



**BC NURSES'
UNION**

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PENSIONS: WHAT EVERY BCNU MEMBER SHOULD KNOW.

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- > A pension, that provides a defined benefit under either the Municipal or Public Service Pension Plan, can be one of your most valuable assets at retirement.
- > The decisions you make now determine your financial health at retirement.

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A pension, especially one that provides a defined benefit under either the Municipal or Public Service Pension Plan, can be one of your most valuable assets at retirement. The decisions you make now determine your financial health at retirement.

This brochure is intended to provide information useful in

- making your decision to join the Municipal Pension Plan if you have an option
- understanding benefits under the Municipal Pension Plan (MPP) and the Public Service Pension Plan (PSPP)
- understanding your Member Benefit Statement
- ensuring rights related to your pension under the Collective Agreements (CA) are protected
- planning your retirement

If you are eligible to join the Municipal Pension Plan and have not, each day you delay reduces your future retirement pension. Act now to secure your future!

This brochure is not meant to replace the information provided by the MPP, the PSPP or the Collective Agreements. It highlights selective information that members will find useful in planning for your future. For detailed and complete information, refer to MPP and PSPP publications, and contact the Pension Corporation, the Plans' administrator, directly.

Your Pension Plan

BCNU members can be enrolled in a number of different pension plans:

- Municipal Pension Plan (MPP)
- Public Service Pension Plan (PSPP)
- Canadian Blood Services Pension Plan
- Other defined contributions plans under collective agreements with independent Employers

This brochure focuses on the MPP and PSPP, the two plans to which most BCNU members belong.

Both the MPP and PSPP provide three important benefits:

- A basic defined benefit pension paid for life plus a bridge benefit paid until you reach 65;
- Inflation protection paid each January 1st currently (not guaranteed); and
- Access to Post Retirement Group Benefits: MSP, Extended Health and Dental benefits.

Both the MPP and PSPP have publications that explain in full all the benefits provided through the plans. This pamphlet is not a substitute for the comprehensive explanation of all the plans' benefits found in publications produced by the plan's administrator and boards. They can all be found on the plans' web sites:



- www.mpp.pensionsbc.ca for the Municipal Pension Plan
- www.pspp.pensionsbc.ca for the Public Service Pension Plan

Some publications members find useful include:

- *A Guide for Plan Members*
- *PensionFacts* on various benefits and issues
- *Retirement Health Benefits Booklet*
- *Choosing Your Best Pension Options*

Other tools on the plans website that can be of assistance as well are:

- Retirement Seminar Presentation
- Purchase of Service estimator
- General Pension Estimator
- My Account
- Straight Talk

To access your own personal information by using “My Account” you will need your User Name and Password found on your Member Benefit Statement. By accessing “My Account” you can find confidential personal information including your salary and service history and your Member Benefit Statement.

Common Pension Terms

Bridge benefit

If you retire before age 65, your pension from the MPP will include a temporary monthly payment called the bridge benefit. This bridge benefit is included in the basic pension formula.

Contributory service

Every month you make, or are deemed to make a contribution to the Plan, you earn a month of contributory service. Contributory service is used to determine if you are eligible for a pension and whether a pension will be reduced (and by how much) if you decide to retire before age 60.

Commutated value (CV)

The commuted value of a pension benefit is the amount of money that needs to be set aside today, at current market interest rates, to provide sufficient funds to pay for your pension when you retire.

Contributions with interest (CWI)

Your contributions to the Plan together with their accrued interest.

Cost-of-living adjustments

The Board of Trustees annually considers all relevant factors to determine if a cost-of-living adjustment will be provided. Future cost-of-living adjustments are not guaranteed. Once granted, a cost-of-living adjustment becomes part of your basic pension. Any cost-of-living adjustments the Board grants are applied in January.

Death benefits

This benefit is paid to your spouse upon your death prior to retirement, or your beneficiary or estate if you have no spouse.

Deferred pension

If you leave the Plan before retirement age, the pension that you take at 55 or later is a deferred pension. If you terminated employment in the Plan, have reached age 55 and are considering deferring your pension further, you may wish to seek financial advice.

Disability pension

A pension benefit payable to disabled plan members who meet the eligibility criteria established by the relevant pension plan.

Highest average salary (HAS)

The salary used in the calculation of your pension benefit. It is the average of your highest five years of annual salaries.

Pensionable service

The actual time you worked while contributing to the Plan. You earn one full month of pensionable service when you work full time for a month. If you work half time, you receive half a month of pensionable service. Pensionable service is used in the pension formula to calculate your pension.

