PENSION PLAN

FOR NON-TEACHING EMPLOYEES OF PUBLIC SCHOOL BOARDS IN MANITOBA

PLAN SUMMARY

WWW.MBSCHOOLBOARDS.CA/PENSION/

APRIL 2023

OVERVIEW

WELCOME TO YOUR MANITOBA SCHOOL BOARDS ASSOCIATION PENSION PLAN

The Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba is a defined contribution pension plan. This means the benefit you receive at retirement depends on the contributions made and the investment performance of the pension fund. At retirement, you will receive the value of your contribution account, including your Participating Employer matching contribution account and related interest, to provide you with retirement income.

The Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba is sponsored by the Manitoba School Boards Association and governed by a Board of Pension Trustees, which include representation from the Association, the Manitoba Association of School Business Officials, and employee groups. The Pension Plan was established in August 1974 and has thirty-three Participating Employers with thousands of active contributing employee members. The Pension Plan is registered under both the Income Tax Act and The Pension Benefits Act (Manitoba).

The Board of Pension Trustees oversees all aspects of the administration and management of the Pension Plan. The Board of Pension Trustees signed a Trust Agreement with the Manitoba School Boards Association effective January 1, 1996; and as amended thereafter.

The assets of the pension fund are held in trust in the name of the Pension Plan and are invested by the Board of Pension Trustees which has responsibility over investment policy and regularly reviews the investment performance of the pension fund.

This booklet provides a detailed summary of your benefits under the Pension Plan. As well, it covers some information on government benefits and RRSPs. It also highlights other valuable Pension Plan features, including the waiver of contribution benefit due to sickness or accident, survivor benefits and others.

We urge you to review the booklet carefully and to retain for future reference. Should you have any further questions about your Pension Plan, you should contact your Participating Employer office.

Copies of this booklet, the Pension Plan Text, Trust Agreement, and other important pension documents and forms can be found on the pension website at www.mbschoolboards.ca/pension/.

With respect to your pension benefits:

If you require assistance with your pension benefits, please contact:

Eckler Ltd.
2475 – One Lombard Place Winnipeg, Manitoba R3B 0X3
Telephone: (204) 988-1571
Fax: (204) 988-1589

If you require assistance when **retiring and planning your retirement,** please contact:

James Ralko
Eckler Ltd.
2475 – One Lombard Place Winnipeg, Manitoba R3B 0X3
Telephone: (204) 988-1580 or toll-free (877) 988-1581
Fax: (204) 988-1589
Email: jralko@eckler.ca

Keeping us informed

It is important you notify your Participating Employer of any changes to your personal information, including changes to your address or marital status, or if you wish to change your beneficiary. Ensuring your information is current will assist us in administration of your account and communication with you as a plan member.

YOUR PENSION PLAN AT A GLANCE

The following is a summary of the provisions of the Plan. It is not intended to be comprehensive. A more detailed description of the key Pension Plan features is provided within this booklet.

Eligibility	Eligible employees may join the Plan at any time during the first two years of employment. All employees must join no later than the first day of the month on or after the completion of 2 years of employment. Employees who do not earn at least 25% of the YMPE in two successive calendar years need not become Members of the Plan until January 1 following the year in which this condition is met.
What you contribute	Effective January 1, 2019, eight percent of your earnings (subject to the Income Tax Act maximum limits).
What your Participating Employer contributes	The Participating Employer will match your required contributions dollar for dollar (subject to the Pension Plan limits).
When you can retire	*Normal retirement:* Age 65. *Early retirement:* any date following your 50th birthday. Postponed retirement: Contributions cease and pension payments begin no later than December 31st of the year you reach age 71.
What the Plan provides at retirement	You receive the total value of your pension contribution accounts.
Pension payment options	Pension income is paid for your lifetime (with a range of options for continuing payments after your death, including a lifetime spouse's pension).
If you leave your Participating Employer before retirement	You will receive the total value of your contribution accounts no matter how long you have been a member of the Plan.
Survivor benefits	*Before retirement:* Total value of your contribution accounts paid to your spouse/common-law partner, beneficiary or estate. *During retirement:* Depends on the payment option you selected at retirement.

ELIGIBILITY

Eligible Employees (full-time and non-full-time) hired on or after January 1, 2022 are able to become a Member of the Plan at any time during the first two years of employment. All employees must join no later than the first day of the month on or after the completion of 2 years of continuous employment.

