



MUNICIPAL EMPLOYEES BENEFITS PROGRAM

Pension Benefits

As at January 1, 2025

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INTRODUCTION

The purpose of this booklet is to provide you with an overview of the provisions of the Municipal Employees Pension Plan (MEPP or the Plan). An exact and complete description of the Plan provisions and entitlements can be found in the Municipal Employees Pension Plan Text. Where questions arise about interpretation, the Plan Text will govern. In addition, the Plan is subject to the provisions of *The Pension Benefits Act* of Manitoba and Pension Benefits Regulation (referred to as the PBA in the brochure) as well as the federal government's *Income Tax Act*.

About the Municipal Employees Pension Plan

The Plan was established effective January 1, 1977, and is governed by an independent, 8-member Joint Board of Trustees, which consists of four trustees appointed by the Association of Manitoba Municipalities (AMM) to represent municipalities and four trustees who represent employees. Trustees act on behalf of the Plan beneficiaries to manage the organization and oversee and safeguard the assets of the Plan.

The Board of Trustees expects the Plan to continue indefinitely but has the right to amend or discontinue the Plan should future conditions warrant such action, including the consolidation of the Plan with a new Plan. No amendment to or discontinuance of the Plan will reduce the benefits accumulated up to the date of such amendment or discontinuance.

MEPP is a defined benefit plan that is registered with the Canada Revenue Agency and the Office of the Superintendent - Pension Commission of Manitoba.

Unlike an RRSP (Registered Retirement Savings Plan) or a defined contribution pension plan, a defined benefit pension plan uses a formula, rather than pension contributions or investment income, to calculate the pension benefit payable to eligible members at retirement. The pension plan formula is based on pensionable earnings, averaged over a period of time prior to retirement and multiplied by the years of pensionable service. The Plan also provides benefits in the event of death, disability or termination of employment.

MEMBER SERVICES

Website and Online Pension Calculator

Our website at www.mebp.mb.ca contains benefit information, publications, a Plan Cost Summary, as well as the Online Pension Calculator.

The Online Pension Calculator can provide an estimate of the monthly pension benefit earned on a specific retirement date. It uses employment service and earnings information that MEBP has on file for you as at the date the estimate is processed. It can also provide estimates on joint life options if a spouse's or common-law partner's date of birth is entered.

Annual Report to Members

Each year the Plan produces an Annual Report to Members. This report is available for viewing and printing on our website. The report provides an overview of the Plan's activities and financial performance as at the end of the previous calendar year.

Annual Pension Statement

An Annual Pension Statement is sent to all active members of the Plan. The statement provides pension benefit information as at the end of the previous calendar year. The information on the statement is based on the information provided by your employer.

Note: The Annual Pension Statement provides only general information and should not be used to plan your retirement. If you are retiring within the next year, please contact the MEBP Administration Office for a personalized retirement package.

PENSION PLAN MEMBERSHIP

Enrolment

Enrolment in the pension plan is mandatory. This means that as an eligible employee who works for a participating MEBP employer, you must join the plan once you have met the eligibility requirements. **Participation is a condition of employment and cannot be waived (see eligibility exceptions).** Once you start contributing to the Plan, you cannot terminate your membership until the earlier of termination of employment, retirement, end of the year attaining age 71 or death.

Employees who are age 71 or older are not eligible to join the Plan.

Once you join the Plan you are immediately vested, which means that at termination, retirement or death, you or your beneficiary are entitled to the full value of the pension benefit earned.

Probation Period

If you are required by your employer to wait for a probationary period of employment to be completed before joining the Plan, you can apply to purchase this service period at any time prior to retirement or termination— see the Buyback of Prior Non-Pensionable Service section on page 9 of this booklet.

Eligibility

Your employment category will determine when enrolment in the plan is required.

- **Full-Time Employees** - You must join the plan on your date of employment or if specified by your employer, after serving a required probation period.
- **Part-Time, Seasonal, Casual, and Temporary Employees** – You must join the plan after you earn 25% of the year's maximum pensionable earnings (YMPE) in two consecutive years. For eligibility purposes, all employment earnings with your participating employer are taken into account when calculating the 25% requirement.

Note: Additional information on the YMPE can be found in the Glossary of Terms Section.

Your employer will advise you as to when you have met the eligibility requirements and at that point you and your employer will need to complete and submit an enrolment form and other applicable documents.

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Exceptions: You may be exempt from participating in the pension plan if:

- you are a full-time student or,
- you are a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from receiving benefits from the Plan or,
- you are in receipt of a monthly pension from the Plan but return to work for the same or new participating employer.

You may be asked to provide documentation that confirms your exemption. If you are a student, please check with your post-secondary educational facility as to your status.

Voluntary Enrolment

If you are a part-time, seasonal, casual or temporary employee you can join the plan on a voluntary basis at any time by completing an enrolment form with your employer. Joining the plan on a voluntary basis means that you do not have to wait to earn 25% of the year's maximum pensionable earnings (YMPE) in two consecutive years.

You may, if specified by your employer, be required to serve a probation period before joining the plan on a voluntary basis.

Proof of Age

It is a mandatory requirement to provide proof of age when you become a member of the Plan. Termination, disability or pension benefits will be withheld until such proof is received.

