



Canadian Union of Public Employees
Employees' Pension Plan (CEPP)

MEMBER BOOKLET

Also available on the CUPE Employees' Pension Plan website

www.cepp.ca

Last update December 2019

This member booklet provides general information about the CEPP and is based on the relevant Plan documents. If there is a discrepancy between this booklet and the Plan documents, the Plan documents will apply.

Ce manuel est disponible en français

Table of contents

Introduction	2
General Information	3
Plan Provisions	4
01 Definitions	4
02 When Can I Join the Plan?	5
03 How Do I Enrol in the Plan?	6
04 What are my <i>Required Contributions While at Work</i> ?	6
05 What are the Employer's Contributions?	7
06 What Service is Credited Under the Plan?	7
07 What Happens When I am on Leave?	7
08 When Can I Retire?	8
09 What Will my Pension Be upon Retirement?	9
10 What Will my Pension Be upon Early Retirement?	9
11 What Happens if I Die?	15
12 What are my Benefit Entitlements on Termination of Employment for Reasons Other Than Death or Retirement?	16
13 How is my Pension Affected on Marriage Breakdown?	17
14 What Happens in Case of Shortened Life Expectancy?	17
15 How is <i>Past Service</i> Purchased?	18
16 RRSP Contribution Room, Pension Adjustments (PAs) Past Service Pension Adjustments (PSPAs) and Pension adjustment reversals (PARs)	19
17 Other Pension Entitlements	20
18 Statements of Benefits	21

Italics refer to definitions.

INTRODUCTION

This booklet is a summary of the main features of the Canadian Union of Public Employees Employees' Pension Plan, also referred to in this document as the CUPE Employees' Pension Plan, the CEPP or the Plan. Please read it carefully and keep it with your personal records for future reference. This booklet does not create or confer any rights. Every effort has been made to avoid omissions or misstatements of the Plan's provisions. If there is a conflict between this booklet and the official Plan documents, the provisions of the official Plan documents apply. Official Plan documents are available on the CUPE Employees' Pension Plan website;

www.cepp.ca

Background

The CUPE Employees' Pension Plan was established in 1971 to replace the former plans held by NUPE, NUPSE and CUPE. The CEPP is registered under the Canada Revenue Agency (CRA) and under the Ontario Pension Benefits Act as Plan Number 0231910. The Plan is regulated by the Canada Revenue Agency, the Financial Services Regulatory Authority of Ontario (FSRA) and all other applicable provincial legislation.

Joint Board of Trustees

Since January 1, 1998, a Joint Board of Trustees (JBT) has administered the CUPE Employees' Pension Plan. Five trustees and five alternate trustees are appointed by CUPE, two trustees and two alternate trustees are appointed by CSU and one trustee and one alternate trustee are appointed by COPE Local 491. In addition, Unifor Local Union 2013 and Unifor Local Union 2023 jointly appoint one trustee and one alternate trustee, while one trustee and one alternate trustee are elected by retirees. CSU, COPE Local 491 and CUPE, as Settlers, are responsible for approval of plan amendments. CUPE is currently the Administrative Agent for the Plan.

Retirement Income

The Plan is designed to be an important part of your retirement income. The CUPE pension benefits together with your pensions from the Canada Pension Plan or the Quebec Pension Plan (CPP/QPP), the Old Age Security (OAS), and your personal savings should help provide you with a secure retirement income.

Pre-Retirement Counselling

The CEPP offers a one-on-one counselling session to plan members near retirement. Spouses are welcome to attend the session. The one-on-one counselling is very informative and will give you the opportunity to review your pension benefits at retirement.



GENERAL INFORMATION

The CEPP is a contributory defined benefit plan which provides you with a guaranteed retirement benefit based on your number of years of credited service under the Plan, your salary history and a set formula.

Under a defined benefit plan, it is the responsibility of the plan sponsor, i.e. CUPE, to ensure that the Plan is fully funded to cover the payments of pensions that you have earned over your working career.

The Plan provides for member retirement benefits as well as survivor benefits.

The Plan is financed by employer and employee contributions and the investment earnings of the Plan fund.

