



MEBP

**MUNICIPAL EMPLOYEES
BENEFITS PROGRAM**

Pension Benefits

As at January 1, 2021

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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 Estimator

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

The Online Pension Estimator 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 Benefit Statement

An Annual Benefit 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 Benefit 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 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. You will be required to pay the full actuarial cost of the service.

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 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.

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
- Manitoba Identification Card

- Valid Driver's License
- Baptismal Certificate
- Valid Canadian Passport
- Certificate of Citizenship (Showing date of birth)
- Certificate of Indian Status (Showing date of birth)

(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 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 may wish to 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. Participating employers are required to contribute at the same rates as members and match all member 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 V122515 (now 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.

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

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 SERVICE

You can apply to purchase periods of 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.

Service eligible to be purchased includes:

- Probationary periods of employment and/or any other periods of service that you worked immediately prior to your current Pension 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.
- Periods when you may have been on strike or locked-out.

Service not eligible for 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 service for which you have a deferred pension benefit (see Reinstatement of Prior Service).

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.

REINSTATEMENT OF SERVICE

If you terminate your employment and return to work with a participating employer within three years from your date of termination, you can reinstate your membership in the Plan. You must apply to reinstate within two years of re-entry into the Plan. If you reinstate, your previous period of service will be combined with your new period of plan membership.

If you removed funds from the Plan at termination, you can reinstate your prior pensionable service only if you repay the full actuarial cost of the service, calculated as at the date the reinstatement application is received. **Please note that the actuarial cost to reinstate prior service may be substantially higher than the original refund values.**

There are rules and regulations under the *Income Tax Act* that apply to the reinstatement of prior periods of service.

LEAVE OF ABSENCE

Pension Service

If your employer approves a **leave with pay**, pension contributions will continue to be deducted from your employment earnings.

If your approved **leave is without pay**, you have the option to make contributions to the Plan for the period that you were absent from work. This means that you can earn pensionable service during a period when you were not receiving employment earnings from your employer.

In order to purchase this service period:

- you must submit an application to MEBP, within 6 months of returning from your leave and pay both the member and employer share of the required contributions, based on your salary/pay in effect prior to the start of your leave, or
- you can apply to purchase the service prior to termination or retirement. See the *Buyback of Prior Service* section for additional information.

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 the leave. MEBP will calculate the cost and provide you with payment options.

Any top-up pay and/or leave allowance received from your employer during a period of approved absence is not considered to be pensionable earnings and contributions are not required to be deducted.

Qualifying Service

Your qualifying service may be affected if your leave of absence is 54 weeks or greater in length and you choose not 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).

Workers Compensation

If you are collecting Workers Compensation, you have the option to make contributions to the Pension Plan for the first 18 weeks (elimination period) that you were absent from work. This means that you can earn pensionable service during a period when you were not receiving employment earnings from your employer.

In order to purchase this service period:

- you must submit an application to MEBP, within 6 months of returning from your leave and pay both the member and employer share of the required contributions, based on your salary/pay in effect prior to the start of your leave, or
- you can apply to purchase the service prior to termination or retirement. *See the Buyback of Prior Service section for additional information.*

Any top-up pay received from your employer during a period when you are in receipt of Workers' Compensation benefits are not considered to be pensionable earnings and contributions are not required to be deducted, unless stipulated by a union agreement.

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.

If you are collecting 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.

Lay Off Period

During a period of lay off, you cannot contribute to the plan and you will not accrue pensionable service. A lay off period may also affect your qualifying service if it is longer than 54 weeks in duration.

Call Back to Work

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

PORTABILITY OPTIONS

Transfer of Pension Plan Membership between Participating Employers

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

In order to update your pension account, we will require that you 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. (Additional information is available under the Termination section.)

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 we have an agreement, you may wish to transfer your pension benefits from your previous employer to the MEPP. We currently have agreements with:

- Manitoba Civil Service Superannuation Board
- Winnipeg Civic Employees' Benefits Program
- Public Service of Canada
- Saskatchewan Public Employees Benefits Agency
- Manitoba Healthcare Employee Benefit Plans
- Brandon University
- Canadian Union of Public Employees
- Ontario Municipal Employees Retirement System

Note: There are time restrictions within the reciprocal transfer agreements. If you are considering a reciprocal transfer 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.

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.

TERMINATION BENEFIT

Pension Benefit/Commuted Value

If you terminate your employment with a participating employer before you are eligible to receive retirement benefits, you will receive termination information and an option form.

Using your date of termination, we calculate the amount of the pension benefit earned and the commuted value (see glossary) of the pension benefit. The commuted value is calculated using your age, pension benefit earned, and interest rates in effect on the date of termination. Your termination date for pension purposes is the last day for which you receive pensionable earnings from your employer (unless you are on a Leave or Lay Off).