A legible copy of one of the following documents is considered valid as proof of age:

- Birth Certificate
- Baptismal Certificate
- Provincial Identification Card
- Valid Driver's License
- Valid Canadian Passport
- Certificate of Indian Status (Showing date of birth)
- Certificate of Citizenship (Showing date of birth)
- Certificate of Naturalization
- Valid Permanent Resident Card (MEBP is not responsible for any fee that is charged for obtaining a document.)

Beneficiary Designation

As part of the enrolment process, you will be asked to complete a Pension Plan - Beneficiary Designation form. The beneficiary designation can be changed at any time prior to termination or retirement. It is important that your beneficiary designation be kept up to date.

Spouses and common-law partners have legislated rights under pension legislation, which cannot be changed by a Will or Court Order. Pension legislation requires that you name your spouse or common-law partner as the sole beneficiary for **pre-retirement** death benefit **UNLESS:**

- you are living separate and apart from your spouse or common-law partner due to a relationship breakdown, or
- your spouse or common-law partner signed a written waiver of entitlement form

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giving up his/her rights to the pre-retirement death benefit and the waiver has not been revoked.

If your spouse or common-law partner signs a waiver of entitlement form, you can no longer name him/her as a beneficiary to any portion of your pension benefit, unless the waiver is revoked before your death or retirement.

If you do not have a spouse or common-law partner, you may designate someone else as a beneficiary. You may name one or more people or your estate. If you name more than one person, you must specify the percentage of the death benefit that you want each beneficiary to receive. If a percentage is not specified, the death benefit will be paid in equal shares. **If designating a beneficiary who is a minor (under the age of 18) or who lacks legal capacity, you should appoint a Trustee.**

If you are not sure of your legal marital status or the designation of a trustee, we recommend that you consult with a legal advisor.

Contingent Beneficiary Designation

You can name a contingent beneficiary under the Plan. The contingent (alternate) beneficiary must be clearly stated on the beneficiary designation form or on a signed and dated attachment to the form.

If you and your designated beneficiary die at the same time, or if the order of death cannot be proven; the named contingent beneficiary (if any) will be entitled to the death benefit payable. If a contingent beneficiary is not

named, then the benefit will be paid to your estate.

If your designated beneficiary dies at least 30 days or more after your death; your designated beneficiary's estate will receive the death benefit.

If your designated beneficiary dies after you die but within 30 days of your death, the named contingent beneficiary (if any) will be entitled to the death benefit payable. If there is no named contingent beneficiary, then your estate will receive the death benefit.

CONTRIBUTING TO THE PLAN

Contributions

Contributions to the Pension Plan are based on a percentage of your pensionable earnings. Two different contribution rates apply. One rate is required to be deducted on earnings up to the year's maximum pensionable earnings (YMPE) and the second rate is applied to earnings that are over and above the YMPE. Contributions are deducted from your pay and remitted to MEPP.

Effective January 1, 2025, for all members, the pension contribution rates are **8.3 %** of pensionable earnings up to the YMPE and **9.5 %** of pensionable earnings in excess of the YMPE.

Prior to January 1, 2025, if your employer participated in the Disability Income Plan, the pension contribution rates were **8.3 %** of pensionable earnings up to the YMPE and **9.5 %** of pensionable earnings in excess of the YMPE. If your employer did not participate in

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the Disability Income Plan, the pension contribution rates were **8.4 %** of pensionable earnings up to the YMPE and **9.6%** of pensionable earnings in excess of the YMPE.

Participating employers are required to contribute at the same rates as members and **match** all member required contributions.

Employer and employee contributions are pooled and deposited to the MEPP fund. The contributions made to the fund are invested in order to generate investment income. The fund is then used to provide pension benefits to all members and their beneficiaries. Administration costs are also paid out of the fund.

Your pension contributions are tax deductible and are recorded on your T4 Statement of Remuneration Paid, which is provided by your employer on an annual basis. There is a maximum amount that you and your employer may contribute to the Plan. This maximum amount is set by the Canada Revenue Agency each year. You may contribute to the Plan up to end of the last pay period in the year in which you are age 71.

Your pension contributions to the fund earn interest at a rate based on the average yields on 5-year personal fixed term deposits as published in the Bank of Canada Review as CANSIM Series V80691336.

Your total contributions with interest are not used in the calculation of your pension benefit. Your pension benefit is based on the Plan formula.

Service

There are two types of service that apply to the pension plan:

1. **Qualifying Service** – this service is calculated from your first day of employment to the last day of employment or the date of death. It is used to calculate the Rule of 80 date and eligibility for pension benefits. It includes the total number of years and fractions of years that you worked for one or more participating employer.

Note: Qualifying service must be continuous and can be affected by periods of approved leave or lay-off that are greater than 54 weeks in duration.

2. **Pensionable Service** – this service is the total years and partial years that you have contributed to the Plan. It is calculated from your plan entry date to the last day that you receive pensionable earnings from your employer or the date of death. It is used in the Pension Plan formula to calculate your pension benefit.

The amount of pensionable service credited to your account each year will depend on your employment category (full time, part time, temporary, casual and seasonal) and the number of hours worked each year. In any given year, you can earn up to a maximum of one year of pensionable service.

Pensionable Earnings

Pensionable earnings are your regular earnings (hourly wage or salary) for a calendar year and include vacation pay, shift premiums and paid leaves of absence such as sick pay. Vacation pay and retiring allowances paid as salary continuance are also considered to be pensionable earnings. Non-pensionable earnings such as overtime, lump-sum payments of severance or vacation pay, Northern Living Allowance, bonuses and certain types of banked time are excluded from pensionable earnings.