The main features of your pension plan, which are described in the following sections, incorporate all Plan amendments filed with the proper government agencies.

The benefits outlined herein apply to all Plan members unless noted otherwise.

Plan Registration and Administration

The Plan is registered under the Ontario Pension Benefits Act, the pension authority in the province where the majority of Plan members are employed. The Plan however, is required to be administered in accordance with the provincial legislation where Plan members are employed.

Use of Surplus

Any surplus, which might result, either on an ongoing basis, or from Plan termination, and after provision has been made to pay all benefits accrued to members, will be distributed in accordance with the Plan text, the Trust Agreement, the collective agreements and any applicable pension legislation.

PLAN PROVISIONS

01 Definitions

Average pensionable salary:

Is defined as one-third (1/3) of your highest total *pensionable salary* during any three non-overlapping *continuous* years of employment with CUPE. These three years of employment do not need to be consecutive. If you have been employed for less than three *continuous* years, your highest average salary will be the average annual *pensionable salary* during such period of employment.

The *average pensionable salary* may be calculated with reference to your *pensionable salary* for employment after you have attained the 35-year maximum for total credited service to the date of your retirement, termination or death.

Beneficiary:

Any person or your estate may be named as your *beneficiary*. Your *beneficiary* may be changed at any time by filing the appropriate documents with the Administrative Agent. However, your *spouse*, in accordance with the plan text and applicable legislation, has precedence over any other *beneficiary* regarding the payment of benefits upon your death. Your *spouse* may, however, waive her/his rights to your pre-retirement and/or post-retirement death benefits by completing the appropriate documents.

Death benefit *beneficiary* precedence:

- i) your *spouse*,
- ii) if no *spouse*, your designated *beneficiary*,
- iii) if no designated *beneficiary*, your estate.

Commuted value:

Is the amount of money that would need to be set aside now, so that together with interest, it will provide for the payment of your pension benefits earned under the Plan. *Commuted values* are subject to Government standards.

Continuous:

Continuous employment includes any period of paid or unpaid absence from work if consented to by CUPE and includes any periods while you are in receipt of benefits under the Long Term Disability program provided by CUPE.

Current service:

Is the service recognized from the date you joined the Plan and have made the *required contributions* to the Plan.

Normal retirement date:

Your *normal retirement date* is the first of the month following your 65th birthday, or your 65th birthday if you were born on the first of the month.

Optional contributions:

A contribution to the Plan beyond any amount that you are required to make.

Past service:

Past service is service that was not originally recognized under the Plan and that you subsequently elected to buy back. It is service bought back after the fact.

It can be for periods of leave of absence without pay or periods of maternity, parental or adoption leave during which you chose not to maintain your contributions and that you later wished to have recognized as pensionable service.

PLAN PROVISIONS

It can also be temporary service with CUPE, prior service with CUPE that was not pensionable or for which you received termination benefits, or prior pensionable service transferred to the CEPP from another employer.

Past service contributions:

Your contributions for service bought back after the fact.

Pensionable salary:

Your *pensionable salary* includes:

- regular pay,
- vacation bonus,
- bilingual bonus.

Your *pensionable salary* does not include:

- expense allowances,
- commissions,
- overtime compensation, vacation cash-outs and lump sum termination payments.

The *pensionable salary* may be calculated with reference to your *average pensionable salary* for employment even after you have attained the 35-year maximum for total credited service, up to the date of your retirement, termination or death.

Preferred beneficiary:

Preferred beneficiary means, a person of the same or opposite sex, who on the date you retired, was not married to you, but has lived with you in a conjugal relationship for a period of at least one year immediately preceding the date of retirement and who has been designated by you as your *preferred beneficiary*.

To the extent permitted by law, you may, by a written notice signed by you and filed with the Plan administrator, appoint a *preferred beneficiary* to receive your post retirement death benefit (only), or alter or revoke any such appointment.

