



COLLEGE
PENSION
PLAN

A
GUIDE
FOR
PLAN
MEMBERS



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READING THIS GUIDE, PLEASE
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This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.

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A GUIDE FOR PLAN MEMBERS



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INTRODUCTION

We are pleased to welcome you to the British Columbia College Pension Plan. This guide will introduce you to the plan and its benefits.

Even if you've just started working and retirement seems a long way off, there are some things you should know about your pension plan now. As you progress through your career and approach retirement, you will want to keep informed about the plan and its benefits. This guide will help you each step of the way. Below you will find a brief description of the major questions answered in each section.

We've divided the guide into four parts, to cover different parts of a member's career: **Starting Out, While You**

Are Working, Approaching Retirement and After Retirement. However, you should find all of the information useful, no matter where you are in your career.

Remember that this is an overview of the plan. You can find more detailed information, when you need it, in various *Pensionfacts* fact sheets. See our website at college.pensionsbc.ca for online *Pensionfacts* and a glossary of pension terms.

STARTING OUT

If you've just started working, retirement is probably the last thing on your mind. It shouldn't be. Understanding your pension plan will help you make good choices in the years to come. This first part of the guide covers questions

newcomers may have about the pension plan, including:

- What is the College Pension Plan?
- Am I automatically enrolled in the plan?
- What does membership mean?
- What are my contributions to the plan? How are they deducted?
- How does the plan work?
- Are my pension contributions subject to income tax?
- Can I buy RRSPs at the same time I am contributing to the College Pension Plan?
- Where can I get more information about my pension?



See our website
at college.pensionsbc.ca
for online
Pensionfacts
and a glossary of
pension terms.

WHILE YOU ARE WORKING

With your job and other demands, you probably don't want to read through stacks of pension information. We've put together some key points about the plan so you can easily find what you need to know. Questions covered in this part of the guide include:

- What is service?
- Is there any way to purchase time when I wasn't contributing to the plan?
- What happens if I go on a leave of absence?
- What if I want to pay back a refund that I took from the pension plan?

- What about time I take off to raise my child after my maternity or parental leave ends?
- What if I am disabled before I retire? Am I still eligible for a pension?
- What happens if I decide to leave my job?
- What if I move from one college to another?
- Can I move my service time to another pension plan entirely?
- What if I don't understand a decision about my pension benefit?

APPROACHING RETIREMENT

At some time in your career you will begin to think seriously about retirement. This can be a stressful time as you face numerous decisions and tackle what seems like an avalanche of information. We've gathered information about the most important pension issues that you will face as you near retirement. In this part of the guide you'll find answers to these questions:

- When can I retire?
- What is the reduction?
- What happens if I die before I retire?
- Who is my beneficiary?
- Who is my spouse for pension purposes?
- What should I do when I decide to retire?

AFTER RETIREMENT

You've made the big leap into retirement. Don't think you can forget about your pension now. There's still lots to know and learn about your pension. Questions answered in this part include:

- How will I know what my monthly pension payment will be?
- What about cost of living increases?
- What about health benefits?
- What happens to my pension if I decide to go back to work after I retire?
- What happens to my pension if my spouse dies, or if I die?

STARTING OUT

What is the College Pension Plan?

The College Pension Plan is a defined benefit plan. This means your pension is based on how many years you made contributions to the plan and the average of your highest five years of salary (not necessarily your last five years). It is not based on your contributions to the plan or on the performance of the plan's assets.

The advantage of a defined benefit plan is that your pension is predictable and is not based entirely on economic conditions during your working lifetime nor at the time of your retirement.

The College Pension Board of Trustees is fully responsible for the management of the

pension fund, including the investment of the assets, and the administration of the pension plan. The Board of Trustees may amend the pension plan rules as long as changes can be funded by pension fund surpluses. Plan rule changes that result in contribution rate changes must be approved by the partners.

The plan is jointly trusted by the partners. The College Pension Plan partners consist of the College Institute Educators' Association (CIEA), the B.C. Government and Service Employees' Union (BCGEU), the provincial government, and the Post Secondary Employers' Association (PSEA). The partners are responsible for appointing the

trustees, directing amendments to the plan if certain conditions are met, and resolving trustee disputes.

