

PensionFacts



This fact sheet explains your options if you decide to return to work after you retire.

Re-employment of a Retired Member

If you currently receive a Municipal Pension Plan pension payment, are under age 69 and have gone back to work for an employer under the Municipal Pension Plan, this fact sheet contains important information for you.¹

If you are receiving a pension from the Municipal Pension Plan (MPP) and are re-employed by an employer under a different pension plan, your pension continues unaffected. If you are eligible to join your new employer's pension plan, you make contributions and accumulate service with the new plan.

If you are receiving a pension from the MPP, are re-employed by an employer under the MPP and are eligible to contribute to the plan (see Option B1 for an explanation), you must make some decisions that could affect your pension payments.

When you return to work, you must complete the *Re-employment of a Retired Member Declaration* to indicate your decision about your pension (see options in this fact sheet), and you must submit it to Municipal Pension Services within 60 days of returning to work. Not submitting the form within 60 days, regardless of whether you are eligible to contribute at re-employment, means that you automatically revert to the default option, that is, you will not be eligible to contribute to the plan and you will continue receiving your pension.

Also, please give a copy of the *Re-employment of a Retired Member Declaration* to your employer so that they know if and when to deduct contributions from your pay.

The declaration is available from your employer and is on the plan's website under the Retired Members tab, or contact Municipal Pension Services to request a copy.

If you return to work with an employer under the MPP and are eligible to contribute to the plan, you have three options:

A Continue receiving your pension, no contributions (default option)

With this option, you remain a retired member of the pension plan and continue to receive your pension. You also receive an income from your employer. Choosing this option means that you will never be able to contribute to the MPP again as this decision cannot be changed and it applies to all future employments with any employer under the MPP.

1. Under the *Income Tax Act*, you cannot contribute to a registered pension plan past the end of the year in which you turn 69.

B1 Stop receiving your pension, contribute again

You can contribute to the plan once you are eligible. You are eligible if you are a full-time, permanent employee, or if you are a part-time employee and have completed two years of continuous employment and, in each of two consecutive calendar years, have earned at least 35 per cent of the year's maximum pensionable earnings. There may be other situations in which you are eligible to contribute. See the *Guide for Plan Members* or speak to your new employer for more information.

Once you start contributing to the plan, you become an active member and your pension stops. You receive your last pension payment in the month you begin making pension contributions.

If you were enrolled in the MPP post-retirement group benefits plan (for example, extended health or dental), these benefits also stop. Also, the plan will no longer collect and submit your Medical Services Plan premiums.

Once you choose Option B1 on your declaration, you cannot change your decision as long as you are working at the job you have when you make your decision.

B2 Stop receiving your pension, contribute again, and re-pay all pension benefits

This option allows you to repay all pension payments received to date with interest (see the table for the effect this will have on your pension payment). As in Option B1, you can contribute to the plan if you are eligible to enrol. Once you start contributing to the plan, you become an active member and your pension stops. You receive your last pension payment in the month you begin making pension contributions.

Municipal Pension Services will determine the amount you must repay. Once you receive word that you are eligible to enrol, you will have 60 days to make the payment in full. Not paying on time means that you will automatically revert to the default option (Option A) and will once again start to receive your original pension.

If you have post-retirement group health benefits through the Municipal Pension Plan, these benefits also stop. Also, the plan will no longer collect and submit your Medical Services Plan premiums.

Once you choose Option B2 on your declaration, you cannot change your decision as long as you are working at the job you have when you make your decision.

If you choose to contribute again, your choice not to repay (Option B1) or repay (Option B2) could significantly affect your future pension benefit, as the following table shows.

Results of a decision to not repay your pension

Option B1

You decide to not repay (with interest) the pension you have already received.

Result

When you retire again, your new pension will be based on the combined salary and service from your original pension, and salary and service you earned while re-employed.

The period of time you received pension payments will be factored in and will be used to determine your new pension entitlement. This means that your age for pension calculation purposes will be reduced by the length of time you received a pension, which may cause a reduction in your pension even if you are age 60 or over.

When you re-apply for your new pension:

- you can select a new pension option
- you can select a new beneficiary

Results of a decision to repay your pension

Option B2

You decide to repay (with interest) any pension you have already received.

Result

When you retire again, your new pension will be based on the combined salary and service from your original pension, and salary and service you earned while re-employed.

Any pension reduction that applied to your original pension may be reduced or eliminated.

When you re-apply for your new pension:

- you can select a new pension option
- you can select a new beneficiary



PensionFacts is published for the Municipal Pension Plan by the Pension Corporation. This publication 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 apply.

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