Non-full-time Employees hired on or after January 1, 2022, who do not earn at least 25% of the YMPE* in two successive calendar years need not become Members of the Plan until the January 1 following the year in which this condition is met.

Joining the Pension Plan

To formally join the Pension Plan, you must complete an application form available through your Participating Employer office. It is very important you complete your application card as soon as possible so your pension contributions can commence once you become eligible.

The information collected through the membership application process is required for Pension Plan administration, collection of contributions and payment of retirement benefits. No other use of the personal information collected is permitted.

Exemption from joining the Pension Plan

An employee, who is a member of a religious group with an article of faith that precludes membership in a pension plan, or who is a student on a substantially full-time basis, can request to not join the Pension Plan. The exemption form may be requested by contacting your Participating Employer.

** The YMPE is an amount set by the Federal Government each year to determine maximum Canada Pension Plan (CPP) contributions and benefits. Information pertaining to current YMPE can be found on the Federal Government Website.*

BENEFICIARY APPOINTMENT

Choosing a beneficiary is an important decision. Your beneficiary is the individual(s) who will receive the survivor benefit from the Pension Plan if you die. You can designate anyone as your beneficiary under the Pension Plan, including your spouse/common-law partner, your children or your estate. If you do not designate a beneficiary, the default is your estate. Please note a designation of beneficiary does not mean entitlement. Manitoba pension law **requires** the survivor benefit be paid to your spouse/common-law partner, even if you name someone else as your beneficiary, unless:

(a) at the time of death, the spouse/common-law partner was living separate from you due to relationship breakdown, or
(b) the spouse/common-law partner signs a written waiver (prescribed form) to give up their rights to the survivor benefit, and the waiver has not since been revoked (please reference government Form 2 on page 16).

Naming a minor as beneficiary
You may name a child as your beneficiary. If you do name a minor child, you must also appoint a trustee to look after the child's benefits. You should consult a lawyer to make sure all requirements and potential scenarios are addressed adequately.

If you do not name a beneficiary
If you do not name a beneficiary or your named beneficiary is not alive to receive your benefits, your survivor benefit will be paid to your estate unless you make specific reference otherwise in your will. If your death benefit is paid to your estate, it will be subject to probate fees, estate taxes and creditors.

You may update your beneficiary at any time
Please be aware the designation of the beneficiary will not be revoked or changed automatically by any future marriage or divorce. Should you wish to change your beneficiary in the event of a marriage or divorce, you will have to do so by means of a new designation. Not updating your beneficiary designation may result in benefits being paid to an unintended individual.

Your Participating Employer office has the forms to change your beneficiary designation.

The form to change your beneficiary may also be found on the Pension Plan website. Once the form is completed, please forward it to your payroll office and they will forward it to the administrators of the Pension Plan.

CONTRIBUTIONS

Required contributions to your pension account are shared equally between yourself and the Participating Employer and will consist of:

- **employee contribution account** for your required contributions, plus interest; and.
- **employer contribution account** for the Participating Employer matching contributions made on your behalf, plus interest.

The sum of your employee contribution account and employer contribution account is often referred to as your **total account**.

Your required contributions

Effective January 1, 2019, you are required to contribute each year eight percent of your earnings. Before 2019, you were required to contribute each year a percentage of earnings minus what you contributed to the Canada Pension Plan. The percentage varied according to your age.

Please note you must cease contributions and membership in the Pension Plan by the end of the calendar year in which you reach age 71.

Please note once you have become a member of the Pension Plan, you must continue to contribute based on your earnings even if you become a non-full-time employee and your earnings drop below 25% of the YMPE.

Employer contributions

Your Participating Employer will match your required contributions dollar for dollar. These contributions are directed to your employer contribution account.

Voluntary contributions

In addition to the required contributions above, you may contribute an additional voluntary amount by payroll deduction to provide you with additional pension at retirement. Any voluntary contributions will form part of your **total account**. This additional voluntary contribution is subject to limits imposed by the *Income Tax Act,* shown below. Note, the Participating Employer will not match these additional voluntary contributions. Should you wish to make additional voluntary contributions, please contact the payroll department at your Participating Employer. You may notify your Participating Employer to cease additional contributions at any time during the year.

Income Tax Limits

Your required and voluntary (if applicable) contributions are deducted automatically from your pay and deposited into your account. These contributions are tax-deductible in the year they are made. Your annual required and voluntary contributions plus the matching Participating Employer contributions cannot exceed the lesser of:

- 18% of your salary, and
- the Money Purchase limit prescribed by the Federal government.