Required Member's Contributions:

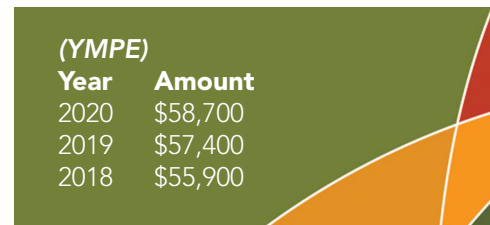
You are required to contribute 9.7% of your *pensionable salary*, up to the salary which produces the maximum pension benefit permissible by the Canada Revenue Agency (CRA). Your *required contributions* will be deducted from your pay.

Spouse:

Refer to the CUPE Employees' Pension Plan text for the definition by province.

Year's Maximum Pensionable Earnings (YMPE):

The YMPE is the maximum salary upon which Canada Pension Plan / Quebec Pension Plan (CPP/QPP) allow contributions to be made.



(YMPE)	
Year	Amount
2020	\$58,700
2019	\$57,400
2018	\$55,900



02 When Can I Join the Plan?

The following describes when you can join the Plan.

Permanent employees; and Term employees (CSU National Office Component and CEU):

Plan participation is compulsory for all permanent employees on the first day they become permanent; and for term employees on the first day they are appointed as term employees.

PLAN PROVISIONS

Membership

You are an active member while you are:

- Working and contributing to the CEPP, or
- On a leave of absence or long-term disability and contributing to the CEPP.

Temporary employees:

Temporary employees have the option to become a member if in the calendar year immediately preceding enrolment they:

- a) completed at least 700 hours of employment; or
- b) earned at least 35% of the *Year's Maximum Pensionable Earnings (YMPE)*.

Membership will be effective on January 1st of the year following the year in which either of the above listed requirements have been met.

No Withdrawal

Once enrolled, you must remain a member of the CEPP until termination of employment.

Manitoba Temporary employees:

Although eligible to voluntarily join the plan as per the conditions in the preceding section, temporary employees working in Manitoba are required to join the Plan if they have completed 24 months of employment and, in each of the two calendar years immediately preceding enrollment, they earned at least 25% of the *Year's Maximum Pensionable Earnings (YMPE)*. Membership will be effective on the first day of the month following meeting the requirement.

03

How Do I Enrol in the Plan?

The Administrative Agent will contact you once you become eligible to join the Plan. You will be asked to complete enrolment forms in order to provide necessary information such as your date of birth, your marital status, your *spouse's* name and date of birth, the name of your *beneficiary*, etc.

CRA Maximum

Year	Salary
2020	\$154,611
2019	\$151,278
2018	\$147,222

04

What are my *Required Contributions* While at Work?

While you are actively at work, you are required to contribute 9.7% of your *pensionable salary*, up to the salary which produces the maximum pension benefit permissible by the Canada Revenue Agency (CRA), in order to accumulate credited service. Your *required contributions* will be deducted from your pay.

PLAN PROVISIONS

05

What are the Employer's Contributions?

CUPE will make contributions to the pension fund to provide the benefits payable under the Plan. These contributions are made pursuant to the Actuary's recommendations set out in the Actuarial Report filed with the Financial Services Regulatory Authority of Ontario (FSRA) and the Canada Revenue Agency (CRA) and pursuant to the terms of the Collective Agreements between CUPE and its staff unions, subject to applicable government legislation.

06

What Service is Credited Under the Plan?

Credited service is the service recognized under the Plan that will be used in the calculation of your pension. It includes **current** and **past** service.

For part-time employees, credited service is the ratio of the hours worked during the period of part-time service to the hours that would have been worked on a full-time basis during that period. The ratio cannot exceed one.

The Plan will recognize a maximum of 35 years of credited service.

Disability Pension – CPP/QPP

If you are disabled, you may also be eligible for a disability pension from the CPP/QPP.

Income Tax Act

Note that the Income Tax Act imposes a lifetime limit of five years as the total cumulative periods of leave without pay that can be recognized under a pension plan as credited service after January 1, 1990. This limit is in addition to the three years allowed for periods of parental, maternity or adoption leave.

07

What Happens When I am on Leave?

During a leave of absence, contributions are maintained as follows:

- **During periods of leave of absence with pay:**

This is deemed to be a continuation of your regular service. *Required contributions* at the rate of 9.7% of your *pensionable salary* will continue to be deducted automatically from your pay.

