pension fund. At retirement, you will receive the value of your contribution account, including your school division matching contribution account and related interest, to provide you with retirement income.

The Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba is sponsored by the Manitoba School Boards Association and governed by a Board of Pension Trustees, which include representation from the Association, the Manitoba Association of School Business Officials, and employee groups. The Pension Plan was established in August 1974 and has thirty-four participating school divisions with over 8,400 active contributing employee members. The Plan has assets of approximately \$492 million, and is registered under both the *Income Tax Act* and *The Pension Benefits Act* (Manitoba).

The Board of Pension Trustees oversees all aspects of the administration and management of the Pension Plan. The Board of Pension Trustees signed a Trust Agreement with the Manitoba School Boards Association effective January 1, 1996; the trust agreement was amended as of May, 2010.

The assets of the pension fund are held in trust in the name of the Plan and are invested by the Board of Pension Trustees who has responsibility over investment policy and regularly review the investment performance of the pension fund.

This booklet provides a detailed summary of your benefits under the Pension Plan. As well, it covers some information on government benefits and RRSPs. It also highlights a number of other valuable Pension Plan features, including the waiver of contribution benefit due to sickness or illness, the guaranteed account, survivor benefits and others.

We urge you to review the booklet carefully and to retain for future reference. Should you have any further questions about your Pension Plan, you should contact your school division office.

Copies of this booklet, the Trust Agreement, and other important pension documents and forms can be found on the pension website at www.mbschoolpension.ca.

Additional assistance is also available from:

Kelly Henderson
Manitoba School Boards Association
191 Provencher Boulevard Winnipeg, Manitoba R2H 0G4
Telephone: (204) 233-1595 or 1-800-262-8836 (Outside Winnipeg)
Email: khenderson@mbschoolboards.ca

If you require additional assistance when **terminating your employment**, contact:

Eckler Ltd.
2475 – One Lombard Place Winnipeg, Manitoba R3B 0X3
Telephone: (204) 988-1571 | Fax: (204) 988-1589

If you require assistance when **retiring and planning your retirement**, contact:

James Ralko
Eckler Ltd.
2475 – One Lombard Place Winnipeg, Manitoba R3B 0X3
Telephone: (204) 988-1581 or toll-free (877) 988-1581
Fax: (204) 988-1589
Email: jralko@eckler.ca

Keeping us informed

It is important you notify your school division office of any changes to your personal information, including changes to your address or marital status, or if you wish to change your beneficiary. Ensuring your information is current will assist us in administration of your account and communication with you as a plan member.

ELIGIBILITY

Full-time Employees

If you are a full-time employee, you are required to join the Pension Plan upon the completion of one year of service.

Non-full-time Employees

If you are a non-full-time employee you *may* join the Pension Plan upon the completion of one year of service but you are not required to do so. However, all non-full-time employees *must* join the Pension Plan on January 1st following two consecutive years of employment with a school division in which your earnings exceeded 25% of the **Year's Maximum Pensionable Earnings (YMPE)**.*

Joining the Pension Plan

To formally join the Pension Plan, you must complete an application form available through your school division office. It is very important you complete your application card as soon as possible so your pension contributions can commence once you become eligible.

The information collected through the membership application process is required for Plan administration, collection of contributions and payment of retirement benefits. No other use of the personal information collected is permitted.

An individual who ceased to be a member of the Plan upon termination of employment (due to retirement or other cause), and who subsequently is re-employed with a participating school division, will be treated as a new employee for the purposes of eligibility for membership and benefits under the Pension Plan. However, if a member terminates employment with a school division to accept a position at another school division and subsequently becomes employed within three months with the other school division, they may elect to join the Pension Plan immediately upon their employment with the subsequent school division.

An employee, who is a member of a religious group with an article of faith that precludes membership in a pension plan, or who is a student on a substantially full-time basis, is not required to join the Pension Plan.

** The YMPE is an amount set by the Federal Government each year to determine maximum Canada Pension Plan (CPP) contributions and benefits. In 2015, the YMPE is \$53,600. Twenty-five percent of the 2015 YMPE is \$13,400.*

BENEFICIARY APPOINTMENT

Your beneficiary is the person who will receive the survivor benefit from the Plan if you die. You can designate anyone as your beneficiary under the Plan, including your spouse/common-law partner, your children or your estate. If you do not designate a beneficiary, the default is your estate. Please note a designation of beneficiary does not mean entitlement. Manitoba pension law requires the survivor benefit be paid to your spouse/common-law partner, even if you name someone else as your beneficiary, UNLESS:

- (a) at the time of death the spouse/common-law partner was living separate from you due to relationship breakdown, or
- (b) the spouse/common-law partner signs a written waiver (prescribed form) to give up their rights to the survivor benefit, and the waiver has not since been revoked.

Naming a minor as beneficiary

You may name a child as your beneficiary. If you do name a minor child, you must also appoint a trustee to look after the child's benefits. You should consult a lawyer to make sure all requirements and potential scenarios are addressed adequately.