This Money Purchase limit is reviewed annually and indexed. Information pertaining to the Money Purchase Limit can be found on the Pension Plan website or the Federal Government Website.

Participating Employer contributions made on your behalf are tax-sheltered. You are not required to pay income tax on these contributions nor related interest if the money remains in the Pension Plan.

The sum of your required and any voluntary contributions plus the Participating Employer's contributions on your behalf will be reported on your T4 slip as your Pension Adjustment (PA) for the year. Your Pension Adjustment is used to determine how much you are permitted to contribute to an RRSP in the following tax year.

TRANSFERS INTO THE PENSION PLAN

If you were a member of a registered pension plan prior to joining the Manitoba School Boards Association Pension Plan, you may transfer the lump-sum value of your benefits from your prior plan into the Pension Plan. Any amounts transferred into the Pension Plan will be allocated to your **transferred-in account**. This transferred-in account will be credited the rate of return at the same level as your other contribution accounts effective from the date the funds are deposited.

If your contributions were transferred on a locked-in basis, they will be deemed “restricted” under the terms of the Pension Plan. As such, these funds must be used to provide a retirement income and may not be withdrawn before you retire.

When you retire, your transferred-in portion of your total account (including any accumulated investment return) may be transferred out of the Pension Plan or used to purchase an annuity. The regulatory requirements of any locked-in funds transferred in will be adhered to.

RRSP contributions

Your membership in the Pension Plan will affect the amount of money you can contribute to a personal RRSP each year. After you file your income tax return each year, your RRSP contribution room will be reported to you on the *Notice of Tax Assessment* you receive from the Canada Revenue Agency.

EARNING INTEREST

All contributions are directed to the pension fund, a trust fund from which benefits are paid. It is administered by professional investment managers who are responsible for investing the Pension Plan funds prudently and based on clearly defined investment policies (Charter of Investment Policies, Guidelines and Objectives). The Investment Charter can be found on the Pension Plan website. The Board of Pension Trustees monitors the performance of the various managers regularly and makes changes as necessary.

The Pension Plan’s rate of return is determined at each Plan Year end (December 31st). This rate of return is credited to the balance of your total account at the beginning of the Plan Year, and to the contributions made to your account during the Plan Year from the end of the month in which they are made.

You will receive an annual pension statement that reports the amount of investment return credited to your accounts in the previous calendar year. In addition, the Board of Pension Trustees produces an annual report that provides an overview of the financial operation and performance of the pension fund.

INTEREST FOR PARTIAL YEARS

Should it become necessary to determine your total account balance at a date other than the Plan Year end (due to retirement, termination of employment or death), your pension account will be credited with the investment return for the period from the most recent Plan Year end (December 31st) to the end of the month prior to the date of payment or transfer from the pension fund. Your account will be credited with interest from the end of the most recent Plan Year to the end of month prior to the month of payment or transfer in accordance with *The Pension Benefits Act*.

Please be aware if your account is transferred early in the Plan Year, the investment return for partial years described above will continue to apply until the Board of Pension Trustees determines an **estimated interim fund rate of return for the previous Plan Year**. Once this interim fund rate is determined, it will be used for any future benefit payments until the annual accounting is completed for the previous Plan Year.

DEFERRED MEMBER ADMINISTRATION FEE

If a terminated employee leaves their total account balance in the pension fund, a charge will be assessed each calendar year, following the year of termination. This annual charge is 0.6% of the total account balance and is deducted from the employee's total account balance. This fee is subject to change.

RETIREMENT

Choosing when to retire is an important decision that can have a large impact on your pension. Under the Pension Plan, you have several retirement date options to consider:

Normal retirement	The normal retirement date is the first day of the month following your 65th birthday.
Early retirement	You can retire at any date after your 50th birthday. You must terminate employment if you wish to start your pension early.
Deferred retirement	You can keep working beyond your normal retirement date. However, by law, you must begin collecting your pension benefits no later than December 31st in the year you turn 71, whether you continue to work or not. If you elect to continue working after age 65, you and the Participating Employer must continue to contribute to the Pension Plan until you retire. However, members who have turned age 65, prior to January 1, 2018 will have the right to discontinue contributions and either begin their pension or defer receiving it to a later date. Members are cautioned that collecting a pension while continuing to work can have significant tax implications. Note in the year in which you attain age 71, you will have to stop participating and cease payroll deductions to the Pension Plan by November 1st at the latest in order to allow time to process your benefit by December 31st.