- **While in receipt of CUPE Long Term Disability (LTD) Benefits:**

Required contributions of 9.7% of your deemed *pensionable salary* will be deducted from your LTD benefit.

- **During periods of leave under the Voluntary Leave Plan (self-funded leave):**

As per the provisions of the Voluntary Leave Plan, your *required contributions* will be equal to 9.7% of your deemed *pensionable salary*. In addition, you will pay the employer's share (currently 13.2%) of your deemed *pensionable salary*. Contributions for both shares are tax-deductible.

PLAN PROVISIONS

- **During periods of leave of absence without pay:**

You can continue to make your *required contributions* of 9.7% during your leave based on your deemed *pensionable salary* in effect during your leave. In addition, you will be required to pay the employer's share (currently 13.2%) of the same deemed *pensionable salary*. Contributions for both shares are tax-deductible.

- **During periods of maternity, parental or adoption leave:**

You may continue to make your *required contributions* based on 9.7% of your deemed *pensionable salary* in effect during your leave. This also applies if you opt for the extended 18-month parental leave. In the event that your leave is extended, you would then be required to also contribute the employer's share (currently 13.2%) of the same deemed *pensionable salary*. Contributions for both shares are fully tax-deductible.

Purchasing a leave of absence

Should you decide not to maintain your contributions during any unpaid leave, you will stop accruing pensionable service. However, on your return to work, you could elect to buy back your period of leave.

Any application to purchase a leave of absence without pay must be made while you are an active member.

Membership

You are a retired member once you retire and begin to collect your pension.

08

When Can I Retire?

You may retire according to one of the following options:

Normal retirement date:

Your *normal retirement date* is the first of the month following your 65th birthday, or your 65th birthday if you were born on the first of the month.

Early retirement without reduction:

If you retire at any time from age 60 or from the date when the sum of your attained age plus your total credited service at termination is at least 80 (80 Factor), your accrued pension benefit at the time of retirement will be paid on an unreduced basis.

Early retirement with reduction:

You can retire anytime from the first day of the month following the earlier of attainment of age 50 or 25 years of total credited service. If you are not at least age 60, or do not have the 80 Factor, your pension will be subject to an early retirement reduction.

Seminar

Members of the Plan who are 45 years of age or older and have at least 5 years of total credited service under the CEPP are eligible to attend a Pre-Retirement Planning Seminar offered by the CEPP.

It is recommended to attend a seminar as soon as you are eligible. The seminar will provide you with information on how to plan and better prepare your retirement.

To summarize, if your retirement is:

at age 65	Normal retirement
from age 60 to 65	Early retirement no reduction
with the 80 Factor at any age	Early retirement no reduction
prior to age 60 or the 80 Factor, but after age 50 or 25 years of total credited service	Early retirement with reduction

Estimation Tool

A Pension Estimator is available on the Plan's website at www.cepp.ca.

It is provided as an information tool only, that has been made available to help you estimate the pension benefit you may be entitled to on retirement.

Example 1 – Normal Retirement Age

You are 65 years old (normal retirement age); with 30 years of credited service; with an average pensionable salary of \$60,000.

You will receive an unreduced basic pension of:

$$2\% \times \$60,000 \times 30 \text{ years}$$

=

$$\$36,000 \text{ annually; or } \$3,000 \text{ monthly}$$

09

What Will my Pension Be upon Retirement?

At time of retirement, your accrued pension is equal to:

2%

x

Your average pensionable salary

x

Your total credited pensionable service

On early retirement, your pension as produced by the above formula may be subject to reduction (see section 10 below, "What Will My Pension Be upon Early Retirement?").

10

What Will my Pension Be upon Early Retirement?

If you retire before your *normal retirement date* but on or after age 60 or after you have attained the 80 Factor, your earned pension will be unreduced, i.e. paid in full.

If you retire before reaching age 60 and before having reached the 80 Factor, your earned pension will be reduced by ¼ of 1% (0.0025) for each month (i.e. 3% per year) by which your retirement date precedes the earlier of attainment of age 60 or the date at which your age plus total credited service at retirement would equal the 80 Factor.