If you do not name a beneficiary

If you do not name a beneficiary or your named beneficiary is not alive to receive your benefits, your survivor benefit will be paid to your estate unless you make specific reference otherwise in your will. If your death benefit is paid to your estate, it will be subject to probate fees, estate taxes and creditors.

Please be aware that the designation of the beneficiary will not be revoked or changed automatically by any future marriage or divorce. Should you wish to change your beneficiary in the event of a marriage or divorce, you will have to do so by means of a new designation. Choosing a beneficiary is an important decision.

Your school division office has the forms to change your beneficiary designation.

CONTRIBUTIONS

Required contributions to your pension account are shared EQUALLY between yourself and the school division and will consist of:

- **employee contribution account** for your required contributions, plus interest; and.
- **employer contribution account** for the school division matching contributions made on your behalf, plus interest.

The sum of your employee contribution account and employer contribution account is often referred to as your **total account**.

Your required contributions

As a member of the Pension Plan, you are required to contribute each year a percentage of your earnings minus what you contribute to the Canada Pension Plan. The percentage deducted varies according to your age at the beginning of the Plan Year (January 1st), based on the following table:

| Members Attained Age at Beginning of Plan Year | Percentage of Earnings During the Plan Year |
|---|--|
| less than 44 | 9.65% |
| 45 – 49 | 10.15% |
| 50 – 54 | 10.65% |
| 55 – 59 | 11.15% |
| 60 – MPRD* | 11.65% |

*MPRD is your Maximum Postponed Retirement Date.

Effective July 1, 2015, the required contributions as a percentage of earnings will be increasing by 1%. The school division matching contributions will also increase by 1%. The percentage deducted will then be based on the following table:

| Members Attained Age at Beginning of Plan Year | Percentage of Earnings During the Plan Year |
|---|--|
| less than 44 | 10.65% |
| 45 – 49 | 11.15% |
| 50 – 54 | 11.65% |
| 55 – 59 | 12.15% |
| 60 – MPRD* | 12.65% |

Please note you must cease contributions to and membership in the Pension Plan by the end of the year in which you reach age 71.

A contribution example

Consider for example, a 56 year old employee earning a salary of \$30,000. This employee would make the following contribution in 2015:

| | | |
|--|---|------------------|
| 12.15% x \$30,000 | = | \$3,645 |
| Minus CPP contribution | = | <u>(\$1,312)</u> |
| Required member contribution to Pension Plan | = | \$2,333 |

Please note that once you have become a member of the Pension Plan, you must continue to contribute based on your earnings even if you become a non-full-time employee and your earnings drop below 25% of the YMPE.

Employer contributions

Your school division will match your required contributions dollar for dollar. These contributions are directed to your employer contribution account.

Voluntary contributions

In addition to the required contributions above, you may contribute an additional voluntary amount by payroll deduction to provide you with additional pension at retirement. A **voluntary & transferred-in account** will be established in your name and will form part of your **total account** to reflect any additional voluntary contributions. This additional voluntary contribution is subject to limits imposed by the *Income Tax Act*, shown below. Note, the school division will not match these additional voluntary contributions. Should you wish to make additional voluntary contributions, please contact the payroll department at your school division, since deductions will only commence at the beginning of a calendar year. You may notify your school division to cease additional contributions at any time during the year.

Income Tax Limits

Your required and voluntary (if applicable) contributions are deducted automatically from your pay and deposited into your account. These contributions are tax-deductible in the year they are made. Your annual required and voluntary contributions plus the matching school division contributions cannot exceed the lesser of:

- 18% of your salary, and
- the Money Purchase limit prescribed by the Federal government.

This Money Purchase limit is reviewed annually and indexed. For 2015, the limit is \$25,370.

School division contributions made on your behalf are tax-sheltered. You are not required to pay income tax on these contributions nor related interest as long as the money remains in the Pension Plan.

The sum of your required and any voluntary contributions plus the school division's contributions on your behalf will be reported on your T4 slip as your Pension Adjustment (PA) for the year. Your Pension Adjustment is used to determine how much you are permitted to contribute to an RRSP in the following tax year.

TRANSFERS INTO THE PENSION PLAN

If you were a member of a registered pension plan prior to joining the Manitoba School Boards Association Pension Plan, you may transfer the lump-sum value of your benefits from your prior plan into the Pension Plan. Any amounts transferred into the Pension Plan will be allocated to your **voluntary & transferred-in account**. This voluntary & transferred-in account will earn interest at the same level as your other contribution accounts effective from the date the funds are deposited.

If your contributions were transferred on a locked-in basis, they will be deemed “restricted” under the terms of the Pension Plan. As such, these funds must be used to provide a retirement income, and may not be withdrawn before you retire.

When you retire, your voluntary & transferred-in account (including any accumulated interest) may be transferred out of the Pension Plan or used to purchase an annuity. If you die before retirement, your voluntary & transferred-in account must be transferred out of the Pension Plan.

RRSP contributions

Your membership in the Pension Plan will affect the amount of money you can contribute to a personal RRSP each year. After you file your income tax return each year, your RRSP contribution room will be reported to you on the *Notice of Tax Assessment* you receive from the Canada Revenue Agency.