Post-retirement group benefits

Extended health, dental and Medical Services Plan premium benefits that may be available (subject to funding) after you retire.

Termination of employment

Generally, termination of employment for plan purposes is the end of employment of a plan member with a plan employer, or the end of employment in an employee group approved to participate in the plan. In the case of a plan member receiving benefits from an approved group disability plan, termination of employment is the end of entitlement to the group disability benefits and the end of their employment with the plan employer. A member has not terminated employment where they maintain a right of recall under a collective agreement following lay-off.

Advantages of your Municipal or Public Service Pension Plan

The MPP and PSPP provide a **defined lifetime pension** and a bridge to age 65 based on a formula using the following factors:

- Age
- Salary
- Pensionable Service

Your pension is not based on the contributions you make. Your pension also provides additional benefits such as: a generous early retirement provision, a death benefit, a disability benefit and transfer agreements with other public sector pension plan.

Although **inflation protection** is not guaranteed, the plans have been able to grant the full Consumer Price Index each year since 1982 every January 1. Once inflation protection is granted, it becomes part of your basic pension and will continue to be paid.

Post-retirement Group Benefits

Both the MPP and the PSPP provide post-retirement group benefits. The MPP provides premium assistance for Medical Services Plan (MSP), Extended Health and the Dental Plan. The PSPP offers premium assistance for Extended Health and a voluntary Dental Plan that requires the retiree to pay the full cost of the premiums. PSPP members must register for MSP directly through the Medical Services Plan of BC at www.health.gov.bc.ca.

Group buying power allows the Pension Plans to offer Extended Health and Dental Plans at premiums far below those for similar plans that can be purchased privately.

Premium subsidies are not guaranteed.

Premium subsidies are determined yearly by the Pension Boards and any changes to subsidies also apply to retirees.

You can choose to enroll in any or all of the benefit plans. **You cannot enroll at a later date unless you can show that you were continuously covered by another plan.**

Enrolment in any plan is delayed for one month. Therefore you must arrange payment for that month in order to ensure that your coverage is not interrupted.

Dental and Extended Health benefits can be very different than entitlements under your employer's plans. It is important that you understand the differences so there are no surprises when you use them. For example, while you are employed and covered by the Provincial Collective Agreement, 100% of costs under your basic dental plan (Plan A) are covered. By contrast, the MPP dental plan only reimburses 70% for expenses claimed under Plan A.

Depending on your income level, you may be eligible for government subsidy of your MSP premiums. The Pension Corporation will inform you of the current subsidy schedule when you retire.

Your Member Benefit Statement: an important information source

Your Member Benefit Statement (MBS) is one of the most important sources of information since it is a record of your specific entitlement. A MBS is sent every year and you should review it every year.

Pension Benefit Options

Your Member Benefit Statement records your estimated potential benefit in a table in Section 3. It estimates your benefit at different ages and illustrates specific options available to you at retirement. These estimates are calculated using the information provided from the Employer for the previous year.

When you retire, your lifetime pension will be paid to you for as long as you live. In addition, you can choose to have your pension continue to be paid to someone after your death, depending on your particular circumstances. Your choice will affect the amount of your pension payment. For information go to *Choosing Your Best Pension Options* found on the plans website.

If you want your pension to be paid only during your lifetime, you can choose a Single Life Only Option (SLO).

The Single Life Pension gives you the highest possible monthly pension. You can choose a SLO if you do not have a legal spouse or your legal spouse has signed a

waiver declining any entitlement to your pension. If you have a legal spouse, then you must choose some form of Joint Life Option (JLO) unless your spouse waives their rights at the time you retire.

If you wish to provide for a beneficiary after your death, you can choose a five, 10 or 15 year guarantee period. This means that your pension will be paid for as long as you live and continues to be paid to your beneficiary if you die before the guarantee period you have chosen expires. Your pension will be reduced depending on the length of guarantee period you choose. The longer the guarantee period you choose, the more the reduction. The Member Benefit Statement quotes your SLO pension based on a 10 year guarantee period.

If you have a spouse, your Member Benefit Statement will quote a Joint Life Option (JLO). A Joint Life pension is paid for your life and for the life of your spouse. You must choose a Joint Life Pension if you have a spouse and they have not waived their right to a lifetime pension. Your pension will be reduced depending on the amount of pension projected to be paid during your lifetime and the amount of pension projected to be paid during your spouse's lifetime. The Member Benefit Statement quotes your JLO on the bases that your spouse would get 100% of your pension when you die.

There are many options available to you at retirement, including a temporary annuity. Choosing an appropriate option can be a challenge and it is important to understand clearly what you need to tailor your pension to your needs.

Highest Average Salary and Pensionable Service

Your actual pension benefit at retirement is not based on contributions. It is based on your age and your spouse's age (if any) at retirement, your Highest Average Salary, your years of pensionable service and the option you choose. To increase your pension, you can increase your salary and/or your pensionable service.

Your Member Benefit Statement notes your highest average salary quoted monthly (Section 3) and your pensionable service and the salary reported by the Employer for the previous year. If you want to review your pensionable service history, you can do this by using "My Account".

Not all earnings are pensionable. For example, straight time earnings are pensionable, but overtime is not.

If you are a member of the MPP and the PSPP and work for more than one employer, you will contribute on all earnings but will not accrue more than 12 months of pensionable service in one year. However, the total salary will be used to calculate your five year highest average salary.

Many plan members wonder why they often do not receive full time pensionable service each year on their pension statements. If you work full time and do not take any unpaid leaves of absence, your pensionable service should be recorded as 12 months for the year.

If your Member Benefit Statement shows a shortfall in pensionable service with which you disagree, contact your employer as soon as possible to determine why this has occurred.

Protect your Pension – purchase pensionable service for unpaid leaves

Municipal Pension Plan

Article 37.01 of the Nurses' Bargaining Association (NBA) Collective Agreement and Article 34.03 of the Facilities Bargaining Association (FBA) Collective Agreement, Leave – General, requires the Employer to continue paying pension contributions **during the first 20 days (150 hours) of an unpaid leave of absence provided you pay your contributions**. If you do not pay your contributions, the employer is not required to pay their portion.

If you take unpaid leaves of absence and are a member of the Municipal Pension Plan you now **MUST** fill out a **Purchase of Service Application** and submit it to your employer. If you do not submit the Application, your unpaid leaves will not accrue pensionable service.

For leaves 20 days (150 hours) and under, you must submit your application by March 31 of the year following the leaves in order to trigger the employer's obligation to pay a portion of the contributions owing.

BCNU recommends that you submit your Purchase of Service Application as soon after you return from your leave as possible. This will ensure the employer's obligation for leaves less than 21 days and the current contribution and salary rate will be used to calculate the contributions.

The application form can be found on the Municipal Pension Plan web site. It can be filled in online and printed.

Filling out the application form

For unpaid leaves less than 21 days, tick the box “GENERAL SHARED LEAVE”. If you are applying for only one day, the start date and end date will be the same. Go to www.pensionsbc.ca and follow the link for Purchase of Service Application Package for full details.

Public Service Pension Plan

If you are a member of the Public Service Pension Plan, you can take up to 30 unpaid leaves in a calendar year and the employer is required to pay their share of contributions. In addition, you have 5 years from the end of the leave to complete the purchase.

Deadlines apply to all Purchases of Service under MPP and PSPP rules

Both the MPP and PSPP have deadlines to purchase unpaid leaves and non-contributory service. These deadlines and other information concerning purchase of service can be found on the Plans’ web sites. For the Municipal Pension Plan, go to mpp.pensionsbc.ca and for the Public Service Pension Plan, go to pspp.pensionsbc.ca.

Purchase of Service

One way to increase your MPP or PSPP pension is to purchase non-contributory service or leaves of absence. Purchases of Service (POS) have strict deadlines. There is a five year time limit for Purchase of Service. Example, LOA taken April 1, 2013, deadline to purchase service back is prior to April 1, 2018.

- You must apply for a Purchase of Service while employed with Employer from whom leave was taken or within 30 days of termination of employment.

The Plans' web sites have two very convenient tools to assist you with your purchase of service:

- Purchase of Service Estimator
- Personalized Pension Estimator

By completing the application form found on the POS estimator, you will obtain an estimate of the cost of your POS. Your employer must verify the time period being purchased and your current salary.

The cost of POS is based on your salary and employee/employer contribution rates at the time of application. Take this into consideration when timing your request. If you anticipate no salary increases in the near future, then the timing of your purchase won't affect the cost. Note that the employer contribution rate can change yearly. New employer rates are effective July 1 each year and an increase in the rate will increase your purchase of service cost.

As per Collective Agreement language, for unpaid leaves of less than 21 days (150 hours) your employer will continue to pay contributions to your pension plan provided you continue to remit your contributions. To trigger the employer requirement to pay their share of the contributions, you must apply for a purchase of service before **March 31** of the year following the leave. If you do not apply, you will lose pensionable service.

Paying for your purchase of service

You can pay for your purchase of service by cheque or an RRSP transfer. An RRSP transfer can be used if the rules determined by the Canada Revenue Agency are met.

There is no obligation for the employer to pay part of the cost to purchase service under the NBA and FBA unless an error occurred. The most common error occurs when the employer fails to ask a part time or casual employee if they wanted to enroll when they first became eligible.

Arrears

If you are a casual employee, the current rules state that your employer must contact you concerning your eligibility to enroll in the plan if you earn at least 35 per cent (35%) of the Yearly Maximum Pensionable Earnings (YMPE) in each two consecutive years of continuous employment with one or more plan employers. The YMPE changes each year. The YMPE for 2014 is \$52,200.

If, in fact, an enrolment error occurred, the contributions would be considered “arrears” and the employer will be obligated to pay their portion of the contributions. Plan rules regarding enrolment have changed throughout the years so if you have questions about whether or not arrears should apply in your case, speak with your employer and your union representative.

In addition, collective agreements negotiated on behalf of nurses in BC show that as of January 1, 1976 all regular employees (full time and part time) were entitled to join the plan after three calendar months of employment. Many employers covered by these early collective agreements did not enroll part time employees and only offered enrolment at a much later date, particular after January 1, 1993 when pension standards



requiring enrolment of less than full time employees under specific conditions were introduced and the plan rules changed.

RRSP Contributions while you are an Active Member of the MPP or PSPP

If you have room, you can still contribute to a Registered Retirement Savings Plan. The amount of room taken up by your MPP or PSPP is determined by the benefit you will receive for the year of contributions, not on the contributions themselves. This is why the amount you see reported on your T-4 slip does not match the actual amount of contributions to the Plan.

Planning for Retirement

Both the MPP and the PSPP have retirement seminars open to all plan members.

It is best to start your inquiries long before your expected retirement date and submit your application at least 3 months prior. This gives your employer and the administrator of the Plans time to research your file and ensure that all information on pensionable service and salary is correct. Also, prior to retirement, you must:

- Complete any purchases of service (note deadlines);
- Arrange to transfer any service you might have in another plan (if applicable); and
- Claim credit for child rearing years (if applicable).

Both plans have an easy to understand retirement package with user-friendly forms. Many can be filled out online. The Pension Corporation staff is available by phone to answer your questions and to offer assistance.

Please note that you must apply for any purchases of service and your pension through your employer.

Before you make your final decision to retire, it is important to assess the financial implications. You should consider:

- your pension plan and review your latest Member Benefit Statement;
- your personal savings, your assets and your liabilities;
- your collective agreement entitlements;
- government retirement programs;
- Medical Services Plan coverage, extended health and dental benefit programs; and
- how you want to spend your time after retirement.

Choosing a pension option that suits your needs is important. When you apply for your pension, you will receive a Pension Estimate form that quotes the various pension option combinations and an estimated amount those options will pay each month.

Re-Employment as a Retiree

If you are a member of the Municipal or Public Service Pension Plan, you can return to work after retirement and continue to collect your pension. You also have the option to stop your pension and continue to make contributions. Each Plan has different rules about when you become eligible to receive a pension and when you can return to work.

In order to be eligible for your MPP pension, you do not have to sever your seniority.

If you are a member of the Public Service Pension Plan, you must sever seniority in order to be eligible to collect your pension.

Article 13.01(B) of the NBA Collective Agreement states:

A regular employee who terminates her employment and is rehired by the same Employer as a casual employee within 30 calendar days shall retain her seniority accrued as a regular employee.

Article 14.08 (Re-employment After Retirement) of the FBA Collective Agreement states:

Employees who have reached retirement age as prescribed under the Pension (municipal) Act and continue in the Employer's service, or are re-engaged within three (3) calendar months of retirement, shall continue at their former increment step in the pay rate structure of the classification in which they are employed, and the employee's previous anniversary date shall be maintained. All perquisites (which does not include seniority) earned up to the date of retirement shall be continued or reinstated.

Nurses Bargaining Association (NBA) Retiree Benefit Program

Since 2009, 1% of the NBA payroll has been put into the Retiree Benefit Program. Under the Retiree Benefit Program, the fund currently subsidizes the qualified plan member only, for up to 50% of out of pocket expenses, for MSP premiums. This fund is not a guaranteed benefit. Retiring members must apply to be registered in the

Retiree Benefit Program. Applications are online at www.bcnu.org.

Complete information including eligibility rules and the application form are on the BCNU web site. You must inform BCNU of your retirement and fill out the application form to be enrolled in the Retiree Benefit Program

Indexing Of Your Pension Benefit

If funds are available, your MPP and PSPP retirement benefit will be indexed at the beginning of every year. The indexing amount is determined yearly by the Board of Trustees for the Municipal Pension Plan and the Public Service Pension Plan. Indexing is not guaranteed.

Entitlements prior to your retirement

When you retire, you may be entitled to:

- Pay-Out of Sick Leave Credits
- Severance Pay
- Vacation leave payout

Please refer to your Collective Agreement for specific information.

Vacation leave payout

Vacation time paid out each year in a lump sum is not considered pensionable service. If you want all your vacation to be pensionable you must take it as time off.



Severance Allowance and cash-in of sick leave credits

Severance allowances and pay out of unused sick banks are lump sum payments and are not considered pensionable service. However, you may be able to tax shelter some or all of the payment in your Registered Retirement Saving Plan (RRSP) and/or use the funds to purchase pensionable service. Both options are subject to strict income tax limits and it is important that you obtain full and correct information on your individual situation.

Incentive payment for pre and post-retirees under the NBA Collective Agreement Appendix P.

Under the NBA on Incentive Payment is available to two classes of employees:

1. Employees who are eligible to retire, have maximized their pensionable service and are not eligible or elect not to contribute to the MPP or PSPP and who continue to work in a regular full-time or a regular part-time position;
2. Employees who have maximized their pensionable service and are not eligible or elect not to contribute to the MPP or the PSPP and who do retire or are retired and draw a pension but are rehired into a regular full-time or a regular part-time position; and
3. Members working in a regular position who do not qualify to pay into the pension plan due to Revenue Canada age limits (November 30 of the year member turns 71).

Under Pension Plan rules, an active member cannot continue to contribute to the MPP or PSPP after accruing 35 years of pensionable service.

The Incentive Payment is an amount equal to what the employer would have contributed to the MPP or the PSPP for the employee based on earnings over the preceding year (less any required statutory deductions). Any earnings counted toward pensionable service will be excluded from the calculation of the Incentive Payment.

The Incentive Payment is payable after December 31st in each year that the Eligible Employee is employed in a regular full-time or regular part-time position described above.

Government Plans

There are many changes occurring to Canada Pension Plan benefits and these are being phased in over the next 5 years. The changes will increase the penalties when applying for CPP before the age of 65 and provide financial incentives when applying for CPP after the age of 65. To obtain full information on these changes please visit the Service Canada website at www.servicecanada.gc.ca and follow the CPP link under seniors.

Canada Pension Plan Retirement Benefit

You must be at least 60 years of age to apply for your Canada Pension Plan (CPP) retirement benefit. If you apply for CPP prior to reaching age 65, your benefit will be reduced. It is advisable for you to consider whether or not it is to your financial advantage to take your CPP early.

Old Age Security

You should apply for your Old Age Security (OAS) benefit at least 6 months prior to reaching age 65. To obtain full information, please visit the Service Canada website at www.servicecanada.gc.ca

Finding out More about Government Programs

Extensive information on both CPP and OAS can be found by going to the Government of Canada website address www.servicecanada.gc.ca and click on retirement planning and making your way to the OAS and CPP sites. The CPP and OAS web sites provide extensive information on each program including eligibility rules, benefit details and answers to frequently asked questions.

Life After Retirement

Retirement can offer great opportunities for new and exciting challenges. However, the change from being actively involved in work can have some negative effects on life as well. It is important to take time to consider what you want to do. Are there hobbies you have always wanted to take up and are they still important to you? Does volunteer work or social activism interest you?

There are many organizations of seniors in British Columbia and in Canada. Three close to home are:

- **Municipal Pension Retirees Association (MPRA):**
The MPRA is an association of retirees who are members of the Municipal Pension Plan. An application form is included in your retirement package. You can also contact the Association's president, Steven Polak at stevenpolak@shaw.ca.
- **BC Government Retirees Association (BCGRA):**
The BCGRA is an association of retirees who are members of the Public Service Pension Plan. An application form is included in your retirement package. You can also contact the Association at bcgrea@telus.net.

- The Council of Senior Citizens Organizations of British Columbia (COSCO). COSCO's purpose is to assemble, co-ordinate and advance proposals and resolutions concerned with the welfare of elder citizens, and submit them to the appropriate government bodies; and to advance the social and physical welfare of all elder citizens in the province of BC. You can contact the Organization at www.coscobc.ca.

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