The College Pension Plan is administered by the BC Pension Corporation.

See the Pension Timeline for the College Pension Plan on the website at college.pensionsbc.ca for more information.

Am I automatically enrolled in the plan?

If you are a full-time senior administrative staff member, instructor or librarian, or in some cases if you are a part-time employee, you are automatically enrolled.

Employees who don't have automatic enrolment always have the option to enrol.



Your pension is based on how many years you made contributions to the plan and the average of your highest five years of salary.

Any employee hired after August 31, 1999 who has the option to enrol and does not sign a waiver will automatically be enrolled.

What does membership mean?

There are three kinds of members: active, inactive and retired.

You are an active member while you are:

- working and contributing to the College Pension Plan, or
- on a leave of absence or collecting group disability plan (short-term or long-term disability) benefits from an approved group disability plan.

You are an inactive member after you terminate employment with the college,

but your contributions remain on deposit with the plan.

Once you retire and begin to collect your pension, you become a retired member.

What are my contributions to the plan? How are they deducted?

You contribute to the plan through automatic deductions from your salary. How much you contribute depends on the year's maximum pensionable earnings (YMPE), a salary limit set each year by the federal government.

Both employees and employers contribute at a set rate for your salary up to and including the YMPE, and a slightly higher rate for salary above the YMPE. These rates

include the employee and employer contributions that go to the Inflation Adjustment Account (IAA). The IAA is used to offset the effects of inflation.

When you have worked and earned 35 years of pensionable service, you do not contribute to the plan any longer, although you are still an active plan member until you terminate employment or until the end of the calendar year you turn 69.

For more information see the publication *Contribution Rates* on the website at college.pensionsbc.ca.

How does the plan work?

The plan provides a regular lifetime income after retirement for plan members.

You, as a plan member, and your employer make regular contributions to the plan based on the salary you earn.

You are “vested” in the College Pension Plan (which means you are entitled to a retirement pension) as soon as you make your first contribution to the plan.

Your pension—based on the average of your highest five salary years—uses your total pensionable service, to a maximum of 35 years. The pension formula before age 65 is:

$$2\% \times \text{five-year highest average salary (HAS)} \times \text{total pensionable service}$$

After age 65, an extra amount, called the bridge benefit, is removed from your pension. The bridge benefit is calculated like this:

$$\frac{0.3\% \times \text{previous year's YMPE (or HAS, if lower)} \times \text{pensionable service}}{\text{reduction factor}}$$

This formula can also be affected by a reduction factor if you are under age 60. See the section, “What is the reduction?”

The pension formula will give you a single life pension, guaranteed for 10 years. See the retirement section for more information on pension options. You can also use the Personalized Pension Estimator on the website at college.pensionsbc.ca.

Are my pension contributions subject to income tax?

Contributions to the plan are a deduction from income, and therefore not subject to income tax. However, Canada Revenue Agency will require that you pay the income tax later when you actually receive your pension benefit.

Can I buy Registered Retirement Savings Plans at the same time I am contributing to the College Pension Plan?

You can buy RRSPs while you are contributing to the plan. However, since you are already contributing to a pension plan, which is also a tax-deferred retirement plan, your

RRSP contribution limit will be lower.

The pension plan will send you a pension adjustment statement, which shows the value of your pension benefit for tax purposes for that year. Canada Revenue Agency uses this amount, along with information from your previous year's tax return, to calculate your individual RRSP contribution limit for the following year.

Where can I get information about my pension?

The pension plan will send you a personalized *Member's Benefit Statement* once a year while you are working and contributing to the College Pension Plan.



You are “vested” in the College Pension Plan (which means you are entitled to a retirement pension) as soon as you make your first contribution to the plan.



Pensionable service
is your actual
working time.

Contributory service
is how long you
make contributions
to the plan.

This annual statement will show, based on your salary and service to date, what you would receive in monthly pension payments if you retired at age 55, 60 or 65.

Your statement will also list your:

- months of pensionable service,
- months of contributory service, and
- contributions over the past year.

You can also use the information on the statement to access the online pension estimator on the website at college.pensionsbc.ca. The College Pension Plan usually sends out communications materials that are of interest to members through employers,

and all of our *Pensionfacts* and other materials are available on our website. You can call toll-free 1 888 440-0111 as well.

