

October 2011

REMINDER FOR EMPLOYEES IN THE CIVIL SERVICE SUPERANNUATION FUND

CHANGES TO TRANSFERS FOLLOWING A TERMINATION OR PENSION DIVISION AFTER DECEMBER 31, 2011

This information may be important for an employee who participates in the pension plan and leaves his or her job or experiences a breakdown in a relationship.

The CSSB CONNECTION newsletter this past summer provided details about numerous changes to the pension plan that resulted from amendments to the Pension Benefits Act in 2010, and to the pension plan provisions this past June. Included was information about a change to the calculation of transfer values for some events on or after January 1, 2012.

A member who ceases to be an employee before January 1, 2012, has at least 10 years of qualifying service, and is under age 55, would be entitled to a transfer value based on the pension that could become payable at age 55. After December 31, 2011, the transfer value for this same member will be based on the pension that could become payable at age 65. The same would apply to the transfer value for a division of pension following a relationship breakdown. This change could result in significantly lower transfer values for events occurring after December 31, 2011.

This change will only apply to transfers out of the plan if a member ceases to be an employee or has a relationship separation date after December 31, 2011, and only if the member is under age 55 and has at least 10 years of qualifying service at the date of termination or separation.

This change does not apply to the calculation of retirement benefits and will not apply to anyone who elects to receive a monthly pension from the plan. It will not apply to any death benefits payable where a member dies before retirement. This change will also not apply to termination and pension division transfers if the member is at least age 65 or has less than 10 years of qualifying service, or has at least 10 years of qualifying service but is also at least age 55.

Transfer values can fluctuate from time to time, and fairly large fluctuations are not necessarily unusual. The impact from this change will however be larger in certain circumstances than would otherwise be the case, and could be significant for some members. For example, after December 31, 2011, a transfer value for a member with 10 or more years of qualifying service may increase by 40% or more the day he or she reaches age 55. Prior to January 1, 2012, this same member would see a similar increase in transfer value upon reaching 10 years of qualifying service even if not yet age 55.

For an eligible correctional officer, this transfer value could increase significantly the day he or she reaches the rule of 75 if at least age 50.

If you would like to get an idea of the potential impact of this change, you can visit our website at www.cssb.mb.ca, and use our online termination estimator. You can also contact our office to request additional information.

You may also be able to use the following table along with your 2010 Employee Benefits Statement to get an idea of what this change might mean to you. **Although this change is effective January 1, 2012, using your 2010 Employee Benefits Statement would illustrate what the impact would have been if this change had happened a year sooner, and should provide an indication of the magnitude of this change.** This table would not apply to anyone who had less than 10 years of qualifying service at the end of 2010, or who was over age 54 at that time. It is for illustration only.

To use this table, compare the termination refund amount from your 2010 Employee Benefits Statement to your accrued monthly pension on that statement multiplied by the factor in the table that is closest to your age at the end of 2010 (not applicable to projected pension amounts).

Age	Factor	Age	Factor	Age	Factor
25	34.1	35	51.0	45	76.3
26	35.5	36	53.1	46	79.5
27	36.9	37	55.3	47	82.7
28	38.5	38	57.6	48	86.1
29	40.0	39	59.9	49	89.7
30	41.7	40	62.4	50	93.4
31	43.4	41	65.0	51	97.2
32	45.2	42	67.6	52	101.2
33	47.0	43	70.4	53	105.4
34	49.0	44	73.3	54	109.7

EXAMPLE

(uses previous year information as illustrative only for January 1, 2012 change)

An employee was closest to age 50 at the end of 2010 and had the following information on his or her Civil Service Superannuation Fund December 31, 2010 Employee Benefits Statement:

TERMINATION

A refund (subject to lock-in) of.....: \$85,300

RETIREMENT

Accrued monthly pension at Dec. 31, 2010.....: \$525 at age 65

If this change was effective after December 31, 2010, his or her transfer values would have been \$85,300 on that date, and roughly \$49,000 ($\525×93.4) the next day.