Your pensionable earnings are used to calculate your five highest years of average earnings, which are used in the calculation of your monthly pension benefit earned.

Periods of Disability or Workers Compensation Benefits

If you are collecting disability benefits from MEBP, Workers Compensation, Manitoba Public Insurance Benefits, disability income from an employer sponsored disability income plan or any other disability income type plan, and you suspect that you may not be able to return to work within 18 weeks, you may be eligible to have assumed earnings and service credited to your pension account while you are off work. This means that you will continue to earn pensionable service under the Pension Plan, without having to pay the required contributions.

Note: If you are approved for Workers Compensation benefits and you continue to be paid by your employer, all required MEBP contributions will be deducted from your earnings.

CALCULATING YOUR MONTHLY PENSION

Pension Formula

The amount of the monthly pension benefit earned is based on the following formula:

- 1.5% of the average of your 5 highest years of earnings up to the average YMPE,
- **plus**
2% of the average of your 5 highest years of earnings over the average YMPE,
- **Multiplied**
by your total pensionable service,
- **Divided**
by 12

Bridge Benefit

The bridge benefit provides additional retirement income until age 60, at which time a member is eligible to apply for the Canada Pension Plan benefits.

If you have completed at least 5 years of qualifying service, you **may** be eligible for a bridge benefit. The bridge benefit is payable from your early retirement date until the age of 60.

Terminated or Deferred Members who have at least 5 years of qualifying service, may be eligible for a bridge benefit for pre 2018 pensionable service only.

The bridge benefit is equal to 0.5% of your 5 highest years of earnings up to the average YMPE multiplied by eligible pension service.

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Maximum Pension Amounts

The *Income Tax Act* outlines the maximum annual pension amount that the Plan can provide to its members. This amount is used to determine the maximum pensionable earnings and contributions that are allowed to be made in any given year. These maximums are set by the Canada Revenue Agency on an annual basis.

Pension contributions stop once a member reaches the maximum pensionable earnings that are set for the year. Contributions on pensionable earnings above the maximum are not required because a member will already have earned the maximum pension benefit for the year.

BUYBACK OF PRIOR NON-PENSIONABLE SERVICE

You can apply to purchase periods of eligible service that you have with your current participating employer for which you did not make contributions to MEPP. Purchasing eligible periods of service (buyback) will increase your pension benefit.

You can apply to purchase eligible service at any time prior to termination or retirement. However, the cost of purchasing this additional service will depend on when the application is made.

If the application for buyback is made within 6 months of Plan entry or within 6 months of returning to work from an approved leave of absence, the cost to purchase this additional

service will be equal to both the member and employer share of the required contributions for that period based on your salary/pay rate on the date of plan enrollment or the rate in effect prior to the start of your leave.

If application is made after 6 months, the payment amount will be equal to the actuarial value as at the date of application of the benefits the additional service will provide.

Service eligible for a buyback purchase includes:

- Probationary periods of employment and/or any other continuous periods of service that you worked immediately prior to your current Pension Plan Entry Date (date you joined the pension plan).
- Approved Leaves of Absence including maternity, parental, sick and educational leaves, for which you did not make contributions.
- 18-week eligibility period for disability benefits (including Workers Compensation Benefits and other types of disability payments)
- Periods when you may have been on strike or locked out.

Service not eligible for buyback purchase includes:

- If there was a termination of employment and you have been re-hired, any period of service prior to the termination is not eligible to be purchased.
- Periods of layoff.
- Periods of service for which you received a refund from MEPP (see Reinstatement of Prior Service).
- Periods of suspension of employment.

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Please note that some employers, due to a union contract or employment agreement, may require employees to continue paying pension contributions during the period of a leave. MEBP will calculate the cost and provide your employer with the payment options.

Eligible periods of service may be purchased using cash or money transferred from an RRSP. The purchase must be completed before termination or retirement. **Only active plan members can purchase prior periods of service.** The calculation of your Rule of 80 is not affected by a purchase of prior service.

There are rules and regulations under the *Income Tax Act* that apply to the purchase of prior periods of service. Purchase of prior service may affect your available RRSP contribution room and there are maximum limits on the total amount of service that you can purchase.

Your Qualifying Service may be affected if your leave of absence is **54 weeks or greater** in length and you choose not to purchase the pensionable service. Qualifying service is used to calculate Rule of 80 date and to determine eligibility for retirement and disability benefits.

Maximum Leaves of Absence - The *Income Tax Act* limits the amount of service that can be purchased for approved leave periods. You may contribute for a maximum of five years of accumulated leaves of absence, excluding sick leave without pay. In the case of maternity or parental leaves, the maximum

is increased by an additional three years (eight years in total).

Call Back to Work

If you are called back to work in any capacity or for any length of time while on a layoff period or during an approved leave and you receive regular pensionable earnings, all required MEBP contributions will be deducted from these earnings.

RECIPROCAL TRANSFER AGREEMENTS

The MEPP has Reciprocal Transfer Agreements with other public sector pension plans. If you were employed with a public sector employer and participated in a pension plan with which MEBP has an agreement, you may wish to transfer your pension service and/or benefits from your previous employer to the MEPP. We currently have agreements with:

- Manitoba Civil Service Superannuation Board (CSSB)
- Winnipeg Civic Employees' Benefits Program (WCEBP)
- Federal Public Service Superannuation Plan
- Healthcare Employee Benefit Plans (HEB Manitoba)
- Brandon University Retirement Plan
- Canadian Union of Public Employees' Pension Plan
- Ontario Municipal Employees Retirement System (OMERS)

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If we do not have a reciprocal transfer agreement with your previous employer, we may be able to arrange an **Individual Transfer**. Please contact the MEBP Administration office for additional information.