The options available at termination are:

1. Leave your pension benefit in the Plan on a deferred basis until you are eligible to receive retirement benefits from the plan. (This option is not available if your pension benefit is a "small benefit" and is less than legislated annual minimum.), or
2. Transfer your pension account to another MEBP participating employer, or
3. Transfer the commuted value of the pension benefit to a Locked-In Retirement Account (LIRA) or a Registered Retirement Savings Plan

(RRSP) (whichever is applicable) that you have set up with your financial institution subject to the Income Tax Act Maximum Transfer Value Limit, or

4. Transfer the value of the pension benefit to another pension plan on a reciprocal transfer basis.

Your age, service and amount of pension earned at termination will determine if the commuted value of the pension benefit will be locked in or not locked in.

If the commuted value is locked-in you **cannot** take the commuted value as a cash refund. It can be transferred to a LIRA on a tax sheltered basis subject to the Income Tax Act Maximum Transfer Value limit.

If the commuted value is not locked in, you can withdraw it from the plan as a taxable cash refund or you can transfer it on a tax sheltered basis to a Registered Retirement Savings Account (RRSP).

You will be advised on your option form if the commuted value is locked in or not.

Small Benefit Commutation

If the pension benefit earned at termination is considered to be a small benefit in accordance with the Pension Benefits Act of Manitoba, you can take the funds out as a taxable cash refund or transfer the funds to an RRSP.

The small benefit amount is based on a percentage of the YMPE and is subject to change on an annual basis.

Excess Employee Contributions

Your employee required contributions with interest are used to determine if “excess contributions” are required to be paid out to you at termination.

If at your date of termination, *your own contributions plus interest* are greater than 50% of the commuted value of your pension benefit, you are entitled to a refund of those excess contributions.

Income Tax Act – Maximum Transfer Value Excess

The *Income Tax Act* limits the amount which may be transferred from a registered pension plan on a tax-sheltered basis to a LIRA or RRSP. This is known as the Maximum Transfer Value.

The portion of a benefit that exceeds this limit is referred to as the Maximum Transfer Value Excess. The Maximum Transfer Value applicable to you will be stated on your Termination Statement. If your total entitlement (Committed Value plus Excess Employee Contributions) is less than the Maximum Transfer Value stated, all funds may be transferred on a tax-sheltered basis. If your total entitlement exceeds the Maximum Transfer Value, only the portion of your entitlement up to the Maximum Transfer Value will be transferred. The balance of your entitlement that is over the Maximum Transfer Value must be taken as a lump sum cash payment less any applicable withholding taxes.

You may transfer the amount over the Maximum Transfer Value (MTV Excess) to your Registered Retirement Savings Plan

(RRSP) **provided** you have room to make an RRSP contribution for the year based on your current year contribution limit and unused RRSP room carried forward from prior years.

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 a retirement benefit**.

The commuted value will be recalculated as at the date of your request based on 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. Review the **Retirement Section** for additional information on the eligibility requirements for a retirement benefit.

Withholding Tax on Lump Sum Payments

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:

- 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.

RETIREMENT BENEFIT

The main goal of the Plan is to provide you with a retirement benefit. To qualify for a retirement benefit under the Plan, your annual pension benefit payable at your Normal Retirement Age must be at least 4% of the Canada Pension Plan year's maximum pensionable earnings (YMPE). If you retire or terminate from the plan and your benefit is under the required minimum, you will be paid the commuted value of your pension as a lump sum payment.

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.

Full Pension Benefit

A full pension benefit is a pension that **has not been reduced** for early retirement.

You can retire early with an unreduced pension benefit:

- if prior to January 1, 2018 your age plus qualifying service equals 80 (no minimum age required), or
- if on or after January 1, 2018, your age plus qualifying service equals 80, and you have obtained the minimum age of 55, or

- at age 60 and have 5 or more years of qualifying service, or
- at age 65, with any amount of qualifying service.

Reduced Pension Benefit

If you do not qualify for an unreduced pension, you are eligible to retire with a reduced pension benefit after reaching age 55. Your pension benefit is reduced to account for your early start date.

A reduced pension benefit is a pension that has been adjusted by an early retirement percentage or an actuarial reduction.

You can retire early with a reduced pension benefit:

- if you are between the ages of 55 and 60 and have 5 or more years of qualifying service, but you have not met the Rule of 80 requirements. Your pension benefit will be reduced by:
 - for pensionable service before December 31, 1991, **.0625%** for each complete month that the retirement date precedes your 60th birthday, and
 - for pensionable service after December 31, 1991, **.25%** for each complete month that the retirement date precedes your 60th birthday,
 or
- if you are between the ages 55 and 65 and have less than 5 years of qualifying service you may be eligible to receive an **actuarial equivalent** pension benefit. This means that the pension that would have been payable at your

normal retirement date of age 65, would be reduced and paid earlier.

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.