EARNING INTEREST

Your contributions and matching school division contributions are directed to the pension fund, a trust fund from which benefits are paid. It is administered by professional investment managers who are responsible for investing the Pension Plan funds prudently and based on clearly defined investment policies (Charter of Investment Policies, Guidelines and Objectives). The Board of Pension Trustees monitors the performance of the various managers regularly and makes changes as necessary.

The Pension Plan's rate of interest is determined at each Plan Year end (December 31st). This rate of interest is credited to the balance of your total account at the beginning of the Plan Year, and to the contributions made to your account during the Plan Year from the end of the month in which they are made.

Once a year in the spring, you will receive a personal pension statement that reports the amount of interest credited to your accounts in the previous calendar year. In addition, the Board of Pension Trustees produces an annual report that provides an overview of the financial operation and performance of the pension fund.

INTEREST FOR PARTIAL YEARS

Should it become necessary to determine your total account balance at a date other than the Plan Year end (due to retirement, termination of employment or death), your pension account will be credited with interest for the period from the most recent Plan Year end (December 31st) to the end of the month prior to the date of payment or transfer from the pension fund. Your account will be credited with interest at the greater of:

- a rate of ½% per month; or
- the rate of return that can reasonably be attributed to the operation of the pension fund from the end of the most recent Plan Year to the end of month prior to the month of payment or transfer in accordance with *The Pension Benefits Act*.

Please be aware that if your account is transferred early in the Plan Year, the interest for partial years described above will continue to apply until the Board of Pension Trustees determines an **estimated interim fund rate of return for the previous Plan Year** (usually around the middle of January). Once this interim fund rate is determined, it will be used for any future benefit payments until the annual accounting is completed for the previous Plan Year.

GUARANTEED ACCOUNT

The “guaranteed account” was established January 1, 1994 to provide members with a minimum compounded guaranteed rate of return in the Plan following a member’s attainment of age 55. The guaranteed account provides you with a minimum account balance upon death, termination or retirement. Your guaranteed account balance is established at the beginning of the Plan Year following the attainment of age 55 based upon your previous year end total account balance. Interest is allocated to the guaranteed account balance and contributions each year based on the 91 Day Treasury Bill rate and reported separately on your annual pension statement. Upon death, termination or retirement in the Plan Years after attaining age 55, you receive the **greater of**:

- (a) your total account balance based upon the compounding of the pension fund’s rate of return; or
- (b) your total guaranteed account balance based upon the compounding of the 91 Day Government of Canada Treasury Bill rate.

Members will have two separate account balances and each is calculated and accumulates separately based on the compounding of two different rates of return. One account balance accumulates based on the compounding of the actual pension fund rate of return and the second account balance accumulates based on the compounding of the 91 Day Government of Canada Treasury Bill rate. **Please note, you do not receive the greater of each interest rate on a year-by-year basis, but instead a comparison of the two accumulated account balances is performed at the time of termination, death or retirement.**

An example of the guaranteed account

Consider for example, a 55 year old employee with an account balance of \$40,000 on January 1, 2008 and no further contributions. The two account balances would be calculated as follows for each December 31st:

| Dec. 31 st | Age | Guaranteed Account | | Fund Return | |
|-----------------------|-----|--------------------|-----------------|-------------|-----------------|
| | | Rate | Account | Rate | Account |
| 2008 | 56 | 2.59% | \$41,037 | -13.61% | \$34,557 |
| 2009 | 57 | 0.32% | \$41,169 | 14.08% | \$39,421 |
| 2010 | 58 | 0.58% | \$41,408 | 9.88% | \$43,316 |

The bold/highlighted print on the account balance indicates which amount you would receive if you had retired or terminated at the end of the calendar year in the example.

Interest for partial years

If it is necessary to determine your guaranteed account balance at a date other than the Plan Year end, your guaranteed account will be credited with interest for the period from the most recent Plan Year end (December 31st) to the end of the month prior to the date of payment or transfer from the pension fund at the previous year’s guaranteed account interest rate.

OPERATING COSTS OF THE PENSION PLAN

In addition to matching your contributions to the Pension Plan, each school division contributes an additional 1.0% of pensionable earnings to cover the administration and investment costs of managing the Pension Plan, as well as contributions on your behalf should you become sick or disabled.

DEFERRED MEMBER ADMINISTRATION FEE

If a terminated employee leaves his or her total account balance in the pension fund, a charge will be assessed each calendar year, following the year of termination. This charge, which is \$30 plus 0.5% of the account balance, is deducted from the employee's account balance. This compares favorably to the investment/administration cost or Management Expense Ratio charged by other financial institutions, which could be in the 2.0% to 2.5% range.

RETIREMENT

Choosing when to retire is an important decision that can have a large impact on your pension. Under the Pension Plan, you have several retirement date options to consider:

| | |
|---------------------|---|
| Normal retirement | The normal retirement date is the first day of the month following your 65 th birthday. |
| Early retirement | You can retire at any date after your 50 th birthday. You must terminate employment if you wish to start your pension early. |
| Deferred retirement | You can keep working beyond your normal retirement date. However, by law, you must begin collecting your pension benefits no later than December 31 st in the year you turn 71, whether you continue to work or not. |

If you elect to continue working after age 65, you can continue to contribute and the school division will continue to make matching contributions. You will also have the right to discontinue contributions and either begin your pension or defer receiving it to a later date. Members are cautioned that collecting a pension while continuing to work can have significant tax implications.