Note: There are time restrictions within the Reciprocal Transfer Agreements and for Individual Transfer. If you are considering a reciprocal or Individual Transfer, please contact the MEBP Administration Office as soon as you become employed with a MEBP participating employer or an employer that participates in a reciprocal agreement with MEBP.

RETIREMENT BENEFIT

The main goal of the Plan is to provide you with a retirement benefit.

You must be of retirement age and must terminate your employment with your participating employer in order to be eligible to start receiving a pension benefit, unless you retire at age 71.

The normal retirement age under the Plan is 65, but the Plan also offers several early retirement options.

You may apply to begin receiving an **unreduced** monthly pension benefit:

- on or after your 60th birthday if you have 5 or more years of Qualifying Service.
- on or after the date you satisfied the Rule of 80* regardless of age, if attained prior to January 1, 2018.
- on or after your 55th birthday if you satisfied the Rule of 80* on or after January 1, 2018.

**The Rule of 80 is determined by your age plus Qualifying Service at the date of cessation of Qualifying Service.*

- If you have 5 or more years of Qualifying Service, the pension payable at age 60 will be reduced for your early start date, as follows:
 - ❖ For service prior to 1992, by 1/16 per cent for each month that your early commencement date precedes age 60,
 - ❖ For post 1991 service, by 1/4 per cent for each month that your actual retirement date precedes age 60.
- If you have less than 5 years of Qualifying Service, the early pension will be actuarially reduced from age 65.

Retirement at Age 71

You can continue to contribute to the Pension Plan up to the last pay period of the year in which you turn age 71.

After the last pay period of the year, your employer will be advised to stop your pension contributions, and you must start receiving your retirement benefit.

Note: This is a requirement under the *Income Tax Act*. You do not have to terminate your employment with the participating employer.

Vacation Pay

Your retirement date is the last day for which you are paid (unless you are on Leave or Lay Off). It is important to note that your last day worked may not be your retirement date. Your retirement date may be extended due to

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vacation pay, or any other pensionable earnings, issued after your last physical day at work.

If you take your accrued vacation days as a lump sum payout after your last day of work, pension contributions will not be deducted, and your retirement date will be based on your last day worked.

If, after your last day of work, you take your accrued vacation as a continuation of salary/earnings, all required MEBP contributions will continue to be deducted, and your retirement date will be based on the last day you received pensionable earnings from your employer.

Options at Retirement

The Plan's Normal Form of Pension is a Life Annuity. The Plan offers several optional pension forms of payment at retirement. A complete summary of the options available to you will be provided in your Retirement Package.

The pension option that you choose will determine what, if any, death benefit will be paid to a beneficiary upon your death. As a retiring member of the plan, you are entitled to receive a monthly pension benefit for your lifetime, no matter what type of option is chosen.

Pension legislation requires that plan members who have a spouse or common-law partner at retirement, choose a pension option that has a minimum benefit of 60% payable to the spouse or common-law partner upon the member's death. The MEPP options that comply with this requirement are joint life

60% to Spouse, 66.67% to Spouse and 100% to Spouse. If these options are not suitable, your spouse or common-law partner can complete a waiver form that allows you to select a different type of pension option. The forms of pension MEBP offers are:

Life Only – Normal Form

This pension is payable to you for life with no payments continuing to a beneficiary.

Optional forms: The following are the optional forms of pension that may be provided depending on your spousal relationship status. These are actuarially equivalent to the normal form of pension. An actuarially equivalent benefit is one that has been adjusted by an actuarial calculation – most often reduced - to reflect that the benefit will likely continue beyond the member's death.

Life - 10 Year Guarantee

This pension based is payable to you for life. If your death should occur within 10 years of your retirement date, starting the month after your death, payment would be made to the named beneficiary or beneficiaries for the balance of the 10 years.

Life - 15 Year Guarantee

This pension based is payable to you for life. If your death should occur within 15 years of your retirement date, starting the month after your death, payment would be made to the named beneficiary or beneficiaries for the balance of the 15 years.

Joint and Survivor – 50% to Spouse

This pension is based on your age and the age of your spouse or partner and is payable

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to you for life. Starting the month after your death, this spouse or partner would be paid one-half (50%) of your pension. He or she would receive that pension for life. If your spouse or partner predeceases you, no pension will be payable following your death.

Joint and Survivor – 60% to Spouse

This pension is based on your age and the age of your spouse or partner and is payable to you for life. Starting the month after your death, this spouse or partner would be paid sixty percent (60%) of your pension. He or she would receive that pension for life. If your spouse or partner predeceases you, no pension will be payable following your death.

Joint and Survivor – 66.67% to Spouse

This pension is based on your age and the age of your spouse or partner and is payable to you for life. Starting the month after your death, this spouse or partner would be paid two-thirds (66.67%) of your pension. He or she would receive that pension for life. If your spouse or partner predeceases you, no pension will be payable following your death.

Joint and Survivor – 100% to Spouse

This pension is based on your age and the age of your spouse or partner and is payable to you for life. Starting the month after your death, this spouse or partner would be paid a pension equal to your pension. He or she would receive that pension for life. If your spouse or partner predeceases you, no pension will be payable following your death.