Bridge Benefit

The bridge benefit is a supplementary benefit paid to eligible members retiring from active or deferred status who have at least 5 years of qualifying service and are under age 60 at the date of retirement. It is paid monthly to age 60 and is applied to all pension options.

The bridge benefit provides additional income until age 60, at which time you are eligible to apply for the Canada Pension Plan. At age 60, the MEPP stops paying the bridge benefit and your monthly pension benefit will be adjusted accordingly. The adjustment to your MEPP payment will occur automatically at age 60, even if you have not applied for your Canada Pension Plan benefits.

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 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 offers several pension options 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 2/3rds to Spouse and Full to Spouse. If this option is not suitable, your spouse or

common-law partner can complete a waiver form that allows you to select a different type of pension option.

If you select a joint life pension (2/3, 1/2 or Full to Spouse) that is payable to your spouse or common-law partner upon your death, the person who you represent as your spouse or common-law partner **on your retirement date**, is considered to be the named beneficiary of your pension benefit.

For additional information on the pension options available under the Plan, please review our **Preparing for Retirement booklet**.

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.

Pension legislation does not allow the Trustees of the Municipal Employees Pension Plan to grant COLA unless the Plan is at least 90% funded on a solvency basis.

Disability Retirement

If you are a member who **DOES NOT** participate in the Disability Income Plan, you may be eligible to apply for a disability pension under the Pension Plan if:

- you are under the age of 65 and
- you have been under the regular care of a medical practitioner for at least 18 weeks and

- you have 5 or more years of service and
- your disability is considered to be severe and prolonged.

Severe means that you are incapable of regularly pursuing any substantially gainful occupation. Prolonged means that the disability will prevent you from going back to work in the next 12 months, or it may likely result in death.

To qualify for a disability benefit you must meet both the “severe” and “prolonged” criteria.

You must apply for the disability benefit by completing the necessary forms and by providing medical evidence that proves that your disability is severe and prolonged.

The disability benefit that is payable is based on the amount of pension accrued as at the date you became disabled.

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 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 Survivor or 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 Entitlement to Pre-Retirement Survivor or Death Benefit form and the Revocation of Waiver form 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 transferred to a RRSP or taken as a taxable cash refund.

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

Provincial legislation requires the division of a pension benefit between separated spouses or common-law partners when:

- according to an order of the Court of Queen's Bench made under *The Family Property Act*, family assets are required to be divided, or
- according to a written agreement between you and your spouse or common-law partner, family assets are divided, or
- when a court of another Canadian jurisdiction requires a pension or pension benefit credit to be divided.

The PBA applies to pension benefits accrued during the period of marriage or cohabitation. The period of marriage or cohabitation is defined as the period from the date of cohabitation to the date of separation (the date you and your spouse or common-law partner started living separate and apart).

The PBA applies to separations that occurred on or after January 1, 1984.

You and your spouse or common-law partner may enter into a written agreement not to divide the pension benefit. The agreement must contain terms as set out in the Pension Benefits Regulations and a copy of the agreement must be filed with MEBP.

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.

If both you and your spouse or common-law partner belong to pension plans and are not retired, you can agree, in writing, to equally divide the difference in the values of the two pension benefits on a 50/50 basis, rather than dividing both pension benefits on a 50/50 basis.

Under the Pension Benefits Act: "Spouse" is defined as the person who is married to the other person.

"Common-law partner" of a plan owner/member or former owner/member means:

- (a) a person who - with the owner or former owner - has registered a common-law relationship, under section 13.1 of *The Vital Statistics Act* or
- (b) a person who is not married to the owner or former owner, but has lived with him/ her in a conjugal relationship for at least:
 - (i) three years, if either of them is married or
 - (ii) one year, if neither of them is married

"Common-law relationship" is defined as the relationship between two people who are common-law partners.

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* 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. *This statement is required when dealing with the legal requirements of a relationship breakdown and the division of assets.*

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, you and your former spouse or common-law partner will receive your respective shares as monthly pension payments.

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.

Approved Leave of Absence

A leave of absence from work for a period of up to 3 years (which may be extended to a maximum of a further 2 years); approved by the employer, and for which a member does not already have pensionable service under another arrangement.

Assumed Earnings

Earnings which include regular hourly pay or salary, shift premiums and pay increases, but exclude overtime and severance pay, that the 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 age 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 has to be put away today to pay for a pension benefit that is due to be paid in the future. The "value" is calculated by an Actuary, 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 reviewed on an annual basis to determine if sufficient funds are available to grant a 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 considered to be 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 lay off 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 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 enrollment 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).

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.

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)

Top-Up Pay (Supplemental Unemployment Benefit – SUB)

Maternity and parental leave top-up pay is salary paid to an employee receiving Employment Insurance (EI) benefits while on an approved maternity or parental leave. This salary pays the difference between the EI benefits and a set percentage of the

employee's regular salary. (Top-up pay may be paid by employers for other types of leave,

such as Workers Compensation, education, compassionate, etc.)

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.

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
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