Note in the year in which you attain age 71, you will have to stop participating and cease payroll deductions to the pension plan by November 1st at the latest in order to allow time to process your benefit by December 31st.

RETIREMENT INCOME

With a defined contribution plan, the income you receive at retirement depends on the contributions made and the investment performance of the pension fund. You will receive your total account balance, which is made up of your contributions and the matching school division contributions plus investment income. You will also receive any voluntary contributions you made, or other funds you transferred from another registered pension plan. Your total account balance must be transferred out of the Pension Plan to begin receiving retirement income.

Your Pension Plan Payment Options

The Pension Plan offers you several retirement income choices. You can elect to transfer your total account balance either to:

1. a life insurance company to purchase a lifetime annuity;
2. a Life Income Fund (LIF) with an approved financial institution; or
3. a combination of the two options above.

If you have a spouse/common-law partner on the date of retirement and you elect to purchase a lifetime annuity, you must, by law, select a form of pension that provides at least a 60% lifetime survivor pension to your spouse/common-law partner. Your spouse/common-law partner may waive his or her right to a survivor pension by signing a prescribed form. **The required form is available from Eckler Ltd. or the Office of the Superintendent - Pension Commission of Manitoba website at http://www.gov.mb.ca/labour/pension/pdf/form5a_waiver60joint.pdf (Form 5A).** However, waiving the right to a survivor pension is a serious matter; you and your spouse are advised to get independent legal advice before making this decision.

Please reference definition of Spouse/Common law partner in the glossary of terms. If you are of retirement age and do not want to start drawing retirement income, you may elect to leave your account balance under the Pension Plan or transfer it to a Locked-In Retirement Account (LIRA) with an approved financial institution.

1. Your Lifetime annuity

When you purchase a life annuity through a life insurance company you are trading your account balance for guaranteed income for life. There is no investment risk and no risk of outliving the income. There are a number of different forms of annuities that can be elected based upon your needs.

Joint lifetime annuities not only provide income for your life, but income for your spouse's life as well. The joint annuity option can have a survivor benefit to the spouse of either 100% or 66^{2/3}%. Legislation requires a minimum 60% survivor annuity if you have a spouse/common-law partner who has not waived his or her right to a survivor pension.

There are also **single lifetime annuities** for those who do not have a spouse at retirement, or if the spouse has waived his or her right to a survivor pension. A single lifetime annuity provides you with a guaranteed income for *your* life.

A **guarantee period** of up to 15 years may also be added to either the single lifetime or the joint lifetime annuity to ensure you have some protection for your beneficiaries or the estate.

The income generated by an annuity depends on a number of factors, including:

- long-term interest rates at the time of purchase, which are based on the yields of long-term Government of Canada bonds;
- your age at retirement;
- your spouse's age at your retirement (if applicable); and life expectancy.

The long-term interest rates are based on the yields on long-term Government of Canada bonds. Because the long-term interest rates may fluctuate from month to month, it is impossible to determine your exact monthly pension benefit in advance of your retirement date.

It is important to note the current long-term interest rate can have a significant impact on the pension/annuity calculated on your behalf. The higher the long-term interest rate, the higher the monthly benefit amount, as outlined in the following table:

LIFE ANNUITY EXAMPLE

Member age: 65

Total value of account: \$100,000

| Base rate | Monthly pension |
|------------------|------------------------|
| 5.0% | \$619 |
| 4.0% | \$564 |
| 3.0% | \$511 |

This example has been provided for illustrative purposes only. Your annuity will be calculated based on your personal circumstances and the long-term interest rates in effect as of your retirement date.

Early or Late Retirement Considerations

The actual amount of pension *you* receive will be determined by your personal circumstances and the long-term interest rates in effect at your retirement date. As these examples illustrate, however, your age at retirement will also impact significantly the amount of income you can expect to receive. If you start your pension early, you will lose out on future contributions and the interest accumulating on your account, and you will be collecting your pension for a longer period of time. These factors will reduce the size of your monthly pension. On the other hand, if you delay your retirement, your pension account will continue to grow through contributions and interest, and you will be drawing on it for a shorter period of time. As a result, your monthly pension will be larger.

Pension Increase (Inflation Protection)

Most years, the cost of living goes up, not down. This can have a significant impact on the buying power of your pension over the long term. You can purchase an **indexed annuity** with your total account balance, but the monthly pension at retirement could be 20% to 25% less than it would be without indexing. The reduction in the amount of pension is again dependent on your age, your spouse's age (if applicable), and the level of indexing of the annuity.

Group Annuity Contracts

The Board of Pension Trustees has established group annuity contracts with major insurance companies to provide plan members with special annuity rates that are higher than those available on an individual basis. Once you have selected your annuity option, quotations from the insurance companies can be obtained so you receive the most competitive rate available. Eckler Ltd. will assist you with the annuity purchase under this group arrangement.