RETIREMENT INCOME

With a defined contribution plan, the income you receive at retirement depends on the contributions made and the investment performance of the pension fund. You will receive your total account balance plus investment income. Your total account balance must be transferred out of the Pension Plan to begin receiving retirement income.

Your Pension Plan Payment Options

The Pension Plan provides you with retirement income choices. You can elect to transfer your total account balance either to:

1. a life insurance company to purchase a lifetime annuity;
2. a Life Income Fund (LIF) with an approved financial institution; or
3. a combination of the two options above.

If you have a spouse/common-law partner on the date of retirement and you elect to purchase a lifetime annuity, you must, by law, select a form of pension that provides at least a 60% lifetime survivor pension to your spouse/common-law partner. Your spouse/common-law partner may waive their right to a survivor pension by signing a prescribed form. The required form is available from Eckler Ltd. or the Office of the Superintendent - Pension Commission of Manitoba website (Form 5). Waiving the right to a survivor pension is a serious matter; you and your spouse are advised to get independent legal advice before making this decision.

Please reference the definition of Spouse/Common law partner in the glossary of terms. If you are of retirement age and do not want to start drawing retirement income, you may elect to leave your account balance under the Pension Plan or transfer it to a Locked-In Retirement Account (LIRA) with an approved financial institution. However, by the end of the year in which you turn age 71 you must elect to commence your retirement income.

1. Your Lifetime annuity

When you purchase a life annuity through a life insurance company you are trading or transferring your account balance to receive a guaranteed pension income for life. Under this option there is no investment risk and no risk of outliving the income. Once the annuity is established you will receive a certificate or policy form the life insurance company which provides for the guarantee of your lifetime pension income. There are several different forms of annuities that can be elected based upon your needs.

Joint lifetime annuities not only provide income for your life, but pension income for your spouse's life as well. The joint annuity option can have a survivor benefit to the spouse of either 100% or $66^{2/3}$%. Legislation requires a minimum 60% survivor annuity if you have a spouse/common-law partner who has not waived their right to a survivor pension.

There are also **single lifetime annuities** for those who do not have a spouse at retirement, or if the spouse has waived their right to a survivor pension. A single lifetime annuity provides you with a guaranteed pension income for *your* life.

A **guarantee period** of up to 15 years may also be added to either the single lifetime or the joint lifetime annuity to ensure you have some protection for your beneficiaries or the estate.

The income generated by an annuity depends on many factors**,** including:

- long-term interest rates at the time of purchase, which are related to the yields of long-term bonds;
- your age at retirement;
- your spouse's age at your retirement (if applicable); and
- life expectancy.

Since long-term interest rates may fluctuate from month to month, it is impossible to determine your exact monthly pension benefit in advance of your retirement date.

It is important to note the current long-term interest rate can have a significant impact on the pension/annuity calculated on your behalf. The higher the long-term interest rate, the higher the monthly benefit amount, as outlined in the following table:

LIFE ANNUITY EXAMPLE
Member age: 65
Total value of account: $100,000

Base rate	Monthly pension
4.0%	$567
3.0%	$514
2.0%	$464

This example has been provided for illustrative purposes only. Your annuity will be calculated based on your personal circumstances and the long-term interest rates in effect as of your retirement date.

Early or Late Retirement Considerations
The actual amount of pension you receive will be determined by your personal circumstances and the long-term interest rates in effect at your retirement date. However, as these examples illustrate, your age at retirement will also significantly impact the amount of income you can expect to receive. If you start your pension early, you forego future contributions and the investment income accumulating on your account, and you will be collecting your pension for a longer period. These factors will reduce the size of your monthly pension income. Alternatively, if you delay your retirement, your pension account will continue to grow through contributions and will be credited with investment return. You will then be drawing on your income for a shorter period and as a result, your monthly pension income will generally increase.

Pension Increase (Inflation Protection)
Most years, the cost of living goes up, not down. This can have a significant impact on the buying power of your pension over the long term. You can purchase an **indexed annuity** with your total account balance, but the monthly pension at retirement could be 15% to 20% less than it would be without indexing. The reduction in the amount of pension is again dependent on your age, your spouse's age (if applicable), and the level of indexing of the annuity.

Group Annuity Contracts
The Board of Pension Trustees has established group annuity contracts with major insurance companies to provide plan members with group annuity rates that may be higher than those available on an individual basis. Once you have selected your annuity option, quotations from the insurance companies can be obtained so you receive the most competitive rate available. Eckler Ltd. can assist you with the annuity purchase under this group arrangement.