Cost of Living Adjustments

Cost of living adjustments (COLA) are granted to retired members on an “Ad Hoc” basis and are not guaranteed. The Board of

Trustees reviews the plan’s overall financial situation at the end of each year to determine if sufficient Plan funds are available to grant a COLA.

RE-EMPLOYMENT OF A RETIRED MEMBER

If you are a MEBP Retired Member (in receipt of a monthly pension benefit) and are re-employed by a Participating Employer, and have attained age 71, you are not eligible to re-enroll in the Plan and your pension will continue to be paid and your subsequent period of employment will not affect your benefits under the Plan.

If you are a MEBP Retired Member (in receipt of a monthly pension benefit) and are re-employed by a Participating Municipality, and you have not yet attained age 71, when meeting the eligibility requirements to re-enroll in MEBP, the following options will be available to you:

- (1) continue to have your pension benefit paid, do not re-enroll in MEBP, and your subsequent period of employment will not affect your benefits under the Plan,
or
- (2) elect to suspend the payment of your pension benefit, re-enroll in MEBP and resume making contributions to the Plan, any excess contributions previously refunded shall be repaid by the Member to the plan.

Please contact our office for additional details.

TERMINATION BENEFIT

If your employment with a Participating Employer ends **before** you are eligible for immediate retirement benefits, you will receive the Commuted Value of the benefit you have earned as a member of the *Pension Plan* to your last date of employment. At that time, you may choose to:

- Leave your benefit in the *Plan* and receive a deferred pension, *or*
- Transfer your pension account to another MEBP participating employer, *or*
- Transfer the Commuted Value to a Locked-in Retirement Account (LIRA) subject to income tax rules, or to another registered pension plan (if such plan permits). Income tax rules may limit the maximum amount that can be transferred on a tax-sheltered basis, *or*
- Transfer your pension service under a Reciprocal Transfer Agreement to your new pension plan.

You will have 9 months from your separation date to select a payment option. If a payment option is not selected within the time period, your account will be deemed deferred.

Exception for small pensions—If your annual pension is not more than 4% of the YMPE (the *Year's Maximum Pensionable Earnings*, as set by the Canada Revenue Agency) for the year in which you terminate your employment, or the commuted value of your pension is less than 20% of the YMPE, it is considered a “small pension.” Small pensions are not locked-in and will be paid to

you as a lump-sum cash payment (less withholding tax) or transferred to your personal RRSP (subject to *Income Tax Act* limits).

Fifty-percent Rule

If your regular contributions plus interest add up to more than 50% of the commuted value of the pension you have earned under the *Plan* at the date of termination, you are entitled to the excess contributions.

If you elect a commuted value transfer, the excess can be paid to you in cash (less withholding tax) or transferred directly on a tax-sheltered basis to your personal RRSP (Registered Retirement Savings Plan) or RRIF (Registered Retirement Income Fund), subject to *Income Tax Act* limits. If the transfer of your commuted value (including excess contributions) exceeds the *Income Tax Act* limit, the portion above the limit must be received as taxable income, although it may be transferred to an RRSP or RRIF if you have available contribution room.

If you elect a deferred pension, the excess can be paid to you as a lump sum taxable payment, transferred to your personal RRSP if you have available contribution room, or be left in the Plan to provide an additional pension benefit at retirement.

Withholding Tax on Lump Sum Refunds

We are required by the CRA to withhold income tax from any lump sum cash refunds that are made from the Plan. If you are a resident of Canada, other than in the province of Quebec, the withholding is based on the following rates:

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- 10% on amounts up to and including \$5,000;
- 20% on amounts over \$5,000 up to and including \$15,000; and
- 30% on amounts over \$15,000.

In February of the year following a refund, you will receive a T4A tax slip for the refund to be included in your Income Tax Return.

DEFERRED PENSION BENEFIT

If you decide to leave the pension benefit in the plan on a deferred basis, you can request to transfer out the commuted value from the Plan at any time **prior to qualifying for an immediate retirement benefit.**

The commuted value will be recalculated at the date of your request based on your current age and current market conditions. The resulting commuted value may be higher or lower than the amount quoted on your original termination statement.

Once you qualify for a retirement benefit you can no longer transfer your pension benefit out of the plan. You must receive a lifetime monthly pension payment from the Plan. You can elect to begin collecting a deferred pension as early as age 55.

You may apply to begin receiving your deferred benefit as an **unreduced** monthly pension benefit:

- on or after your 60th birthday, if you have 5 or more years of Qualifying Service.
- on or after the date you satisfied the Rule of 80* regardless of age, if attained prior to January 1, 2018.

- on or after your 55th birthday if you satisfied the Rule of 80* on or after January 1, 2018.

*The Rule of 80 is determined by your age plus Qualifying Service at the date of cessation of Qualifying Service.

If you are not eligible for an unreduced pension benefit, you may apply for a **reduced early benefit** on any date after your 55th birthday.

- If you have 5 or more years of Qualifying Service, the pension payable at age 60 will be reduced for your early start date, as follows:
 - ❖ For service prior to 1992, by 1/16 per cent for each month that your early commencement date precedes age 60.
 - ❖ For 1992 to 2017 service, by 1/4 per cent for each month that your actual retirement date precedes age 60.
 - ❖ For service after 2017, the early pension will be actuarially reduced from age 60.
- If you have less than 5 years of Qualifying Service, the early pension will be actuarially reduced from age 65.