2. Life Income Fund (LIF) or Locked-In Retirement Income Fund (LIRA)

Instead of receiving a life annuity at retirement, you can transfer the total value of your account to either a Life Income Fund (LIF) or a Locked-In Retirement Income Fund (LIRA). The main features of these two options are outlined below.

| | |
|---|--|
| <p>Locked-in Retirement Account (LIRA)</p> | <p>This is essentially a locked-in RRSP contract, which is approved by the Office of the Superintendent - Pension Commission of Manitoba to receive locked-in pension funds. Under this option, you continue to manage your money on a tax-sheltered basis until you are ready to convert it to a retirement income. Withdrawals are not permitted from a LIRA.</p> <p>When you wish to start retirement income, your account balance under the LIRA must be used to purchase a life annuity or transferred to a Life Income Fund (LIF). This must occur prior to the end of the year in which you turn age 71.</p> |
| <p>Life Income Fund (LIF)</p> | <p>A LIF is another type of contract, approved in Manitoba, designed to provide flexible income over your retirement. Under this option you continue to manage your money, but the government sets both a minimum and maximum amount of income you can receive each year from your LIF. Within this range, you decide each year whatever payments you wish to receive.</p> <p>Payments in future years are dependent on the amount of income withdrawn, the investment earnings under the LIF contract and the minimum and maximum set by the government.</p> <p>Note you may purchase a life annuity with your LIF account balance at any time.</p> |

These transfers will remain locked-in under current pension law, and cannot be cashed-in; they must be used to provide a retirement income. In addition, your locked-in benefit entitlement remains subject to pension legislation requirements for pension sharing, survivor benefits and death benefits.

Prescribed Retirement Income Fund (PRIF)

A Manitoba LIF contract owner who is at least 55 years of age may (with spousal approval, if applicable) **apply for a one-time transfer of up to 50% of the balance in one or more LIFs to a Prescribed Retirement Income Fund (PRIF)**. In general terms, a PRIF is similar to a RRIF and has no limit on the maximum amount of income you can receive each year. This option provides for even greater income flexibility than the LIF above. However, in choosing this option you may exhaust your retirement income more quickly than anticipated. Caution is recommended when transferring to the PRIF.

Group LIF/PRIF/RRIF/RRSP Contracts

The Board of Pension Trustees has established a Group LIF and PRIF arrangement to provide members of the Manitoba School Boards Association Pension Plan **more flexibility** and **lower fees** than individual or retail LIFs or PRIFs. Under the Group arrangement the investment management fee on the market-based funds are generally lower than what is available to you on an individual basis from a retail financial institution. In retail plans that offer mutual fund type investments, the fee is called the Management Expense Ratio (MER) and is described in the prospectus. There are always fees associated with individual plans and members are encouraged to learn about all fees when making comparisons.

There are no charges to join or leave the Group LIF/PRIF and it can also accept other registered funds such as RRSPs and RRIFs, so it can be used for all of your retirement funds. Eckler Ltd. will assist you with this group arrangement.

If you are nearing retirement you may contact the retirement counselor at Eckler Ltd. and request a retirement quotation of your pension entitlement and options on retirement.

James Ralko (Retirement Counsellor)

Eckler Ltd.

2475 – One Lombard Place

Winnipeg, MB R3B 0X3

Tel: (204) 988-1581 or toll-free at: 1 (877) 988-1581

Email: jralko@eckler.ca

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

Your benefit in the Plan is **vested** immediately. If you leave your position with the school division, you will receive the total value of your account (both your employee and employer contributions), no matter how long you were in the Plan.

Your benefit is locked-in, except for certain age and years-of-employment conditions outlined below. If you leave your position, you have three options for your account. You may:

- transfer your account value to a Locked-In Retirement Account (LIRA);
- transfer your account value to a new employer's registered pension plan, provided that the plan accepts transfers; or
- leave your total account under this Plan.

If you have accepted employment in a teaching position with the same school division, your total account cannot be transferred from the Plan. Transfers will be allowed if employed by another school division.

If you terminate employment with a school division and subsequently become employed with another school division, you may be able to combine your total account balance from the previous school division with your total account with your current school division, once you have become a member.

Non-locked-in means your pension benefit entitlement is not subject to any pension legislation requirements.

Non-locked-in benefits

You may elect to receive some or all of the value in your account on a **non-locked-in** basis. In this case, you can elect to:

- receive the value of your benefit as a cash lump-sum (less withholding tax), or
- transfer the value of your benefit to a personal RRSP or to your new employer's registered pension plan on a tax-sheltered basis.

| <i>If . . .</i> | <i>You may elect . . .</i> |
|---|--|
| your total account balance is less than 20% of the Yearly Maximum Pensionable Earnings (YMPE in 2015 is \$53,600, 20% of \$53,600 = \$10,720) | to receive the value of your total account on a non-locked-in basis. |
| there is a terminal illness or disability resulting in shortened life expectancy | subject to certain requirements, to receive the value of your total account on a non-locked-in basis upon certification by a medical practitioner of a considerably shortened life expectancy, which cannot exceed two years. |
| you become a non-resident of Canada | to receive the value of your total account on a non-locked-in basis subject to written confirmation from Canada Revenue Agency that you are a non-resident for the purposes of the Income Tax Act along with consent from your spouse (if applicable). |

SURVIVOR BENEFITS

Prior to Retirement

If you die while you are an active or terminated member, your beneficiary will receive a benefit equal to the total value of your account with interest. For details on beneficiary appointment, see page 4.

