



A Few Moments To Connect

The Civil Service Superannuation Fund

Deferred Member Newsletter • Volume 1 - 2012

Greetings

Welcome to *A Few Moments To Connect*, a newsletter for members with a deferred pension. This first edition marks a change in the annual communications that members with a deferred pension receive from the Board and also advises of pension plan changes that have happened in the past two years.

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Online Services Now Available

In 2010, major pension reforms were introduced which impacted all pension plans registered in Manitoba. The Board's main priority was to change its communications and processes to ensure that members who were entitled to benefits were paid in accordance with the changes and that this was done on as timely a basis as possible.

We were unable to provide deferred members with an annual update in 2010 or 2011. We also considered questions and comments we've received over the years about these annual statements and concluded that they are no longer the best information we can provide to a member with a deferred pension.

Starting this year, we are providing deferred members with a newsletter that provides regular reminders of possible entitlements and deadlines for applications, as well as updates on any plan changes that could impact decisions. We have also expanded our online services so that a deferred member can now estimate his or her current transfer and retirement entitlements. These estimates would use the most up-to-date data we have available, making them 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.

In addition to accessing our online services for personalized information, you may want to visit our website at www.cssb.mb.ca to see some of the new additions, such as the condensed annual report, or the actuarial reports.

Reminders For Members With A Deferred Pension

Cost- of-living increases

Cost-of-living increases applied to deferred pensions are the same as increases granted on pensions in payment. The increases granted for July 1 of the past few years were: 0.88% in 2010, 1.57% in 2011, and 1.53% in 2012.

A cost-of-living adjustment (COLA) is credited in the thirteenth month following the establishment of a deferred pension (termination date) and each July thereafter. These adjustments are limited to the extent that the COLA Account is, in the opinion of our actuary, able to pay for about half of the increases. The employer pays for the remainder of the increases. The Board is concerned that the COLA Account will not be able to continue to provide increases of 2/3rds of the increase in the Canadian Consumer Price Index (CPI).

Employee contributions to the pension plan are scheduled to increase by over 30% in the next two and a half years. Part of these additional contributions are allocated to the COLA Account, and should improve the ability of that account to pay increases of up to 2/3rds of the CPI. The actuary does not believe that this additional funding is sufficient to reasonably ensure that future COLA increases will be at least 2/3rds of the CPI.

Concerned members should contact the Pension and Insurance Liaison Committee.

Death

If a member with a deferred pension dies before the pension has commenced, his or her eligible spouse or common-law partner would be entitled to an immediate lifetime pension that is at least equal in value to the member's transfer value. If at the time of death the member had no spouse or common-law partner, the member was living separate and apart from a spouse or common-law partner by reason of a breakdown in the relationship, or a spouse or common-law partner had waived his or her entitlement to the pension, pension benefits would be paid to the deferred member's estate.

Disability

A member with a deferred pension who has ten or more years of qualifying service can apply for a disability pension if he or she becomes permanently disabled before age 55.

Retirement

A member with a deferred pension can apply to start receiving the pension as early as age 55. To receive the pension, he or she must submit a completed application form to the Board office up to six months prior to the pension commencement date. Deferred pensions are paid from the date of retirement, but no sooner than the date the Board receives a completed Notice of Retirement and are not paid retroactively.

Prior to May 30, 2010, a member with a deferred pension could only start receiving the pension as early as age 55 if he or she had at least 10 years of qualifying service as an employee. A deferred member is now eligible to retire at age 55 regardless of his or her length of service. If the member has less than 10 years of qualifying service, the pension will be the estimated equivalent of the pension that would be payable at age 65. The reduction is about 6% for each year of retirement prior to age 65. That would be a reduction of roughly 30% for retirement at age 60, or 60% for retirement at age 55.

Transfer

A member can transfer his or her deferred pension benefits out of the plan at anytime before the pension has commenced. Transfer amounts tend to increase with time, but may decrease from time-to-time due to changes such as interest rates or legislated calculation methods.

