



**RETIREMENT PLAN FOR EMPLOYEES OF
THE FRONTIER SCHOOL DIVISION**

**SUPPORT STAFF- PENSION PLAN
BOOKLET**

REVISED AS OF AUGUST 2017

This document is available in alternative formats by request.

Introduction

This booklet is provided as a summary of the main features of the Retirement Plan for Employees of The Frontier School Division.

This booklet does not confer or create any contractual or other right. All rights with respect to benefits provided are given in the plan text. For full details of plan rules and benefits, please contact the Human Resources Department.

In the event of any variations between this booklet and the provisions of the plan text, the plan text will prevail. Where questions arise regarding interpretation, the plan text will govern.

If you have questions concerning the plan, please contact:

**Human Resources
Manager
(204) 258-2733**

OR

**Human Resources
Pension & Benefits Specialist
(204) 258-2724**

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Definitions and Common Terms

Actuarial Adjustment:

This is an adjustment to the pension calculation due to a change in:

- the forms of pension (such as the guarantee period or survivorship options),
- the start date of the pension payments. This is based on actuarial assumptions such as interest rates and mortality tables. A pension which commences earlier will usually be adjusted downwards to take into consideration the additional years the Member is expected to receive benefits.

Best Average Earnings:

The average of your five (5) years of highest annualized earnings within the last ten (10) years worked.

Common-Law Partner:

A Common-Law Partner of a Member or a Former Member means

- (a) a person who, with the Member or former Member, registered a common-law relationship under section 13.1 of *The Vital Statistics Act*, or
- (b) a person who, not being married to the Member or former Member, cohabitated with him or her in a conjugal relationship
 - i) for a period of at least three years, if either of them is married, or
 - ii) for a period of at least one year, if neither of them is married.

Commutated Value:

The lump sum present value of a retirement pension accrued to a given point in time. It represents the amount of money required to pay you the pension you have earned at that time.

Credited Service:

Means continuous employment with the Division, including approved leave of absence (if contributions are made), based on your actual hours worked since joining the Plan.

Employee:

A person in the service of the Division.

Flex Contributions:

Contributions made by a Member to acquire or improve ancillary benefits upon retirement, termination or death in respect of credited Service after December 31, 1989.

Locked In:

When your benefit is locked-in, it cannot be taken as a cash payment. It must be used to provide retirement income.

Member:

An Employee who has joined the Plan.

Pension:

The monthly lifetime benefit payable to you when you retire.

Spouse:

Means the individual who is married to the Member or former Member.

Common-law Partner which, for purposes of this Plan, means a person who, with the Member registered a common-law relationship with Vital Statistics, or not being married to the Member, cohabited with him or her in a conjugal relationship for a period of at least 3 years, if either of them is married, or for a period of at least one year, if neither of them is married.

Plan:

Retirement Plan for Employees of The Frontier School Division.

Service:

Service means the total period of continuous employment of an Employee with the Division.

Vesting:

You earn pension from day one of your entry into the Plan. Your contributions will pay for no more than 50% of your pension.

YMPE (Year's Maximum Pensionable Earnings):

The maximum amount of earnings on which contributions to the Canada Pension Plan (CPP) are based. This amount increases annually.

Explanation of Plan Provisions

Who Can Join The Plan?

Each employee of the Division, who is not eligible for membership in the Teacher's Retirement Allowance Fund (TRAF) or is not employed by the Division in any kind of teaching capacity, will be eligible to become a Member of this Plan on the first pay period after the completion of three months of service in the Division.

When Can I Join?

Required Enrollment: Each permanent full-time employee who enters the Service of the Division after November 1, 1998, shall be required to become a Member of the Plan when eligible.

Each Employee other than a permanent full-time employee shall, after becoming eligible, be required to become a Member of the Plan on the first day of the month after the point at which the Member has earned 35% of the YMPE (Year's Maximum Pensionable Earnings) under the Canada Pension Plan (CPP) in two (2) consecutive calendar years.

In any event, an employee must become a Member of the Plan no later than 30 days after becoming eligible.

Voluntary Enrollment:

Each Employee other than a Permanent Full-Time Employee who enters the Service of the Division on or after November 1, 1998 may become a Member of the Plan at any time after becoming eligible.

Enrollment Form:

Each eligible employee must complete an application form prior to becoming a Member.

Who Can I Name As Beneficiary?

Under the *Pension Benefits Act* of Manitoba, if you have a Spouse and/or Common-Law Partner, your designated beneficiary must be your Spouse and/or Common-Law Partner, unless the Spouse and/or Common-Law Partner waives this right by receiving required information and subsequently completing a prescribed form. Note this waiver can be revoked at any time prior to your death. If you do not have a Spouse and/or Common-Law Partner or if your Spouse and/or Common-Law Partner waives their right, you may name any person or your estate as your beneficiary to receive any benefits payable upon your death.

