

## **Greetings**

Welcome to MPP Connection, a newsletter for members with a Money Purchase Plan (MPP) account. This first edition marks a change in the annual communications that members with a MPP account receive from the Board.

## **Online Services Now Available**

Starting this year, we are providing MPP members with a newsletter that provides information relevant to the Money Purchase Plan. We have also expanded our Online Services so that a MPP member can now obtain current account balances and general MPP information. In addition, MPP members age 55 or older can now estimate the monthly annuity that can be provided by their MPP account balances.

This information uses the most up to date data we have available, making it more current than the annual statements previously provided. Online Services also have the advantage of letting a member decide what information is important to them.

Registration codes for Online Services will be provided annually in notification letters to members who have not yet signed up or are available by contacting the Board office.

## **Operation of the MPP**

**MPP accounts are credited with interest each month**, using the same Bank of Canada interest rate as used to determine annual interest on employee contributions. If the interest credited in a year is less than the CSSF rate of return minus a management fee, an additional interest adjustment for the year will be applied. Withdrawals from the MPP made before the CSSF rate of return is determined will not receive the additional interest adjustment.

Money transferred into the MPP purchases units. The initial unit value was \$10.00 when the MPP was established in 1985. The unit value at the end of 2013 was \$43.69 (rounded to nearest penny).

### **MPP Credited Interest Rates - 2004 to 2013**

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
11.59%	6.95%	1.71%	10.79%	12.46%	3.00%	2.90%	10.68%	12.37%	11.97%

Withdrawals from the MPP made during the year, *prior to determining the annual rate of return on investments*, will receive the CSSF guaranteed interest rate, which averaged 1.18% during 2013.

## **MPP Withdrawal Options**

**Participants may withdraw all or part of their money**, limited to one transaction a month. We must withhold tax on any cash refund. Withdrawal options are based on whether or not funds are locked-in.

**Locked-in funds** can be:

- ▶ left in the MPP until eligible for an annuity,
- ▶ transferred to a Locked-in Retirement Account (LIRA), or
- ▶ transferred to a registered pension plan (where the funds remain locked-in).

## ***MPP Withdrawal Options (cont'd)***

**Non locked-in funds** can be:

- ▶ received as cash (less tax withholding),
- ▶ left in the MPP until eligible for an annuity,
- ▶ transferred to an RRSP, or
- ▶ transferred to a registered pension plan.

## ***Retirement***

**A person is eligible for an annuity** if age 55 or older and no longer an employee contributing to the CSSF, or if the Board considers the person totally and permanently disabled prior to age 55. The annuity payable from the MPP is not indexed, meaning it will not increase with cost-of-living adjustments. Annuities are effective on the first day of the month coincident or next following the date of retirement.

**A participant has a choice of the same annuity options** offered under the CSSF. Lifetime annuities and annuities payable to a beneficiary at the participant's death are available. A participant who is married or in a common-law relationship would require written consent of their spouse or partner to receive an annuity that reduces by more than 1/3<sup>rd</sup> after the participant's death. The annuity formula is determined by the Board's actuary and is based on prevailing interest rates at the time the annuity commences.

If your annuity is below the Pension Benefits Act small benefit amount (approximately \$175.00 per month in 2014) your funds will be paid to you as a lump sum. If a participant has not applied for an annuity by December 1st in the year they turn age 71, we will automatically start paying them an annuity, and they may no longer have the ability to select an annuity option.

## ***Death***

**Where a participant dies before they have applied for an annuity**, their spouse/common-law partner may elect to transfer funds out of the MPP or to have the benefits paid in the form of an immediate life annuity or a deferred life annuity commencing anytime by the end of the year they turn age 71. If the funds are not locked-in, a cash refund is available. Where there is no spouse/common-law partner, a refund would be made to the participant's Estate.

**Where a participant dies after they have applied for an annuity**, any further payment depends on the option selected when the application was made.

## ***Member Obligations***

**To transfer money from the MPP or receive an annuity**, you must apply to the Board in writing.

**Participants are asked to keep the Board informed of any changes of name or address.**

## ***Questions or Comments?***

If you have any question or concerns, please contact

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