Transfer To Another Pension Plan

A member can transfer his or her deferred pension benefits to another employer pension plan at anytime before the pension has commenced if that plan will accept the transfer. There are no deadlines for transferring pension benefits under this option.

Marital Status/Common-Law Relationship

A member's pension benefit credit may be divided 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 former member or his or her spouse, former spouse, or common-law partner are required to be divided;
- b. pursuant to a written agreement between the member or former member and his or her spouse, former spouse or common-law partner, their family assets are divided; or
- c. a division of the pension or the pension benefit credit, as the case may be, is required by an order of a court of competent jurisdiction in another province or territory of Canada, or an order of the Court of Queen's Bench regarding a common-law relationship.

The pension benefit earned during the relationship may be divided unless both parties agree they do not want the pension divided.

Age and Service Threshold For Significant Increase In Benefits

The transfer value of a pension increases significantly when a member is at least age 55 and has at least ten years of qualifying service.

Keep in touch!

Please ensure that you notify the Board of changes in your mail and e-mail address so that we can continue to send you information about your deferred pension benefits.

Legislative Changes From The Past Two Years

Summary of Changes To The Pension Benefits Act and Regulations

1. Division of Pension Due to Relationship Separation

- a. **Common-law partner court order to divide pension** – Subject to prescribed time limitations, a common-law partner may apply to the Court for an order requiring a member's pension benefit to be divided if their last common habitual residence was in Manitoba.
- b. **Court order from any province or territory** - A member's pension benefit can now be divided if a division is required by an order of a court in any province or territory of Canada.
- c. **Interest credited on transfers** - Interest credited from the separation date to a date the pension benefit is transferred is the net rate of return that can reasonably be attributed to the operation of the pension fund.
- d. **Pension Benefits Spousal Agreement revoked** – Parties can now agree to not divide a pension in a separation agreement that meets the prescribed requirements.
- e. **Waiver of entitlement after member death** - A person who is entitled to a portion of the pension benefit of a member or former member who has died may waive the entitlement.

2. Pre-Retirement Death Benefits

Waiving death benefits – An eligible spouse or partner may waive entitlement to any pre-retirement death benefits.

3. Retirement

- a. **Early retirement on estimated equivalent basis** - A member is eligible to retire at age 55 regardless of his or her length of service. If the member has less than 10 years of qualifying service, the pension will be the estimated equivalent of the pension that would be payable at age 65. The reduction is about 6% for each year of retirement prior to age 65. That would be a reduction of roughly 30% at age 60, or 60% at age 55.
- b. **Postponed retirement** - If a member retires after reaching age 65, the pension is the greater of the pension taking into account the additional benefits earned after age 65 or the estimated equivalent at the retirement date of the pension that would have been payable if the member had retired at age 65.

Summary of Changes To The Civil Service Superannuation Act

1. **Maximum annual pension** - A member's annual pension can not exceed 70% of his or her average annual salary.
2. **Pre-retirement death benefits** - Pre-retirement death benefits for an eligible surviving child or children are no longer specified under the plan.

When a member dies prior to retirement, death benefits would be paid to his or her spouse or recognized common-law partner unless that spouse or partner has waived those rights. If there is no spouse or partner, or the spouse or partner has waived his or her entitlement, death benefits would be paid to the member's estate unless the member has made a beneficiary designation in compliance with The Beneficiary Designation Act.

A member may have rights under The Beneficiary Designation Act to designate a beneficiary for the pension plan, and may want to seek financial and legal advice regarding those rights. If naming a minor, a member may also want to consult a lawyer about naming a guardian for the property of the child.

We will keep any designation submitted to the Board on file. We will only consider whether a designation is valid if and when it becomes relevant for determining actual benefit entitlements. Specifically, we'll make a determination only when a member dies and is not survived by an eligible spouse or partner, or where the spouse or partner has waived rights to death benefits. Members concerned with the validity of a designation may want to consult an estate lawyer.

Questions or Comments?

If you have any question or concerns, please contact

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