If you **have a spouse/common-law partner** at such date and you are not living separate and apart from the spouse/common-law partner by reason of the breakdown of your relationship, he or she is automatically entitled to the survivor benefit under Manitoba law, even if you had named someone else as your beneficiary. Your spouse/common-law partner can elect to transfer the survivor benefit, on a tax-sheltered basis, to:

- his or her Locked-in Retirement Account (LIRA) or Life Income Fund (LIF);
- his or her employer's registered pension plan, provided that plan accepts transfers; or
- an insurance company for the purchase of an immediate or deferred lifetime annuity.

Your spouse/common-law partner may waive his or her entitlement to the pre-retirement survivor benefit. **The required form is available from Eckler Ltd. or the Office of the Superintendent - Pension Commission of Manitoba website at http://www.gov.mb.ca/labour/pension/pdf/form2_deathbenefitwaiver.pdf (Form 2).**

Any such waiver may be revoked by joint action of the spouse/common-law partner and you, in the manner prescribed. If you die after the filing of such a waiver, and such waiver remains in effect at the time of your death, the survivor benefit shall be payable to your named beneficiary.

If you **don't have a spouse/common-law partner** under the terms of the Plan, or your spouse/common-law partner has signed the prescribed waiver form, your named beneficiary is entitled to the total value of your account. When a survivor benefit is paid to someone other than a spouse/common-law partner, it is paid in a single payment, less withholding taxes.

If you **don't name a beneficiary**, your survivor benefit will be paid to your estate — unless you make specific reference to it in your will. If the benefit is paid to your estate, it will be subject to probate and related fees.

After Retirement

The survivor benefit (if any) will be paid in accordance with the form of pension income you elected at the time of your retirement.

ABSENCE FROM WORK DUE TO SICKNESS

If you become absent from work because of sickness or accident and this absence extends beyond 80 consecutive working days, the school division will credit your employee contribution account as if you were still contributing to the Plan.

Commencing on the latest of the 81st working day of absence or the last day a contribution is made by you if you were entitled to sick days, your employee contribution account will be credited with the contributions you would have made if you were working during this period of absence. The amount credited to your employee contribution account will be determined based on your earnings level at the time of your absence. This credit to your employee contribution account is made on behalf of the school division. The school division will also match that contribution to your employer contribution account as if you were still working.

The calculation of this benefit will be determined at the end of the Plan year or at the time of termination, death or retirement. The crediting of contributions to your employee contribution account by the school division will continue to the earlier of:

- (a) the date you return to work; or
- (b) the date you cease to be an employee of the school division (you terminate, die or retire).

This benefit is subject to a lifetime maximum benefit of 24 months.

RELATIONSHIP BREAKDOWN

Your pension is a family asset. In other words, if you and your spouse/common-law partner end your relationship, the pension you built during your relationship will be taken into account when your family assets are divided.

A division of your pension is triggered if:

- (a) there is an order of the Court of Queen's Bench made under *The Family Property Act* requiring family assets to be divided; or
- (b) according to a written agreement between you and your spouse or common-law partner requiring the division of family assets.

The division is mandatory if there is a written agreement, in which case the pension benefit credit must be split on an equal basis. The spouse or common-law partner's share is half of the difference between the total account value as of the separation date and the total account value as of the date the relationship began.

If you are part of a marriage and/or common-law break-up, please contact the school division office or Eckler Ltd. directly. Once you do this, you and your former spouse/common-law partner will be advised, in writing, of the pension credits subject to sharing. The sharing of pension credits applies to both pensions being earned (i.e., accrued) by active Plan members and pensions payable to retirees.

If both you and your spouse/common-law partner are members of a registered pension plan and both of you agree in writing, you may divide the net difference between your pension benefits.

Opting out

You and your spouse/common-law partner may enter into a written agreement *not* to divide any pension benefits. This may be done only after you both have received independent legal advice and a statement of the amount of the division. This written agreement must be filed with administrators of the Plan, Eckler Ltd. The agreement must acknowledge both you and your spouse/common-law partner entered the agreement without duress, coercion or compulsion, and you have received independent legal advice on the agreement and a statement of pension to be divided.

Transfer of Pension Credit

Once the pension credit split has been determined, the spouse/common-law partner has the option of transferring their share to:

- a Locked-In Retirement Account (LIRA);
- a Life Income Fund (LIF); or
- his or her employer's registered pension plan (provided they are a member and the plan accepts transfers).

Following the transfer, your account and voluntary and transfer-in account, if applicable, will be reduced accordingly.

You can find additional marital breakdown information on the Manitoba Pension Commission website at www.gov.mb.ca/labour/pension.