The College Pension Plan can arrange retirement seminars at the request of employers and employee groups.

WHILE YOU ARE WORKING

What is service?

Pensionable service is your actual working time—how many full-time years you spend working and contributing as a member of the plan. It is used to calculate exactly how much your pension benefits will be.

You earn one month of pensionable service when you are working full-time and contributing for every workday during that month. If you work and contribute full-time for half of the month, or work 50 per cent for a full month, you will receive half a month of pensionable service.

Contributory service is how long you make contributions to the plan. It is used to determine whether your pension will be reduced (and by how much) should you decide to retire before age 60.

You earn one month of contributory service when you earn any pay that month, and you and/or your employer make the required contribution for that pay.

Can I purchase time when I wasn't contributing to the College Pension Plan?

No. The College Pension Plan no longer allows the purchase of non-contributory service.

What happens if I go on a leave of absence—maternity or parental leave, for example?

This depends on a number of factors, including whether the leave is paid, partially paid or unpaid. You may be able to buy back the service time for partially-paid or unpaid leave before you terminate employment. However, you must be an active member when you apply to purchase the leave, and you must apply to purchase leaves within five years of the leave ending or before you terminate your current employment, whichever occurs first. For more information, see the *Pensionfacts, Purchasing Leaves of Absence*.

What if I want to pay back a refund that I took from the pension plan?

If you withdrew contributions from the College Pension Plan and are now an active college plan member, working for the same employer, you may be able to reinstate your pensionable service by repaying those funds, plus interest.

You must be an active member when you apply to reinstate the service, and you must apply to reinstate the service within five years of rejoining the plan or before you terminate your current employment, whichever occurs first. You must also be working for the same employer you were working for when you took the refund.

You cannot reinstate a refund or a commuted value payment taken from the plan for a period of service that ended on or after January 1, 1998. See the *Pensionfacts, Reinstating a Refund* for more information.

What about time I take off to raise my child after my maternity or parental leave ends?

If you take time off work to raise a child, you may be able to count it as part of your contributory service.

Unlike purchasing a leave of absence, you do not have to pay any money to “buy” child-rearing time. The plan will count the time you took off as regular contributory service, which could benefit you if you decide to retire before

you turn 60, and counting your child-rearing time would help you reach the 35 years of contributory service you need for an unreduced pension. Check the *Pensionfacts, Claiming Credit for Child-rearing*.

What if I am disabled before I retire? Am I still eligible for a pension?

If you become disabled, you may be entitled to benefits from an approved group disability plan (long-term or short-term disability). Ask your human resources or payroll department if you have such a plan.

While you are receiving such group disability plan benefits, you and your employer do not have to pay contributions

to the plan, but you will continue to earn contributory and pensionable service.

If your group disability plan benefits end, you may be eligible for either a disability pension (if under age 60) or a regular pension (if age 55 or over) from the College Pension Plan. To receive a plan disability pension, you must formally apply by letter to the plan within two years of your last contribution to the plan or last day of group disability plan benefit. See the *Pensionfacts, Disability Pensions*.

What happens if I decide to leave my job?

If you leave your current job before age 55, your employer will fill out a *Termination*

Notice for you and send it to the pension plan, and then you will receive a letter explaining your options (if you leave after age 55, see “Approaching Retirement”). You may request estimates of your benefit payment options. You should allow 30 days to receive this letter. You will have a number of benefit payment options, based on your years of service and your age, for the contributions you’ve made into the College Pension Plan. Your options will range from a refund of your contributions, with interest, to a monthly pension. You can also choose to leave your contributions on deposit with the plan. For details about your options at termination see the *Pensionfacts, Terminating Employment*.

What if I move from one College Pension Plan employer to another?

Each college or institute is considered a separate employer. This means your contributions to the College Pension Plan will end as soon as you leave your current employer, even if you are simply moving to another college plan employer.

However, when you move to another college plan employer and start contributing again to the plan, you remain a plan member. Your service from your past and your new job will be combined and will continue to accumulate.

Can I move my service time to another pension plan entirely?