RE-EMPLOYMENT OF A DEFERRED MEMBER

If you are a former *Pension Plan* member who is re-employed with a Participating Employer, and you have a **locked-in** deferred pension in the *Plan*, **your deferred pension will be cancelled** and your Credited and Qualifying

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Service for this deferred pension will be added to the Service you earn in re-employment.

However, if you received a refund of excess contributions (fifty-percent rule), those contributions must be repaid (with applicable interest) in order to receive the full value of your Credited Service. If any previously refunded excess contributions, with interest, are not repaid within 180 days, then the reinstatement of Contributory Service will be prorated to account for the previous refund of funds.

Note: Former members that withdrew all their funds from the Plan or have non-locked in benefit remaining in the Plan due to failure to elect a payment option, are not eligible for reinstatement of service and will be treated as new member.

TRANSFER OF PENSION PLAN MEMBERSHIP BETWEEN MEBP PARTICIPATING EMPLOYERS

If you terminate employment with a participating employer and become re-employed with the same or other MEBP participating employer, you may transfer your pension benefits earned to your new employer. However, you will not accrue qualifying service for the period between the date of termination with the first employer and the date of employment with the new employer.

In order to update your pension account, you are required to complete enrolment forms with the new employer, and you will need to

complete a Termination Option Form electing to transfer your prior membership to your new employer within the deadline provided.

DEATH BENEFITS

Death Before Retirement

If death occurs prior to retirement, a death benefit will be calculated as at the date of your death. The death benefit is based on the amount of pension benefit earned as at the date of death. The Plan is required to pay a pre-retirement death benefit based on the provisions set out in *PBA*.

If you are married or in a common-law relationship at the date of your death, your spouse or eligible common law partner will automatically receive the death benefit payable, unless at the time of death you were living separate and apart from your spouse or common-law partner due to a relationship breakdown or your spouse or common-law partner signed a waiver form giving up all rights to the pre-retirement death benefit and the waiver has not been revoked.

Waiver of Entitlement to Pre-Retirement Death Benefit

A spouse or common-law partner can waive (give up) their entitlement to the pre-retirement death benefit by signing and filing with MEBP a Waiver of Entitlement to Pre-Retirement Death Benefit form.

If your spouse or common-law partner signs a waiver of entitlement form, you can no longer name him/her as a beneficiary to any portion of your pension benefit, unless the waiver is revoked before your death or retirement. In

order to revoke the waiver, a Revocation of Waiver form must be completed and filed with MEBP.

Note: Both the Waiver of Pre-Retirement Death Benefit (Form #26) and the Revocation of Waiver form (Form #27) are available on our website.

Payment Options

Your spouse or common-law partner may transfer the death benefit amount to a locked-in retirement account (LIRA) or can elect to receive a monthly lifetime pension payment from the Plan. If the death benefit is considered a Small Benefit under pension legislation, your spouse or partner will receive a one-time taxable cash refund of the commuted value of your pension.

If you do not have a surviving spouse or common-law partner who meets the eligibility requirements for entitlement to the pre-retirement death benefit, a lump-sum death benefit will be paid to your named beneficiary. If the beneficiary is a minor, death benefits will be paid to your named trustee who will be responsible for the administration of benefits to the beneficiary. The trustee information should be reported on the beneficiary designation form.

If you do not have a surviving spouse or common-law partner who meets the requirements for eligibility for entitlement to the death benefit under the *PBA* and you have not designated a beneficiary, the death benefit will be paid to your estate.

The death benefit to a beneficiary or your estate will be paid as a one-time taxable cash

refund of the commuted value of your pension.

Death After Retirement

If death occurs after retirement, the death benefit will be based on the pension option that was chosen at retirement. Additional information about retirement benefits is provided in the **Preparing for Retirement booklet**.

LIFE SHORTENING ILLNESS

Prior to the commencement of a pension payment, if a Member has a terminal illness or a disability resulting in a shortened life expectancy whereby:

- the Member's life expectancy is to be shortened to less than two (2) years, and
- is so certified by a licensed medical doctor, licensed to practice under the laws (of a province or the place where the Employee resides),

the Trustees may accept this as termination of membership due to shortened life expectancy.

Upon request by the Member, along with the medical certificate, a member may elect to receive a lump sum immediate withdrawal of the Commuted Value of the Member's Pension Benefit accrued to date **including** any portion that may be Locked in. This amount may be transferred to a RRSP or taken as a taxable cash refund.

Pension Benefits as at January 1, 2025

If a Member, who is eligible to a withdrawal under this section, has an eligible spouse or common-law partner, the eligible spouse or partner must complete any appropriate waiver form(s) as prescribed in the Manitoba Pension Benefits Act and/or Regulations and file this form with the Administrator.

For additional information and necessary forms, please contact the MEBP Administration office.

RELATIONSHIP BREAKDOWN

The Manitoba Pension legislation **requires** the division of a pension or pension benefit credit between separated spouses or common-law partners when family assets are to be divided under an agreement or court order made under *The Family Property Act* or when a court of another Canadian jurisdiction requires a pension or pension benefit credit to be divided. This law applies to separations that occurred on or after January 1, 1984.

Note: An unresolved relationship breakdown at termination, retirement or death may cause delays in the processing of your pension benefits.

Relationship Breakdown Prior to Retirement

If you experience a relationship breakdown, you can obtain a *Relationship Breakdown Data Form (Form #34)* from the MEBP website or contact the MEBP Administration office.