ATTACHMENT, ASSIGNMENT AND GARNISHMENT OF PENSION BENEFITS

Your benefits payable under the Plan cannot be assigned, surrendered or given as security, and are exempt from execution, seizure or attachment. However, the legislation does allow your benefits to be garnished to satisfy delinquent maintenance payments to a former spouse pursuant to the Maintenance Enforcement Program of Manitoba.

YOUR PENSION PLAN AT A GLANCE

| Eligibility | All employees in a non-teaching capacity may join the Plan after completing one year of service. Full-time employees are required to join upon completing one year of service. All non-full-time employees are required to join on January 1 st following two consecutive years of employment in which their earnings exceed 25% of the Year's Maximum Pensionable Earnings (YMPE). | | | | | | | | | | | | |
|---|---|--|------------------------------|--------------|--------|---------|--------|---------|--------|---------|--------|-----------|--------|
| What you contribute | <p>Effective July 1, 2015, a percentage of your salary less your contributions to the Canada Pension Plan</p> <p>The percentage varies according to your age at January 1st</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Members Attained Age at Beginning of Plan Year</th> <th>Percentage for the Plan Year</th> </tr> </thead> <tbody> <tr> <td>less than 44</td> <td>10.65%</td> </tr> <tr> <td>45 - 49</td> <td>11.15%</td> </tr> <tr> <td>50 - 54</td> <td>11.65%</td> </tr> <tr> <td>55 - 59</td> <td>12.15%</td> </tr> <tr> <td>60 - MPRD</td> <td>12.65%</td> </tr> </tbody> </table> <p>MPRD – Maximum Postponed Retirement Date</p> | Members Attained Age at Beginning of Plan Year | Percentage for the Plan Year | less than 44 | 10.65% | 45 - 49 | 11.15% | 50 - 54 | 11.65% | 55 - 59 | 12.15% | 60 - MPRD | 12.65% |
| Members Attained Age at Beginning of Plan Year | Percentage for the Plan Year | | | | | | | | | | | | |
| less than 44 | 10.65% | | | | | | | | | | | | |
| 45 - 49 | 11.15% | | | | | | | | | | | | |
| 50 - 54 | 11.65% | | | | | | | | | | | | |
| 55 - 59 | 12.15% | | | | | | | | | | | | |
| 60 - MPRD | 12.65% | | | | | | | | | | | | |
| What the school division contributes | The school division will match your required contributions dollar for dollar (subject to the Plan limits). | | | | | | | | | | | | |
| When you can retire | <p><i>Normal retirement:</i> Age 65.</p> <p><i>Early retirement:</i> any date following your 50th birthday.</p> <p><i>Postponed retirement:</i> Contributions cease and pension payments begin no later than December 31st of the year you reach age 71.</p> | | | | | | | | | | | | |
| What the Plan provides at retirement | You receive the pension that can be provided by the total value of your contribution accounts. | | | | | | | | | | | | |
| Pension payment options | Pensions are paid for your lifetime (with a range of options for continuing payments after your death, including a lifetime spouse's pension). | | | | | | | | | | | | |
| If you leave the school division before retirement | You will receive the total value of your contribution accounts, including the school division's contributions and related interest, no matter how long you have been a member of the Plan. | | | | | | | | | | | | |
| Survivor benefits | <p><i>Before retirement:</i> Total value of your contribution accounts paid to your spouse/common-law partner, beneficiary or estate.</p> <p><i>During retirement:</i> Depends on the payment option you selected at retirement.</p> | | | | | | | | | | | | |

This is a brief summary of the provisions of the Plan as of June 2015. It is not intended to be comprehensive. A more detailed description of the key Plan features is provided within this booklet.

GOVERNMENT BENEFITS

At retirement, in addition to the retirement benefits you will receive from the Plan, you will be eligible to receive benefits from two government sponsored programs, the Canada Pension Plan (CPP) and Old Age Security (OAS).

Canada Pension Plan (CPP)

Your retirement benefit from CPP will depend on your contribution history to the CPP. At age 65, it is intended to replace up to 25% of your earnings on which your contributions to CPP were based. The maximum amount payable at age 65 in 2015 is \$1,065.00 per month. It is indexed annually to reflect changes in the Consumer Price Index.

While CPP payments normally begin at age 65, you may elect to receive them as early as age 60, or as late as age 70. If you elect to commence CPP prior to age 65 and are still working, you will have to continue to contribute to CPP but you will accrue an additional CPP benefit for each further year you contribute. In 2015, for each month *prior* to your 65 birthday that you *commence* receiving benefits, those benefits will be *reduced* by 0.58% (increasing to 0.6% per month in 2016). For each month *after* your 65 birthday that you *defer* receiving benefits, those benefits will *increase* by 0.7%.

Old Age Security (OAS)

If you meet certain residency requirements you will also receive a monthly benefit called the Old Age Security benefit. The OAS benefit is payable monthly for your lifetime. Currently, payments begin at age 65, but the age of eligibility to receive the OAS benefit is gradually increasing for those born after April 1, 1958, until it eventually reaches 67.

The OAS benefit is indexed quarterly to reflect changes in the Consumer Price Index and as of January 1, 2015 the maximum benefit payable is \$563.74 per month.