If your named beneficiary is less than 18 years of age, you must name a trustee.

How Much Do I Pay?

The regular contributions made by the Member (as of July 1, 2014) is 9.0% of earnings per year. (Contribution rate is subject to change.)

The **Division** pays the same percentage contribution as the Member's regular contributions, plus an amount recommended by the Plan Actuary to fund the portion of the benefit not funded by the Member.

Members may also choose to make **Flex Contributions** to provide or enhance ancillary benefits (these are in addition to the lifetime retirement benefits) upon retirement, termination or death. Contributions can be made at 1%, 2%, 3% or 4% of earnings. You may choose to commence, stop or change the Flex Contribution amount effective January 1 each year by providing written notice prior to December 1 of the preceding year.

Members can make **Additional Contributions**, subject to limits under the *Income Tax Act*. These additional contributions will reduce the amount you can contribute to an RRSP. The additional contributions can be changed or stopped by providing the Division notice in writing not later than one month before the date of the change. These contributions will be used to purchase additional benefits from an insurance company or be refunded to the Member at retirement.

How Do I Earn Service In The Pension Plan?

Credited service is earned depending on the number of months per year you work, and the percentage of time that you work. For example:

- a) If you are working full-time for 12 months a year you would earn one full year's credited service (12 months).
- b) If you work full-time for the school year (10 months), you would earn 10 months of credited service.

If you work part-time for the school year, you would earn 10 months service x your percentage of time worked. For example, if you work 50% of the time for the school year, you would earn 10 months x 50% = 5 months credited service.

Buy-Back Of Service

A Member may elect to buy back periods of previously uncredited service - periods of leave or periods of reduced hours. The Member will be responsible for paying the member's regular contributions for this period of service.

Members can also buy back other periods of uncredited eligible service, subject to Division approval, by paying the full cost of the buy back, as calculated by the Plan's

actuary. The full cost is an amount equal to the greater of the actuarial liabilities and 2 times the accumulated Member regular contributions.

How Much Pension Will I Receive?

The Retirement Plan for Employees of The Frontier School Division is a defined benefit plan. This means your pension benefit is based on a formula. The formula is based on a combination of your annualized earnings history and credited service under the plan. Your annual pension benefit is calculated as follows:

2% x best average annualized earnings x credited service

For example, if your best average earnings are \$35,000 and you have 18 years of credited service, your pension would be:

$$\begin{aligned} 2\% \times \$35,000 \times 18 \text{ years} &= \$12,600 \text{ annual pension} \\ \$12,600 \text{ divided by } 12 \text{ months} &= *\$1,050 \text{ per month} \end{aligned}$$

*This amount may be reduced depending upon the option you choose at retirement. (See "What Are My Pension Options At Retirement")

Will My Pension Be Reduced When I Receive CPP/OAS?

No. This plan does not integrate the benefit with CPP/OAS. Your monthly benefit from this plan remains the same when CPP/OAS commences.

How Do I Know How Much Pension I've Earned?

Each year, a pension statement is sent to each Member providing details of the estimated amount of pension benefit at age 60 and 65 based on current earnings and estimated credited service at age 60 and 65, respectively. It will also include the amount of pension and credited service you have already accrued to the pension statement date.

When Can I Retire?

Normal Retirement:

Will be the first day of the month coinciding with or the first day of the month following the Member's 65th birthday. This date is listed on your annual pension statement.

Early Retirement:

Effective January 1, 2015, your early retirement provisions are dependent on whether or not you are a Member of the Plan as at January 1, 2015 that:

- is age 50 or over as at January 1, 2015, or
- has attained 20 years of Service as at January 1, 2015, or
- terminated Service prior to January 1, 2015.

1. If you do qualify under the above, you may retire on the first day of any month prior to your Normal Retirement date and receive an unreduced pension provided, at the date you retire:

- you have attained age 60 and have completed at least 10 years of Service, or
- your age plus years of Service total 80 or more.

You may retire prior to satisfying the above conditions and receive a reduced pension if you have attained age 55. If you have 10 or more years of Service, the reduction is equal to ¼% for each month between your early retirement date and age 60. If you do not have 10 years of Service, the reduction is an actuarial reduction for each month between your early retirement date and age 65.

You may also retire prior to age 55 if you have attained age 50 and completed 10 years of Service. You would receive an actuarially reduced pension equivalent to the pension you would otherwise be entitled to if you were age 55.