PLAN PROVISIONS

PENSION BENEFITS PAYABLE ON OR AFTER AGE 60 OR WITH THE 80 FACTOR:

If you retire at any time after age 60 or attaining the 80 Factor, your earned pension will be paid in full.

Example 2 – Unreduced Early Retirement

You are 60 years old; with 18 years of credited service; with an average pensionable salary of \$160,000 (CRA maximum pensionable salary for 2020 is \$154,611).

Unreduced pension of:

$$2\% \times \$160,000 \times 18 \text{ years}$$

=

\$57,600 annually; or \$4,800 monthly

CRA lifetime maximum pension payable from a Registered Pension Plan for each year of credited service for 2020 is \$3,092.22:

$$\$3,092.22 \times 18 \text{ years}$$

=

\$55,659.96 annually; or \$4,638.33 monthly

You will receive a maximum basic pension of:

\$55,659.96 annually; or \$4,638.33 monthly

Example 3 – Unreduced Early Retirement

You are 52 years old; with 28 years of credited service; with an average pensionable salary of \$115,000. You have attained the 80 Factor (52 + 28 = 80)

You will receive an unreduced basic pension of:

$$2\% \times \$115,000 \times 28 \text{ years}$$

=

\$64,400 annually; or \$5,366.67 monthly

CRA Maximum

Note that the Canada Revenue Agency (CRA) limits the lifetime pension payable from a Registered Pension Plan for each year of credited service.

Year	Maximum
2020	\$3,092.22
2019	\$3,025.56
2018	\$2,955.44

PLAN PROVISIONS

PENSION BENEFITS PAYABLE BEFORE AGE 60 AND BEFORE 80 FACTOR:

If you retire at any time before age 60 and prior to achieving your 80 Factor, your accrued pension will be reduced.

Example 4 – Reduced Early Retirement

You are 55 years old; with 21 years of credited service; with an average pensionable salary of \$80,000. You have NOT attained the 80 Factor ($55 + 21 = 76$)

Based on your age and service, your reduction would be 12%:

60 years old – 55 years old

=

5 years (reduction of 15%)

80 Factor – 76

=

4 years (reduction of 12%)

* The reduction used is the earlier of reaching age 60 and 80 Factor (4 years or 12%)

You will receive a reduced basic pension of:

$2\% \times \$80,000 \times 21$ years

=

\$33,600 annually

Minus a reduction of:

\$4,032 ($\$33,600 \times 12\%$)

\$29,568 annually; or \$2,464 monthly

Certain limits may be applicable to service that was bought back.

Reduction

If you retire before reaching age 60 and before having reached the 80 Factor, your earned pension will be reduced by $\frac{1}{4}$ of 1% (0.0025) for each month (i.e. 3% per year) by which your retirement date precedes the earlier of attainment of age 60 or the date at which your age plus credited service at retirement would equal the 80 Factor.

80 Factor

Note that in doing the 80 Factor calculations, your credited service is frozen at the time of your retirement. The date at which you reach the 80 Factor would then be based on your future age plus the frozen credited service.

PLAN PROVISIONS

OTHER BENEFITS AT EARLY RETIREMENT:

Based on your date of entry in the Plan, if you retire on an immediate pension before age 65, you will be entitled to receive a bridge benefit.

There are three circumstances in which you may be entitled to a bridge benefit, which are described in the table on page 13.

In all cases, the Canada Revenue Agency (CRA) requires that the bridge benefit be reduced by 3% per year for each year and part year by which your age is less than 60. The 80 Factor does not apply to the bridge benefit.

CRA also applies an overall maximum limit on total annual benefits when your regular lifetime pension is combined with your bridge benefit.

The bridge benefit is payable until the earlier of your death or attainment of age 65. Should you die prior to attaining age 65, while in receipt of the bridge benefit, your surviving spouse, preferred beneficiary or beneficiary will receive the payment of the bridge benefit to the date you would have attained age 65.

The bridge benefit will not be reduced should you elect to receive CPP/QPP pension benefits before age 65.