2. Life Income Fund (LIF)

You can transfer the total value of your locked-in funds to a Life Income Fund (LIF). The main feature of this option is outlined below.

Life Income Fund (LIF)	A LIF is another type of contract, approved in Manitoba, designed to provide flexible income over your retirement. Under this option you continue to manage your money, but the government sets both a minimum and maximum amount of income you can receive each year from your LIF. Within this range, you decide each year whatever payments you wish to receive. Payments in future years are dependent on the amount of income withdrawn, the investment earnings under the LIF contract and the minimum and maximum set by the government. Note you may purchase a life annuity with your LIF account balance at any time in the future.

This transfer will remain locked-in under current pension law and cannot be cashed-in; it must be used to provide a retirement income. In addition, your locked-in benefit entitlement remains subject to pension legislation requirements for pension sharing, survivor benefits and death benefits.

Prescribed Retirement Income Fund (PRIF)
A Manitoba LIF contract owner who is at least 55 years of age may (with spousal approval, if applicable) **apply for a one-time transfer of up to 50% of the balance in one or more LIFs to a Prescribed Retirement Income Fund (PRIF).** In general terms, a PRIF is similar to a RRIF and has no limit on the maximum amount of income you can receive each year. This prescribed option provides for even greater income flexibility than the LIF above. However, in choosing this option you may exhaust your retirement income more quickly than anticipated. Caution is recommended when transferring to the PRIF.

For reference, a RRIF is usually the maturity option used with your RRSP. You transfer your RRSP to a RRIF when you wish to start drawing an income (your RRSP must be transferred to a RRIF by the end of the year in which you turn age 71). Under a RRIF you must withdraw a prescribed minimum set by the Income Tax Act (Canada) but there is no maximum limit.

Full Unlocking (100%)
A LIRA or LIF owner who is at least 65 years old may apply (with spousal approval, if applicable) to unlock the balance in one or more of their LIRAs or LIFs. The unlocked funds may be withdrawn as a taxable benefit or be transferred to a RRSP or RRIF if permitted under the Income Tax Act (Canada).

Group LIF/PRIF/RRIF/RRSP Contracts
The Trustees of the Manitoba School Boards Association Pension Plan provides the option to participate in a Group LIF, PRIF and RRIF arrangement.

The arrangement will also accept other registered funds such as RRSPs and RRIFs. Eckler Ltd. can assist you with this group arrangement.

If you are nearing retirement, you may contact the retirement counselor at Eckler Ltd. and request a retirement quotation of your pension entitlement and options on retirement.

Eckler Ltd.
2475 – One Lombard Place
Winnipeg, MB R3B 0X3
Tel: (204) 988-1580 or toll-free at: 1 (877) 988-1581
Email: jralko@eckler.ca

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

Your benefit in the Pension Plan is **vested** immediately. If you leave your position with the Participating Employer, you will receive the total value of your account no matter how long you were in the Pension Plan. Your benefit is locked-in, except for certain age and years-of-employment conditions outlined below. If you leave your position, you have three options for your account. You may:

- transfer your account value to a Locked-In Retirement Account (LIRA) see Glossary of Terms;
- transfer your account value to a new employer's registered pension plan, provided the plan accepts transfers; or
- leave your total account under this Pension Plan.

Non-locked-in means your pension benefit entitlement is not subject to any pension legislation requirements.

Non-locked-in benefits
Subject to the conditions below, you may elect to receive some or all of the value in your account on a **non-locked-in** basis. In this case, you can elect to:

- receive the value of your benefit as a cash lump-sum (less withholding tax), or
- transfer the value of your benefit to a personal RRSP/RRIF or to your new employer's registered pension plan on a tax-sheltered basis.

If . . .	*You may elect . . .*
your total account balance is less than 20% of the Yearly Maximum Pensionable Earnings as defined by Canada Revenue Agency	to receive the value of your total account on a non-locked-in basis.
there is a terminal illness or disability resulting in shortened life expectancy	subject to certain requirements, to receive the value of your total account on a non-locked-in basis upon certification by a medical practitioner of a considerably shortened life expectancy, which cannot exceed two years.
you become a non-resident of Canada	to receive the value of your total account on a non-locked-in basis subject to written confirmation from Canada Revenue Agency that you are a non-resident for the purposes of the Income Tax Act along with consent from your spouse (if applicable).