You may be able to transfer your pension credits to another pension plan—it depends on whether the College Pension Plan has a transfer agreement with that plan.

If there is an agreement with your new plan, and if you leave your contributions on deposit with the College Pension Plan, you may be able to transfer service to your new plan.

If you earned service in another plan before you joined the College Pension Plan, you may also be able to add that service to your pension. If you choose to

transfer, you will eventually receive a pension benefit based on the combined eligible service. If you choose not to transfer, you will eventually receive separate pension benefits from each of the plans in which you have pensionable service.

The College Pension Plan has transfer agreements with the Municipal, Public Service and Teachers' pension plans, as well as a number of other pension plans both in BC and elsewhere across the country, including the federal public service pension plan. There are no transfer agreements with plans outside Canada.

To find out if you are able to carry pension rights from another plan, contact the pension plan. See the *Pensionfacts*, *Transferring*

Service, for a description of your options.

What if I don't understand a decision about my pension benefit?

Contact the plan for more information. You can appeal any decision made by the College Pension Plan that directly relates to you and pertains to the application of plan rules. Plan rule categories include enrolment, purchase of service, termination, disability, pension and survivor benefits.

See the website at college.pensionsbc.ca for more information.



You may apply for a pension as early as age 55 if you have at least two years of contributory service.

APPROACHING RETIREMENT

When can I retire?

You may apply for a pension as early as age 55 if you have at least two years of contributory service.

If you are:

- age 55 or older with 35 years of contributory service,
- age 60 or older with two or more years of contributory service, or
- age 65 or older with any amount of service,

your pension will not be reduced.

However, if you apply before age 60 and you do not meet the minimum for contributory

service, your pension will be reduced.

What is the reduction?

If you do not meet the conditions for an unreduced pension, the pension will be reduced by three per cent for every year that you are under age 60, to a maximum of 15 per cent, if you:

- terminate employment at age 50 or older,
- have at least 10 years of contributory service, and
- have at least eight months contributory service in the 24 months immediately before termination of employment.

Otherwise, the reduction is five per cent per year to a maximum of 25 per cent.

If you have less than two years of contributory service, your

pension will be reduced five per cent per year for every year you are under age 65, to a maximum of 25 per cent.

Reductions are pro-rated by month for partial years.

Also see the section on pension payments in After Retirement, on page 12.

What happens if I die before I retire?

If you die before you retire and have contributions on deposit with the pension plan, the College Pension Plan will pay a pre-retirement death benefit to your beneficiary.

If you are still working when you die, your employer will advise the plan of your death, and the plan will contact your beneficiary.

If you have a spouse, your spouse is automatically your beneficiary unless she or he waived that right in writing.

If you die while still a plan member but not contributing (you left your job, for example, but your pension funds remain on deposit), your beneficiary must apply to the College Pension Plan directly for the benefit.

The pension plan will send your spouse, nominated beneficiaries or the executor of your estate a *Pre-retirement Death Benefits Statement* with the available options. The options are dependent on your age and number of years of contributory service when you die. For details, see the *Pensionfacts, Pre-retirement Death Benefits*.

Who is my beneficiary?

Your spouse is automatically your beneficiary. If you do not have a spouse, or your spouse waives entitlement, and you wish to nominate a beneficiary other than your spouse, you must complete a *Nomination of Beneficiary* form and send it to the plan. If you do not have a spouse, or your spouse waives entitlement, and you do not nominate a beneficiary, benefits are paid to your estate. Your will, if you have one, will determine what happens to your benefits. If you choose to have your estate as your beneficiary, you may want to ensure your will indicates how you would like your pension benefits distributed.

Who is my spouse for pension purposes?

Spouse means:

- the person you are legally married to and, for the two-year period immediately before the relevant time (e.g., retirement or death), were not living separate from; or, if this does not apply,
- the person, of the same or opposite sex, who has lived with you in a marriage-like relationship for the two-year period immediately before the relevant time.

What should I do when I decide to retire?

When you are within a year of retirement, you should contact the plan for a pension estimate. You must make your request in writing and include:

- your full name, mailing address, work and home telephone numbers, social insurance number and date of birth,
- your spouse's name and date of birth, if you have a spouse (state if you do not),
- the name of your employer,
- proof-of-age and identity documents, and
- your estimated retirement date (last day of pay).