No bridge benefit is payable if you elect to take a deferred pension or *commuted value* rather than retire on an immediate pension.

Total Credited Service

Pensionable service accumulated with a prior pension plan and transferred to the CEPP; plus pensionable service accumulated in the CEPP while you are an employee of CUPE.

CUPE Credited Service

Current or past service accumulated in the CEPP while you are an employee of CUPE.

CPP/QPP Benefits

If you are 60 or older you may apply to start receiving CPP/QPP benefits (reductions may apply).

PLAN PROVISIONS

BRIDGE BENEFIT SUMMARY

DATE OF ENTRY	MONTHLY BENEFIT	REDUCTION
1. On or before December 3, 1996	Sum of CPP/QPP and OAS monthly pension As at October 1, 2019: \$1,769.20 (\$21,230.40 per annum)	Less than 10 years of total credited service: 10% per year for each year and part year by which retirement precedes 10 years of total credited service
2. Between December 4, 1996 and December 31, 1997 inclusive	Sum of CPP/QPP and OAS monthly pension As at October 1, 2019: \$1,769.20 (\$21,230.40 per annum)	Less than 10 years of CUPE credited service: 10% per year for each year and part year by which retirement precedes 10 years of CUPE credited service
3. On or after January 1, 1998	\$666.67 (\$8,000 per annum)	Less than 10 years of CUPE credited service: 10% per year for each year and part year by which retirement precedes 10 years of CUPE credited service
Before age 60: Reduction of 3% per year for each year and part year by which retirement precedes age 60.		
Maximum total benefit (lifetime and bridge) for each year of credited service: \$3,092.22 (year 2020 maximum lifetime only) + 1/35 th of 25% of the average YMPE in the year benefits commence to be paid and the two preceding years. In 2020, the maximum total benefit (lifetime and bridge) is \$3,501.74 for each year of credited service. In the event the total of pension and bridge benefit is in excess of the maximum, the CRA requires certain reductions.		

PLAN PROVISIONS

Example 5 – Unreduced Early Retirement

You are 61 years old; you enrolled in the CEPP on January 1st, 1995; you have 25 years of credited service; with an average pensionable salary of \$135,000.

You will receive an unreduced basic pension of:

$2\% \times \$135,000 \times 25 \text{ years}$

=

\$67,500 annually; or \$5,625 monthly

You are entitled to a bridge benefit of:

\$21,230.40 annually; or \$1,769.20 monthly

Your total pension will be limited by CRA maximum pension benefit:

\$87,543.50 annually ($\$3,501.74 \times 25$)

You will receive a reduced bridge benefit of (reduction based on CRA maximum):

\$20,043.50 annually; or \$1,670.29 monthly

You will receive a total pension of:

\$87,543.50 annually; or \$7,295.29 monthly

Example 6 – Reduced Early Retirement

You are 50 years old; you enrolled in the CEPP on January 1st, 2011; you have 9 years of CUPE credited service; with an average pensionable salary of \$70,000.

You will receive a reduced basic pension of:

$2\% \times \$70,000 \times 9 \text{ years}$

=

\$12,600 annually

Minus reduction (the lower of age 60 – age 50; or 80 Factor – 59 points):

\$3,780 ($\$12,600 \times 30\%$)

\$8,820 annually; or \$735 monthly

You will receive a reduced bridge benefit of:

\$8,000

Minus 1st reduction for age (60 years old – 50 years old):

\$2,400 ($\$8,000 \times 30\%$)

Minus 2nd reduction for service (10 years – 9 years):

\$560 ($(\$8,000 - \$2,400) \times 10\%$)

=

\$5,040 annually; or \$420 monthly

You will receive a total pension of:

\$13,860 annually; or \$1,155 monthly

PLAN PROVISIONS

Indexing:

Pension benefits are indexed for inflation. The increase to become effective on January 1st of each year after 2018 shall correspond to a percentage (not exceeding 100%) of the Consumer Price Index (CPI) annual increase for the preceding year, depending on the financial situation of the Plan and in accordance with the terms of the CUPE Employees' Pension Plan text.

11

What Happens If I Die?