Once completed and returned to MEBP, the information on the form will be used to provide you with a *Relationship Breakdown Statement*. This statement contains information on the value of the pension benefit accumulated during the period of your relationship, your spouse's or common-law partner's entitlement and the options available.

For separations that occur prior to October 1, 2021, there are three options for dividing a member's pension:

- the pension accrued during the relationship is divided equally on a 50-50 basis;
- if both parties have a pension, then divide the net difference between the two pensions on an equal basis; or
- the parties could opt out of a division of the pension by signing a waiver agreement.

Prior to entering into a written agreement not to divide the pension benefit, you and your spouse or common-law partner must receive;

- independent legal advice; **and**
- a statement from the pension plan administrator which contains information required to be provided under the regulations, such as the spouse or common-law partner's entitlement amount and options.

For separations that occur on or after October 1, 2021, there are two options for dividing a member's pension:

- A couple can divide a pension **up to** a 50% basis. Parties must either have a written agreement or obtain a court

Pension Benefits as at January 1, 2025

order which specifies the percentage of the pension (up to 50%) to be divided in favor of the other party, or

- the parties can decide not to divide a pension by specifying in a written agreement or court order that a member's spouse or partner is not entitled to any portion of the member's pension.

Unlike the pre-October 1, 2021, provisions of the Act, there is no requirement for couples separating on or after October 1, 2021, to receive independent legal advice or a statement from the pension plan administrator specifying the value of the pension that accrued during their relationship before they agree to waive a division of the pension.

However, the legislation provides that either a spouse or common-law partner may request in writing a statement from the pension plan administrator or financial institution.

It is recommended that before agreeing to receive a percentage of less than 50% on a division, the member's spouse or common-law partner should seek legal advice with respect to their family law entitlements, and financial advice as to the implication of agreeing to receive less than 50%.

Relationship Breakdown After Retirement

If the relationship breakdown occurs after you have retired from the plan, your spouse or common-law partner is entitled to a portion of your monthly pension benefit based on the period of marriage or cohabitation.

If the pension is divided, the division of the pension applies retroactively to the date of separation. If the pension is divided, your monthly payment, including your bridge benefit and any cost-of-living adjustments, if applicable, is divided between you and your former spouse or common-law partner based on the pension credits earned during the relationship. You will each receive your respective shares as a monthly payment from MEBP.

LEGISLATION AND MEPP

MEPP is governed by *The Pension Benefits Act* and Pension Benefits Regulation of Manitoba (*PBA*). This act governs Manitoba registered pension plans run by employers or a plan administrator for employees.

Benefits offered under the Plan must comply with the minimum requirements as set out in the Act and Regulations. Other legal requirements that govern the Plan and/or may affect your MEPP pension benefits include, but are not limited to:

- ***The Family Maintenance Act***
- ***The Family Property Act***
- ***The Garnishment Act***
- ***The Income Tax Act***
- ***The Old Age Security Act***
- ***The Pension Benefits Standards Regulations, 1985 (Canada)***
- ***MEPP's written statement of investment policies and procedures (SIPP)***

GLOSSARY OF TERMS

The following is a list of terms used in this brochure or in letters or forms that you may use or receive from MEBP.

Actuary

A business professional that is responsible among other things, for performing valuations of the assets and liabilities of pension plans and calculating the costs of providing pension plan benefits. In Canada, a person must be a member of the Canadian Institute of Actuaries (CIA) to be recognized as a professional actuary.

Actuarial Calculation

A mathematical calculation which determines what amount of money is needed in today's dollars to fund a future pension benefit.

Administrator

The MEBP Board of Trustees is responsible for administering the Pension Plan, Disability Income Plan and Group Insurance Plan.

Assumed Earnings

Earnings which include regular hourly pay or salary, shift premiums and pay increases, but exclude overtime and severance pay, that an employee would have received from the employer had that employee continued to be working in the position the employee had regularly occupied immediately prior to becoming disabled or granted a leave of absence.

Beneficiary

A person who will receive the survivor benefit of your pension benefit if you die.

Bridge Benefit

The bridge benefit is a supplementary benefit paid to members retiring from active status who are under age 60 on their retirement date. The bridge benefit is paid monthly to the age of 60 and is applied to all pension options.

Common-Law Partner of a member or former member means,

a) a person who, with the member or former member, registered a common-law relationship under section 13.1 of *The Vital Statistics Act*, or

b) a person who, not being married to the member or former member, has been living with the member or former member in a conjugal relationship for:

- at least 3 years - if either of them is married, or
- at least 1 year - if neither of them is married.

Commutated Value

The lump sum amount that must be put away today to pay for a pension benefit that is due to be paid in the future. The "value" is calculated in accordance with *The Pension Benefits Act* and standards set by the Canadian Institute of Actuaries.

Cost-of-Living Adjustments (COLA)

The purpose of a COLA is to reduce the effects of inflation by annually increasing the pension based on 2/3rds of the change in the Canadian Consumer Price Index (the maximum increase is 5%). COLAs are granted on an "Ad Hoc" basis, which means that the Pension Fund's financial situation is

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reviewed on an annual basis to determine if sufficient funds are available to grant COLA. A COLA cannot be granted if the Plan is less than 90% funded on a solvency basis.

Canada Pension Plan (CPP)

The Canada Pension Plan is administered by Service Canada, a department of the Federal Government.