2. If you do not qualify under the above, you may retire on the first day of any month prior to your Normal Retirement date and receive an unreduced pension provided that at the date you retire you are age 60 or older and have completed at least 10 years of Service.

You may retire prior to satisfying the above condition and receive a reduced pension if you have attained age 55. If you have 10 or more years of Service, the reduction is an actuarial reduction for each month between your early retirement date and age 60. If you do not have 10 years of Service, the reduction is an actuarial reduction for each month between your early retirement date and age 65.

You may also retire prior to age 55 if you have attained age 50 and completed 10 years of Service. You would receive an actuarially reduced pension equivalent to the pension you would otherwise be entitled to if you were age 55.

Postponed Retirement:

Upon three (3) months notice, a Member may elect to retire at any time following the Normal Retirement Date, but in any event a pension must commence to be paid not later than the end of the calendar year in which the Member attains age 71 years of age, or such other time as is acceptable under the *Income Tax Act of Canada and its Regulations*. If you start your pension after age 65, it is tested to ensure that it is at least equal to your pension at age 65 with an actuarial increase.

Disability Retirement:

If a Member is totally and permanently disabled (the disability is expected to last for the remainder of their lifetime) as certified by a qualified medical doctor, and the Member has at least 20 years of Membership in the Plan, the Member is eligible to receive their pension starting on the first of the month following the date of disability. The amount of pension payable will be the amount that has been earned to the date of disability.

What Are My Pension Options At Retirement?

You have a number of options depending on your marital status:

1. Life Pension Guaranteed 10 Years (Normal Form):

This is a monthly pension paid for the Member's lifetime. However, should the Member die prior to the 120th monthly payment, the remainder of the 120 monthly payments will be paid to the beneficiary.

2. Life Pension Guaranteed 15 Years:

This is a monthly pension paid for the Member's lifetime. However, should the Member die prior to the 180th monthly payment, the remainder of the 180 monthly payments will be paid to the beneficiary.

3. Joint and 100% Survivor Pension:

An equal monthly pension commencing on the retirement date and payable during the lifetime of the Member and continuing to the Spouse and/or Common-Law Partner during the Spouse and/or Common-Law Partner's lifetime after the death of the Member.

4. Joint and 66.67% Survivor Pension:

An equal monthly pension commencing on the retirement date and payable during the lifetime of the Member with two-thirds of the monthly pension payable to the Spouse and/or Common-Law Partner during the Spouse and/or Common-Law Partner's lifetime after the death of the Member.

5. Joint and 60% Survivor Pension:

An equal monthly pension commencing on the retirement date and payable during the lifetime of the Member with 60% of the monthly pension payable to the Spouse

and/or Common-Law Partner during the Spouse and/or Common-Law Partner's lifetime after the death of the Member.

6. Joint and 50% Survivor Pension:

An equal monthly pension commencing on the retirement date and payable during the lifetime of the Member with 50% of the monthly pension payable to the Spouse and/or Common-Law Partner during the Spouse and/or Common-Law Partner's lifetime after the death of the Member.

Please note that if you have a Spouse and/or Common-Law Partner, you must choose either option 3, 4 or 5 unless your Spouse and/or Common-Law Partner waives their right to the 60% or higher joint survivor pension. The spousal waiver form must be filed with the Administrator as required under the applicable rules and legislation.

Can I Return To Work After I've Retired?

You can return to work for the Division after you've retired and are receiving a monthly pension, however, you **cannot** collect pension benefits from this Plan and contribute at the same time. However, a retired Member who returns to work may suspend receiving a monthly pension and recommence contributing and accruing further pension benefits under the terms of the Plan.

What Happens If I Leave Before I Retire?

There are different rules for how you earn service depending on your start date. A complete quotation will be provided when you leave the Division, which will outline how your service has been earned and how the benefit is calculated.

Members Who Leave The Service Of The Division On Or After May 31, 2010

Where the amount of pension payable annually to a Member is less than 4% of the YMPE, or the Commuted Value is less than 20% of the YMPE, for the calendar year in which the event occurs, the Division must direct that the Commuted Value thereof plus the amount of excess contributions, if any, be paid in a lump sum to the Member, transferred to a RRSP or transferred to a new employer's registered pension plan.

Terminating Members who do not meet the above small pension requirements are considered locked-in. If the Member has attained age 55 and has less than 10 years of Service or if the Member has attained age 50 and has 10 or more years of Service, the Member must choose an immediate or deferred monthly pension from the Plan. Otherwise, the Member can choose between a deferred monthly pension, transfer to a Locked-In Retirement Account (LIRA), transfer to a new employer's registered pension plan or transfer to a life insurance company to purchase a deferred life annuity.

What Happens If I Die Before I Retire?