If you die before retirement:

If you die before retirement, your *spouse* will be entitled to receive the greater of the benefits described in b) of section 12, "**What Are My Benefit Entitlements on Termination of Employment for Reasons Other Than Death or Retirement?**" and twice the total of your *required contributions*, including 50% of buyback contributions made with respect to service with a prior employer, accumulated with interest to your date of death.

Alternatively, your *spouse* may elect to receive an immediate or deferred monthly pension starting no later than when your *spouse* attains age 65. The commuted value of the pension payable under this option will be equal to the commuted value described in the previous paragraph.

Your *spouse* will also receive the benefits described in section 17, "**Other Pension Entitlements**". These benefits will be calculated as if you had terminated employment but will be paid to your *spouse*.

If you do not have a *spouse*, or if your *spouse* has waived her/his rights to your death benefits, they would be payable to your designated *beneficiary* or estate.

Most provinces allow the payment of the above benefits in one lump sum, subject to applicable withholding taxes. However, certain provinces

To name a beneficiary

If you do not have a *spouse*, or if you wish to nominate an eligible *beneficiary* other than your *spouse*, you must fill out the required forms available with the Administrative Agent.

do not allow a cash payment for all the benefits described in the first paragraph when they are payable to a *spouse*. They may only allow a transfer of the funds to a Locked-in RRSP or Locked-in Retirement Account (LIRA).

Upon your death, your *spouse* or *beneficiary* will receive a benefits statement describing their entitlements and the available settlement options.

If you die after retirement and you elected the normal form of pension:

Pension benefits are paid to you for your lifetime. If you have a *spouse* or a *preferred beneficiary* at retirement, and you die within the first 60 months of retirement, your pension benefits will be paid in full for the remaining initial 60-month period to your *spouse* or *preferred beneficiary*.

Once this initial 5-year period is over, your pension will be reduced to 66 2/3% of the amount being paid and will continue to be paid to your surviving *spouse* or *preferred beneficiary* for her/his lifetime.

Should your *spouse* or *preferred beneficiary* predecease you within 120 months of retirement, your form of pension becomes the form payable to single member at retirement.

If you do not have a *spouse* or a *preferred beneficiary* at retirement, the first 120 monthly pension payments will be paid in full either to you or, should you die during that period, to your designated *beneficiary*.

PLAN PROVISIONS

Optional Forms of Pension

Other forms of pension are available upon your retirement, which may result in an adjustment to the amount of your pension. If you have a *spouse* at retirement, your *spouse* will need to complete a spousal waiver form if you elect a form of pension other than the 66 2/3% survivor pension.

Some of the other forms of pension available are:

- a) **a lifetime pension with no guarantee:**
You receive a pension as long as you live and upon your death, no further benefit is payable.
- b) **a lifetime pension with guaranteed period of 5, 10 or 15 years:**
You receive a pension benefit as long as you live. Should you die before the guaranteed period you selected is over, your pension continues to be paid to your *beneficiary* for the remainder of the guaranteed period only.
- c) **a joint and survivor pension:**
You receive a pension benefit as long as you live. If you have a *spouse* or a *preferred beneficiary* at retirement, the Plan automatically provides for 66 2/3% of your pension to continue to your surviving *spouse* or *preferred beneficiary* upon your death for her/his remaining lifetime. If you increase the percentage, your initial pension will be reduced and likewise if you reduce the percentage, your initial pension will be increased. If you reduce the percentage, your *spouse* will need to complete a spousal waiver form.

- d) **a joint and survivor pension with a guaranteed period:**

You receive a pension as long as you live. In the event of your death before the guaranteed period as elected by you is over, your pension benefit shall continue to be paid in full to your surviving *spouse* or *preferred beneficiary* for the remainder of the guaranteed period. Once the guaranteed period is over, your *spouse* or *preferred beneficiary's* pension is reduced to the percentage elected at retirement and continues to be paid for her/his lifetime.

At the time of your retirement, the Administrative Agent will provide you with a description of all benefits to which you would be entitled as well as related administrative and taxation issues.