Deferred Pension Benefit

A member who terminates employment prior to being eligible for retirement benefits will have earned a deferred pension benefit as at the date of termination. The pension benefit can remain in the Plan (deferred) until the member meets the eligibility requirements for retirement.

Eligible Employee

An individual is an eligible employee of a municipality, community council or an organization, if that individual is issued a T4 Statement of Remuneration Paid, by the employer and the employer has deducted from the individuals' earnings and remitted to the Canada Revenue Agency, deductions for Income Tax, Canada Pension Plan and Employment Insurance.

Final Average Yearly 'Canada Pension Plan' Pensionable Earnings

The year's maximum pensionable earnings (YMPE) as set by the Canada Pension Plan, averaged over the same 5-year period, used in the calculation of the member's final average yearly earnings.

Final Average Yearly Pensionable Earnings

The average of a member's best five years of pensionable earnings. Full and partial years of earnings are included in the calculation.

Lay Off

A layoff is a temporary break in employment, where the employee is likely to return to work.

Locked-in

The pension benefit earned cannot be taken as a lump sum cash payment. It can remain in the Plan or transferred to a locked-in retirement account (LIRA).

Locked-In Retirement Account (LIRA)

A LIRA account is used to transfer locked-in pension funds from the Pension Plan to an approved financial institution. A transfer from a pension plan to a LIRA is done on a tax-sheltered basis and a tax receipt is not required to be issued.

Member

An eligible employee becomes a plan member once eligibility requirements have been met or the employee decides to join on a voluntary basis. The employee must complete an enrolment form.

Not Locked In

The pension benefit earned can be taken as a taxable lump sum cash payment or transferred to a Registered Retirement Savings Plan (RRSP).

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Old Age Security (OAS)

Old Age Security Plan is administered by Service Canada, a department of the Federal Government

Participating Employers

Employers who have signed By-Laws, Resolutions or Participation Agreements with MEPP are considered to be participating employers. Plan members can transfer accrued pension benefits between participating employers.

Pension Adjustment (PA)

The value of a member's pension benefit that accumulated over a calendar year as determined by a formula specified under the *Income Tax Act*.

Pension Benefit

The Pension Benefit is the amount of pension you have accrued under the pension plan. The pension benefit is calculated using the pension plan formula.

Pensionable Earnings (Contributory Earnings)

Pension contributions are deducted on pensionable earnings only. These earnings include hourly wage or salary payments, vacation pay, sick pay and shift premiums. Overtime earnings, bonuses, severance pay, northern living allowance and certain types of banked time are not considered to be pensionable.

Pension Entry Date

The date an employee starts contributing to the Municipal Employees Pension Plan.

Pension Plan Formula

A mathematical equation used to calculate the amount of pension benefit earned by a pension plan member, based on pensionable earnings and service.

Pensionable (Contributory) Service

The actual time a member contributes to the Pension Plan. It is used in the pension formula to determine the amount of pension you have accrued.

Probation Period

An employee's employment status is considered to be probationary for a set period of time. A participating employer may require a newly hired employee to serve a probation period, prior to the employee becoming permanent and eligible for benefits.

Qualifying Service

Qualifying service is employment (or combined periods of employment), that is unbroken by resignation, termination or retirement. It begins on the date of employment with a participating employer and ends on the day a member terminates or retires from a participating employer. It is used to determine the "Rule of 80" date. A break in service of 54 weeks or longer will affect the calculation of qualifying service and the Rule of 80 date.

Registered Retirement Savings Plan (RRSP)

A registered retirement savings plan is used to transfer non-locked in pension funds from the Pension Plan to a financial institution. A transfer from a pension plan to an RRSP is done on a tax-sheltered basis and a tax receipt is not required to be issued.

Rule of 80 Date

The Rule of 80 date is calculated by adding your age and qualifying service together (minimum age of 55 required effective January 1, 2018). If you obtain your Rule of 80 Date, you are eligible to retire with unreduced pension benefits. An early retirement reduction will not apply. Partial years of age and service are included in the calculation. The Rule of 80 is determined by your age plus Qualifying Service at the date of cessation of Qualifying Service.

Small Benefit

The Pension Benefits Act allows the pension plan the option of paying out a taxable cash refund of the pension benefit if it is under a certain minimum amount at retirement or termination of employment.

Spouse

A person who is either legally married to, or in a common-law relationship with a member. (See Common-Law Partner)

Vested

Vested means you are entitled to receive benefits under a pension plan, as a result of achieving a certain age or length of service. In Manitoba, vesting is immediate. This means that at any age or length of service, you are entitled to the pension benefit earned under the terms of the plan.

Year's Maximum Pensionable Earnings (YMPE)

Each year, the federal government sets the year's maximum pensionable earnings (YMPE). This is the maximum salary amount on which you need to contribute to the Canada Pension Plan.

PRIVACY

MEBP is committed to protecting the privacy of our members. We have designated a Privacy Officer and developed a Privacy Policy to protect the confidentiality, accuracy and security of your personal information and personal health information in accordance with relevant privacy laws.

Please direct any privacy related questions, comments or requests to:

Municipal Employees Benefits Program
PO Box 764
Winnipeg, Manitoba R3C 2L4

Phone: 204-926-7979
Toll Free (within Canada): 1-800-432-1908
Fax: 204-943-5998

pensionrequestsmebp@coughlin.ca
www.mebp.mb.ca

Member Notes: