

Pension Info is intended to keep CSSEA member agency employees apprised of developments with regard to the sectoral pension plan to be introduced in March 2010.

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## MUNICIPAL PENSION PLAN START-UP - MARCH 31, 2010

### Introduction

This Pension Info is the first in a series of communications that will be sent to employees of CSSEA member agencies regarding the introduction of the Municipal Pension Plan. This bulletin provides an overview of the plan and, as we move toward 2010, future bulletins will provide detailed information regarding each element of the overview.

The information provided will be as complete and accurate as possible; however, be aware that in the event there is any conflict between the information we provide and the terms and conditions of the Municipal Pension Plan administered by the British Columbia Pension Corporation, the terms and conditions of the Municipal Pension Plan will prevail.

### What is the Municipal Pension Plan?

The Municipal Pension Plan is one of a number of public sector pension plans administered by the British Columbia Pension Corporation. The plan covers employees in the municipal and health sectors, as well as many other employee groups across the province. There are over 205,000 active, retired and non-active plan members and over 600 employers in the Municipal Pension Plan.

### Which employees are eligible to participate in the Municipal Pension Plan?

- All full-time employees.
- All part-time and casual employees who have been continuously employed for two years and have earned at least 35% of the YMPE\* in each of two consecutive calendar years of employment with their employer.

\* YMPE = Years Maximum Pensionable Earnings on which Canada Pension Plan contributions are paid. The YMPE is set annually by the federal government. The YMPE for 2008 is \$44,900.

### Do eligible employees have to join the Municipal Pension Plan?

No. Eligible employees do not have to join the Municipal Pension Plan. If you elect not to join the Municipal Pension Plan prior to March 31, 2010, you can join at a later date; however, you will not be able to purchase service for the period during which you waived enrolment in the plan.

Full-time employees hired after March 31, 2010, must enroll in the Municipal Pension Plan as a condition of employment.

### How do I enroll in the Municipal Pension Plan?

All eligible employees will automatically be enrolled in the Municipal Pension Plan, excluding those eligible employees who submit a formal request to waive enrolment in the plan.

## What will be my cost of participating in the Municipal Pension Plan?

The current contribution amount is 6.99% of salary up to the YMPE and then 8.49% of salary over the YMPE.

Your pension contributions are income tax deductible and therefore not subject to income tax.

## Will my employer make contributions on my behalf to the Municipal Pension Plan?

Yes. Your employer will make contributions to the Municipal Pension Plan. The contribution rate of employers in the Municipal Pension Plan is always higher than the employee's contribution rate.

## What benefits will I receive or be eligible to receive from the Municipal Pension Plan when I retire?

Once vested, the Municipal Pension Plan will provide you with a regular monthly lifetime income after retirement. You are vested and entitled to a retirement pension after you have been contributing to the plan for two years.

Currently, pensions increase each year consistent with the annual increase in the cost of living. Such increases are not guaranteed and will depend on the Municipal Pension Plan having sufficient funds.

Currently, the Municipal Pension Plan partially subsidizes post-retirement health and dental benefits. Such benefit subsidies are not guaranteed and depend on the Municipal Pension Plan having sufficient funding.

## What happens if I join the Municipal Pension Plan but terminate my employment prior to reaching retirement age?

If you terminate employment prior to being vested, you will be reimbursed your contributions, with interest. If you terminate after becoming vested, you can:

- Collect a pension as early as age 55
- or -
- Receive the commuted value of the pension and transfer the funds to a locked-in RRSP.

## When can I start collecting a pension?

The normal retirement age is 65 years. Under certain conditions, a member can retire at 60 with no reduction in the pension earned. Under certain circumstances, a member can retire as early as 55 but the amount of the earned pension benefit will be reduced.

## For further information

Visit the CSSEA website at [www.cssea.bc.ca/About CSSEA/Pension Plan Update](http://www.cssea.bc.ca/About%20CSSEA/Pension%20Plan%20Update) or the Municipal Pension Plan website at [www.mpp.pensionsbc.ca](http://www.mpp.pensionsbc.ca).

## Note: Default Position

Collective agreements between CSSEA and the Union Bargaining Association contain a provision to consider the Public Service Pension Plan as an alternative to the Municipal Pension Plan. The plans are very similar, both being a significant benefit. A final decision has not yet been made as to which plan will be used but because the Municipal Pension Plan is the specified plan, barring mutual agreement of the parties to change to the Public Service Pension Plan, we are providing information on that plan so all employees can begin to turn their minds to the steps and implications of enrolment.