"Transferring your account will be allowed if you commence a teaching position with another Participating Employer. However, if you accept employment in a teaching position with the same Participating Employer, your total account cannot be transferred from the Pension Plan."

Combining Accounts
If you terminate employment with a Participating Employer and subsequently become employed with another Participating Employer, you may be able to combine your total account balance from the previous Participating Employer with your total account with your current Participating Employer once you have become a member.

SURVIVOR BENEFITS

Prior to Retirement

If you die while you are an active or terminated member, your beneficiary will receive a benefit equal to the total value of your account with interest. For details on beneficiary appointment, see page 4.

If you **have a spouse/common-law partner** at such date and you are not living separate and apart from the spouse/common-law partner by reason of the breakdown of your relationship, he or she is automatically entitled to the total value of your account with interest under Manitoba law, even if you had named someone else as your beneficiary. Your spouse/common-law partner can leave the total account under the Pension Plan or elect to transfer the survivor benefit, on a tax-sheltered basis, to:

- their Locked-in Retirement Account (LIRA) or Life Income Fund (LIF);
- their employer's registered pension plan, provided the plan accepts transfers; or
- an insurance company for the purchase of an immediate or deferred lifetime annuity.

Your spouse/common-law partner may waive their entitlement to the pre-retirement survivor benefit. **The required form is available from Eckler Ltd. or the Office of the Superintendent - Pension Commission of Manitoba website (Form 2).** Any such waiver may be revoked by joint action of the spouse/common-law partner and you, in the manner prescribed. If you die after the filing of such a waiver, and such waiver remains in effect at the time of your death, the survivor benefit shall be payable to your named beneficiary.

If you **don't have a spouse/common-law partner** under the terms of the Plan, or your spouse/common-law partner has signed the prescribed waiver form, your named beneficiary is entitled to the total value of your account. When a survivor benefit is paid to someone other than a spouse/common-law partner, it is paid in a single payment, less withholding taxes.

If you **don't name a beneficiary**, your survivor benefit will be paid to your estate — unless you make specific reference to it in your will. If the benefit is paid to your estate, it will be subject to probate and related fees.

After Retirement

The survivor benefit (if any) will be paid in accordance with the form of pension income you elected at the time of your retirement.

ABSENCE FROM WORK DUE TO SICKNESS

If you become absent from work because of illness or accident and this absence extends beyond 80 consecutive working days, the Participating Employer will credit your employee contribution account as if you were still contributing to the Plan. The Participating Employer will also match your contribution to your employer contribution account as if you were still working.

Commencing on the latest of the 81st working day of absence or the last day a contribution is made by you if you were being paid sick days, your employee contribution account will be credited with the contributions you would have made if you were working during this period of absence. The amount credited to your employee contribution account and will be determined based on your earnings level on the date of your absence commenced.

You do **not** have to make an application for this benefit. The calculation of this benefit will be determined at the end of the Plan year or at the time of termination, death or retirement. The crediting of contributions to your employee contribution account by the Participating Employer will continue to the earlier of:

(a) the date you return to work; or
(b) the date you cease to be an employee of the Participating Employer (you terminate, die or retire).

This benefit is subject to a lifetime maximum benefit of 24 months.

RELATIONSHIP BREAKDOWN

Your pension is a family asset. In other words, if you and your spouse/common-law partner end your relationship, the pension you built during your relationship will be considered when your family assets are divided.

A division of your pension is triggered if:

(a) there is an order of the Court of King's Bench made under *The Family Property Act* requiring family assets to be divided; or
(b) according to a written legal agreement between you and your spouse or common-law partner requiring the division of family assets.

For married or common-law couples who separated prior to October 1, 2021, the old provisions in The Pension Benefits Act (pre-dating the October 1, 2021 amendments) respecting division of an applicable pension remain in effect.

In that case, if there is a court order dividing a couple's family assets or requiring a division of a pension or a written agreement dividing family assets, the legislation provides that 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.

However, such a waiver agreement not to divide a pension is only valid if it contains the terms set out in the regulations and the agreement is filed with the pension plan administrator or financial institution. In addition, before signing the agreement, each spouse or common-law partner must obtain independent legal advice and receive a statement from the pension plan administrator specifying the pension benefits to which they would have been entitled under the Act.

For married or common-law partners who separate on or after October 1, 2021, the current provisions of the legislation provide two options regarding division of a pension:

- a couple can now divide a pension up to a 50% basis. Parties must either have a written agreement or obtain a court order which specifies the percentage of the pension up to 50% to be divided in favour of the other party. This option gives the parties more flexibility in dividing a pension because it can allow the percentage to be credited to the other party to be between 0% to 50%.
- the parties can decide not to divide a pension by specifying in a written agreement or court order that a pension 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 that they 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 spouse or common-law partner may request in writing a statement from the pension plan administrator or financial institution.