Once your request is received, the plan will send you a retirement kit containing everything you need to apply for your pension.

You can also use the Personalized Pension Estimator at college.pensionsbc.ca to help determine your pension.



The College Pension Plan offers a number of different pension options, all of which provide you with a series of payments over your lifetime.

AFTER RETIREMENT

How will I know what my monthly pension payment will be?

We use the lifetime pension formula to calculate a monthly pension amount, but this is only the beginning. Several other factors also have to be taken into account, including:

1. Which pension plan option you choose

The College Pension Plan offers a number of different pension options, all of which provide you with payments over your lifetime. You may choose a pension that covers only your life, called a single life option, or one that jointly covers your life and the life of your spouse, called a joint life

option. You can also choose to guarantee the payments for a specific period of time so that they may continue to your beneficiary after your death. Pension options only apply to the lifetime pension, not to the bridge benefit. For more information, see the *Pensionfacts, Pension Options Available to Retiring Members*.

The pension amount payable to you at retirement may be indexed annually up to the cost of living, provided there is enough money in the Inflation Adjustment Account of the pension fund.

2. The bridge benefit, if you are under 65 when you retire

If you retire before age 65, your pension from the College Pension Plan will include a temporary monthly

bonus payment, called the bridge benefit. The bridge benefit is designed to “bridge” the gap between your early retirement income and your income after age 65. It ends at age 65, or when you die.

This amount will be reduced if your lifetime pension is reduced, using the same reduction factor. Your beneficiary will not receive the bridge benefit after your death.

3. How much of your health care coverage you have to pay

As a retired member of the College Pension Plan, you may apply for continued health care coverage under the BC Medical Services Plan, the Extended Health Care Plan and/or the dental plan.

Extended health care and dental benefits are also available to retired plan members living outside of BC but within Canada.

4. If you are required by a separation agreement or court order to divide your pension with a former spouse

The pension plan can divide your pension based on your separation agreement or divorce order, and pay your spouse's portion directly to her or him. For more information, see *Dividing the Pension When a Spousal Relationship Ends*, on our website at college.pensionsbc.ca.

What about cost of living increases?

Your lifetime pension payment may be eligible for annual cost

of living increases, subject to sufficient funds in the plan's Inflation Adjustment Account. See the website at college.pensionsbc.ca for more information.

What about health benefits?

All health and dental benefits are dependent on there being enough money to meet the costs. As a result, the subsidy rates and group benefits currently available to retired members are not guaranteed features of the College Pension Plan.

For more information see the *Pensionfacts, Introduction to Your Health Benefits* booklet and the *Quickfacts, Health Benefits for Retired Members*. Also, see our website at college.pensionsbc.ca.

What happens to my pension if I go back to work after I retire?

If you are retired and in receipt of a pension from the College Pension Plan, and become employed again by a college plan employer, you have a few options.

If you are over age 69, you are not eligible to contribute to a pension plan under the *Income Tax Act*. If you are under age 69, you do have the option to contribute to the college plan.

All college plan members are eligible to contribute to the plan, so you need to decide immediately upon re-employment whether you want to contribute again. If you choose to contribute to the plan, your pension will be suspended. When you retire a

second time, you will receive your previous pension plus your new pension. If you elect not to contribute to the plan, your pension continues and you earn a salary.

For more information, see the *Pensionfacts, Re-employment of a Retired Member*. Contact the plan as soon as possible if you decide to go back to work with the same employer.

What happens to my pension if my spouse dies, or if I die?

When a death occurs, you must settle important matters and make many decisions. The factsheet *What To Do When There is a Death* should help you with decisions relating to pension income and benefits.

PUBLICATIONS REFERRED TO IN THIS GUIDE

Claiming Credit for Child-rearing

Disability Pensions

Dividing the Pension When a Spousal Relationship Ends

Health Benefits for Retired Members

Introduction to Your Health Benefits

Pension Options Available to Retiring Members

Pre-retirement Death Benefits

Purchasing Leaves of Absence

Purchasing Non-contributory Service

Re-employment of a Retired Member

Reinstating a Refund

Terminating Employment

Transferring Service

What To Do When There is a Death

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