Applying for Government Benefits

Canada Pension Plan and Old Age Security benefits are not paid automatically; you must make application. We recommend the application be submitted several months prior to the time you want these benefits to commence.

More information on the Canada Pension Plan and Old Age Security can be found at the Service Canada website at:

<http://www.servicecanada.gc.ca/eng/services/pensions/cpp/retirement/index.shtml> and
<http://www.servicecanada.gc.ca/eng/sc/oas/pension/oldagesecurity.shtml>

REGISTERED RETIREMENT SAVINGS PLAN OR TAX-FREE SAVINGS ACCOUNT

Personal savings are a very important part of your future retirement security. Although the Manitoba School Boards Association Pension Plan and your government benefits (CPP and OAS) form a fundamental part of your savings, it is important to build personal saving to supplement your income when you retire.

One the most popular ways to save extra income for retirement is by contributing to a personal Registered Retirement Savings Plan (RRSP). Your contributions to a personal or spousal RRSP are tax deductible up to specified limits. After you file your income tax return each year, your RRSP contribution room will be reported to you on the Notice of Tax Assessment you receive from the Canada Revenue Agency.

Note, any income received from your RRSP or Registered Retirement Income Fund (RRIF) is taxable income based on your marginal tax rate.

One of the newest ways to save for retirement in Canada is with the Tax- Free Savings Account (TFSA). The TFSA is a flexible, registered savings vehicle that allows you to earn tax-free investment income. If you are age 18 or older you can contribute up to \$5,500 annually to a TFSA. Note you do not receive a tax deduction for this contribution as you would with an RRSP contribution. The investment income earned under the TFSA is tax-free; you receive no tax slip from your financial institution. Any withdrawals you make from the TFSA are also tax-free and the withdrawal can be put back in the TFSA in a future year. Income earned or the withdrawals from a TFSA do not affect eligibility for federal income-tested benefits and credits such as OAS and the Guaranteed Income Supplement.

GLOSSARY OF TERMS

Beneficiary is the person who will receive the survivor benefit of your pension benefit if you die.

Common-law partner at the time of determination of spousal status is a person who is not married to you, but with whom you have either:

- registered a common-law relationship under The Vital Statistics Act,
- or cohabitated in a conjugal relationship:
 - for a period of at least three years, if either of you is married, or
 - for a period of at least one year, if neither of you is married.

Early retirement date for purposes of the Plan is the any date following your 50th birthday.

Employee contribution account consists of your required contributions, plus interest.

Employer contribution account consists of the school division contributions made on your behalf, plus interest.

Full-time employee means an employee on a full-time appointment as determined by the school division or collective agreement.

Life Income Fund (LIF) is an alternative arrangement to a lifetime annuity from which an adjustable flow of retirement income is received, subject to an annual minimum and maximum. The minimum withdrawal is determined according to the minimum withdrawal formula for Registered Retirement Income Funds (RRIF) under the *Income Tax Act*. The maximum income that can be taken each year is equal to the fund balance multiplied by a factor prescribed under *The Pension Benefits Act* (Manitoba) or the investment return from your LIF account, if greater.

Locked-in means your pension benefit entitlement continues to be subject to pension legislation requirements for pension sharing, survivor and death benefits, and may only be used to provide retirement income (i.e., you cannot get a cash refund).

Locked-in Retirement Account (LIRA) means an account with a financial institution, similar to a Registered Retirement Savings Plan (RRSP) that is approved by the Office of the Superintendent - Pension Commission of Manitoba to receive **locked-in** pension funds.

Non-full-time employee is an employee who has an appointment other than full-time.

Non-locked-in means your pension benefit entitlement is not subject to any pension legislation requirements. You can receive your benefit as a lump-sum, taxable cash payment or as a transfer to your Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) on a tax-sheltered basis.

Normal retirement date for the purposes of the Plan is defined in the *When you can retire* section of this booklet.

Pension fund is the trust fund to which your contributions and the school division contributions are made, and from which benefits are paid.

Plan is the Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba.

Salary is your regular gross salary or wages applicable to your rank or classification as determined by the terms of the appropriate collective agreement or employment policy.

Spouse at the time determination of spousal status is required is a person who, in relation to you, is a legal spouse or common-law partner (see Common-law partner definition on first page of glossary).

Total account means the sum of your employee contribution account, the employer contribution account and the voluntary & transferred-in account.

Vested means you have a right to the total value of your contribution accounts, even if you leave your position with the school division before retirement.

Voluntary & Transferred-in account consists of any additional voluntary contributions you make to the Plan and any other registered funds you transferred into the Plan, plus interest.

Year's Maximum Pensionable Earnings (YMPE) is a figure set by the Federal government each year to help determine Canada Pension Plan (CPP) contribution amounts. In 2014, the YMPE is \$52,500.

THE FINAL WORD

This booklet is a summary of the main provisions of the Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba. The complete terms and conditions of the pension plan are contained in the formal Plan Text, as may be amended from time to time, which can be found on the pension plan website www.mbschoolpension.ca. In the event of a difference or dispute, the official plan text document will take precedence over this information booklet.