A death benefit is payable from the pension plan equal to the Commuted Value of the Members accrued pension at the date of death, plus any excess member contributions. If the Member has a Spouse and/or Common-Law Partner on the date of death, the death benefit is payable to the Member's Spouse and/or Common-Law Partner. The Member's Spouse and/or Common-Law Partner can choose to receive a survivor's pension equal to the amount which can be provided by the Commuted Value, transfer the funds to a Locked-In Retirement Account (LIRA), transfer to another registered pension plan or fund, transfer to an insurance company to purchase a pension or to such other vehicle approved under the *Pension Benefits Act*.

If the Member does not have a Spouse and/or Common-Law Partner on the date of death or if the Spouse and/or Common-Law Partner has waived their right, the death benefit is payable to a beneficiary designated by the Member and if there is no designated beneficiary, the Members estate.

What Happens To My Pension If I Am Separated or Divorced?

The *Pension Benefits Act* stipulates that pension benefits earned during the period of relationship (legal marriage or common-law relationship) must be divided equally between the Member and Spouse and/or Common-Law Partner.

The above applies if:

- a) Pursuant to an order of the *Court of Queen's Bench*, made under *The Family Property Act*, family assets of the Member or Spouse and/or Common-Law Partner are required to be divided.
- b) Pursuant to a written agreement between the Member and Spouse and/or Common-Law Partner, their family assets are divided.
- c) A division of the pension is required by an order of a court of another Canadian jurisdiction.

Opting Out By Agreement:

A Member and a person who is entitled to a division of the Member's pension may enter into a written agreement not to divide the pension or pension benefit credit between them. This agreement must acknowledge that each parties are entering the agreement voluntarily and without duress, coercion or compulsion of any kind, has received independent legal advice with respect to this agreement and has received a pension statement from the Administrator of the pension plan. This agreement must be filed with the Administrator.

Can My Pension Be Garnished?

The *Manitoba Pension Benefits Act* does provide for pension benefits to be claimed to satisfy delinquent child support or maintenance payments (i.e. garnished).

Who Makes Sure The Pension Plan Is Administered Correctly?

Your pension plan is constantly reviewed by the Pension Committee. This Committee meets at least three (3) times per school year. In addition, the Pension Plan must be administered in accordance with the *Pension Benefits Act of Manitoba* and Canada Revenue.

The Pension Committee reviews the plan's investments and administration. Plan improvements are considered and recommended to the Frontier School Division Board of Trustees.

Frontier School Division has retained the services of an independent actuarial firm to conduct the day-to-day administration of the plan. The pension plan's Actuary works closely with the Pension Committee to ensure the operation of the plan is within legislated guidelines. An Actuarial Report, which audits the financial position of the Plan, is prepared regularly and filed with Canada Revenue and the Manitoba Pension Commission.

A Statement of Investment Policies and Goals has been drawn up which governs how much of the plan's assets can be invested in different asset categories. The Investment Managers report to Pension Committee regularly on the plan's investment performance. Each plan member receives a pension statement annually showing accrued benefits, the funded ratio of the plan, and other information concerning the operation of the plan.

What Can I Do To Plan For Retirement?

- a) **Review your yearly pension statement**, which includes such information as pensionable earnings, credited service, date of birth, date of employment, date of plan entry and confirmation of beneficiaries. If any of the information is incorrect or if information appears to be missing, please inform the Pension & Benefits Specialist at (204) 258-2724.
- b) Contact **Canada Pension Plan** at **1-800-277-9914** to obtain an estimate of Canada Pension Plan, Old Age Security, and Guaranteed Income Supplement benefits. You must apply for all government benefits. It is recommended you apply **at least 6 months prior** to your retirement date.
- c) Obtain information from your local Service Canada office to obtain information on all benefits available from Canada Pension Plan (*e.g. widow's benefit, death benefit. Found in the Government of Canada section of the telephone book.*)

- d) Meet with your personal banker or financial planner to help you plan for retirement; read retirement planning books, view videos, check the internet, etc.
- e) If you are close to retirement, contact the Human Resources Department to request a pension quotation and request information on other benefits at retirement.
- f) Attend pre-retirement sessions held by the Human Resources Department.
- g) Attend any other retirement planning seminars offered: (*e.g. bank, financial institution*).

Do Any Benefits Continue When I Retire?

When you retire the following benefits will continue if you so choose:

a) Group Health Care

Blue Cross Extended Health Insurance for Retirees can continue. Premiums are made by pre-authorized bank account deductions.

b) Co-operator's Home Insurance (formerly Direct Protect Group)

Employees can arrange with Co-operator's Home Insurance to continue this coverage on a private basis. Premiums can be made by pre-authorized bank account deductions.