It is also still recommended in appropriate cases that parties seek independent legal advice even though it is no longer required, particularly if they are uncertain about the impact that waiving a division of the pension might have on them.

Further information on legislation regarding how pension benefits are shared upon a relationship breakdown can be found here www.gov.mb.ca/familylaw/property/the-pension-benefits-act.html

If you and your spouse/common-law partner experience a relationship breakdown, please contact Eckler Ltd. directly. Once you do this, you and your former spouse/common-law partner will be advised, in writing, of the pension credits subject to sharing. The sharing of pension credits applies to pensions earned (i.e., accrued) by Plan members.

Transfer of Pension Credit

Once the pension credit split has been determined, the former spouse/common-law partner has the option of transferring their share to:

- a Locked-In Retirement Account (LIRA);
- a Life Income Fund (LIF);
- their employer's registered pension plan (provided they are a member and the plan accepts transfers).
- a life insurance company to purchase a life annuity, or
- a PRPP

Following the transfer, your total account, will be reduced accordingly.

You can find additional marital breakdown information on the Manitoba Pension Commission website at https://www.gov.mb.ca/finance/pension/faq/specific/relationship.html.

ATTACHMENT, ASSIGNMENT AND GARNISHMENT OF PENSION BENEFITS

Your benefits payable under the Plan cannot be assigned, surrendered or given as security, and are exempt from execution, seizure or attachment. However, the legislation does allow your benefits to be garnished to satisfy delinquent maintenance payments to a former spouse pursuant to the Maintenance Enforcement Program of Manitoba and *The Family Maintenance Act (FMA)*.

GOVERNMENT BENEFITS

At retirement, in addition to the retirement benefits you will receive from the Plan, you will be eligible to receive benefits from two government sponsored programs, the Canada Pension Plan (CPP) and Old Age Security (OAS).

Canada Pension Plan (CPP)
Your retirement benefit from CPP will depend on your contribution history to the CPP. At age 65, it is intended to replace up to 33% of your earnings on which your contributions to CPP were based. CPP benefit is indexed annually to reflect changes in the Consumer Price Index.

While CPP payments normally begin at age 65, you may elect to receive them as early as age 60, or as late as age 70. If you elect to commence CPP prior to age 65 and are still working, you will have to continue to contribute to CPP, but you will accrue an additional CPP benefit for each further year you contribute. For each month *prior* to your 65th birthday that you *commence* receiving benefits, those benefits will be *reduced* by 0.6%. For each month *after* your 65th birthday that you *defer* receiving benefits, those benefits will *increase* by 0.7%.

Old Age Security (OAS)
If you meet certain residency requirements, you will also receive a monthly benefit called the Old Age Security benefit. The OAS benefit is payable monthly for your lifetime. Payments begin at age 65, however you may elect to defer the payments as late as age 70. For each month *after* your 65 birthday that you *defer* receiving the OAS benefit, those benefits will *increase* by 0.6%.

The OAS benefit is indexed quarterly to reflect changes in the Consumer Price Index.

Applying for Government Benefits
You apply on-line for your Canada Pension Plan retirement benefit by signing in or registering for a My Service Canada Account. Service Canada will automatically enroll most seniors who are eligible to receive the Old Age Security (OAS) benefit. They will send you an automatic enrolment notification the month after turning age 64. You must decide when to apply for the benefit considering your personal financial situation. If you wish to start the OAS benefit at age 65 you likely will not have to apply. If you wish to delay your OAS pension, you may do so by accessing your My Service Canada account and follow the directions or by signing and returning the automatic enrolment letter by mail.

More information on the Canada Pension Plan and Old Age Security can be found at the Service Canada website at: https://www.canada.ca/en/services/benefits/publicpensions/cpp.html and https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html.

REGISTERED RETIREMENT SAVINGS PLAN OR TAX-FREE SAVINGS ACCOUNT

Personal savings are a very important part of your future retirement security. Although the Manitoba School Boards Association Pension Plan and your government benefits (CPP and OAS) form a fundamental part of your savings, it is important to build personal saving to supplement your income when you retire.

One the most popular ways to save extra income for retirement is by contributing to a personal Registered Retirement Savings Plan (RRSP). Your contributions to a personal or spousal RRSP are tax deductible up to specified limits. After you file your income tax return each year, your RRSP deduction limit will be reported to you on the Notice of Tax Assessment you receive from the Canada Revenue Agency.

Note, any income received from your RRSP or Registered Retirement Income Fund (RRIF) is taxable income based on your marginal tax rate.

Another way to save for retirement in Canada is with the Tax- Free Savings Account (TFSA). The TFSA is a flexible, registered savings vehicle that allows you to earn tax-free investment income. If you are age 18 or older you can contribute to a TFSA. Note you do not receive a tax deduction for this contribution as you would with an RRSP contribution. The investment income earned under the TFSA is tax-free; you receive no tax slip from your financial institution. Any withdrawals you make from the TFSA are also tax-free and the withdrawal can be added back in the TFSA in a future year. Income earned or the withdrawals from a TFSA do not affect eligibility for federal income-tested benefits and credits such as OAS and the Guaranteed Income Supplement.

GLOSSARY OF TERMS

Beneficiary is the person who is designated to receive the survivor benefit of your pension benefit if you die. Please note a designation of beneficiary does not mean entitlement. Manitoba pension law **requires** the survivor benefit be paid to your spouse/common-law partner unless certain conditions are met (see Beneficiary Appointment)

Common-law partner at the time of determination of spousal status is a person who is not married to you, but with whom you have either:

- registered a common-law relationship under The Vital Statistics Act,
- or cohabitated in a conjugal relationship:
  - for a period of at least three years, if either of you is married, or
  - for a period of at least one year, if neither of you is married.

This is in accordance with the Pension Benefits Act of Manitoba.

Early retirement date for purposes of the Plan is the any date following your 50th birthday to the normal retirement date of age 65.

Employee contribution account consists of your required contributions, plus investment return.

Employer contribution account consists of the Participating Employer contributions made on your behalf, plus investment return.

Full-time employee means a regular employee on a full-time appointment as determined by the Participating Employer or collective agreement.

Life Income Fund (LIF) is an alternative arrangement to a lifetime annuity from which an adjustable flow of retirement income is received, subject to an annual minimum and maximum. The minimum withdrawal is determined according to the minimum withdrawal formula for Registered Retirement Income Funds (RRIF) under the *Income Tax Act*. The maximum income that can be taken each year is equal to the fund balance multiplied by a factor prescribed under *The Pension Benefits Act* (Manitoba) or the investment return from your LIF account, if greater.

Locked-in means your pension benefit entitlement continues to be subject to pension legislation requirements for pension sharing, survivor and death benefits, and may only be used to provide retirement income (i.e., you cannot get a cash refund).

Locked-in Retirement Account (LIRA) means an account with a financial institution, similar to a Registered Retirement Savings Plan (RRSP) that is approved by the Office of the Superintendent - Pension Commission of Manitoba to receive **locked-in** pension funds.

Non-full-time employee is a regular employee who has an appointment other than full-time.

Non-locked-in means your pension benefit entitlement is not subject to pension legislation requirements. You can receive your benefit as a lump-sum, taxable cash payment or as a transfer to your Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) on a tax-sheltered basis.

Normal retirement date for the purposes of the Plan is defined as age 65.

Participating Employers consist of those school divisions, districts, institutes and associations that have elected to participate in the Plan.

Pension fund is the trust fund to which your contributions and the Participating Employer contributions are made, and from which benefits are paid.

Pensionable earnings are your regular salary or wages as determined by the terms of the collective agreement or employment policy, excluding overtime earnings.

Plan is the Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba.

Spouse is a person who, in relation to you, is a legal spouse or common-law partner (see Common-law partner definition on first page of glossary).

Total account means the sum of your employee contribution account, the employer contribution account and the voluntary & transferred-in account, and investment income.

Vested means you have a right to the total value of your contribution accounts, even if you leave your position with the Participating Employer before retirement.

Voluntary & Transferred-in account consists of any additional voluntary contributions you make to the Plan and any other registered funds you transferred into the Plan, plus interest.

Year's Maximum Pensionable Earnings (YMPE) is a figure set by the Federal government each year to help determine Canada Pension Plan (CPP) contribution amounts.

THE FINAL WORD

This booklet is a summary of the main provisions of the Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba. The complete terms and conditions of the pension plan are contained in the formal Plan Text, as may be amended from time to time, which can be found on the Pension Plan website. In the event of a difference or dispute, the official plan text document will take precedence over this information booklet.