12 What are my Benefit Entitlements on Termination of Employment for Reasons Other Than Death or Retirement?

Upon your termination of employment, you will be provided with the following options:

- a) **a deferred pension:**
You may elect to defer your pension until your *normal retirement date* or until an earlier date as described in section 08 "When Can I Retire?". Your deferred pension will be calculated as described in section 09, "What Will My Pension Be upon Retirement?", based on your total credited service and the *average pensionable salary* of your best three years at termination. Your pension will be adjusted for indexation over the deferred period, in accordance with the terms of the CUPE Employees' Pension Plan text.

PLAN PROVISIONS

Membership

(following termination of employment)

You are a deferred member when you elect to start receiving your monthly basic pension at your normal or early retirement date.

b) the *commuted value*:

In lieu of a deferred pension you may elect a transfer of the *commuted value* of your accrued pension to a prescribed retirement savings vehicle. Such a vehicle is usually a Locked-In RRSP or Locked-In Retirement Account (LIRA). This means that the *commuted value* cannot be paid to you in cash but must eventually be used to purchase a lifetime pension or transferred to a Life Income Fund (LIF).

If you purchased *past service* and the cost was determined on a *commuted value* basis, a calculation will be performed to make sure that the *commuted value* of your pension for that *past service* is at least equal to the sum, with interest, of the contributions you made and of any amount you may have transferred either from your RRSP or from the pension plan of your employer immediately prior to your employment with CUPE.

c) refund of required contributions:

Should you have less than two years of membership in the Plan at the time of your termination and be employed in New Brunswick or Newfoundland, you will also have the option to receive a return of your *required contributions* with interest in lieu of the benefits described in a) and b) above.

If you are employed in Saskatchewan, the refund option is available only if you have completed less than two years of *continuous service* and have not reached your normal retirement date.

This option is not available to any other members.

As your pension entitlement must be administered in accordance with the province in which you are employed, the distribution of your termination benefits (not their amount) may vary from those provided to members working in other provinces. For example, some provinces allow the payment of any refund due to the application of the 50% rule (as described in section 17 “Other Pension Entitlements”) in cash while others require the locking-in of such a refund. You will be advised as to the rules at the time of your termination of employment.

13

How is my Pension Affected on Marriage Breakdown?

All provinces provide for the splitting of pension benefits upon marriage breakdown. Most provinces limit the maximum portion of the member’s accrued pension which can be assigned to the member’s former spouse to 50%. In the event of a marriage breakdown or separation, it is recommended you seek independent legal advice.

14

What Happens in Case of Shortened Life Expectancy?

You may be entitled to the shortened life expectancy provision if you are an eligible member and if you have an illness or physical disability that is likely to shorten your life expectancy to less than two years.

In such a case, the Plan will permit the payment of the value of your pension or deferred pension in accordance with government pension legislation.

Please contact the Administrative Agent for further information.

PLAN PROVISIONS

15

How Is Past Service Purchased?

You may purchase all or part of the periods of eligible *past service* that are not *current service* with the CUPE Employees' Pension Plan. Those periods can be from:

1. Service during periods of leave of absence without pay or during periods of maternity, parental or adoption leave:

If you elect not to contribute during your leave (see section 07, "What Happens While I am on Leave?"), you will stop accruing service. On your return to work, you could elect to buy back your period of leave. The cost would then be calculated on a *commuted value* basis using your *pensionable salary* in effect at the time of purchase.

Three Year Waiting Period

Should you request a cost estimate and decide not to purchase *past service* at that time, you will have to wait another three years before making another request.

2. Temporary service with CUPE:

Once you become a member of the Plan, you will be offered the opportunity to purchase CUPE temporary service unless you accrued service under another pension plan during the same period. Dual accrual of service is not allowed by the Canada Revenue Agency (CRA).

If there is a break in service of less than 31 days between this temporary period and the time you became a plan member, the initial cost will be equal to the required employee contributions to the Plan of 9.7%, accumulated with interest to the time of purchase.

You can purchase the period during which you were a CUPE employee but did not join the Plan, even if there was a break in service with CUPE of more than 31 days following this period of employment. The cost will be calculated on a *commuted value* basis using your *pensionable salary* at the time of purchase.

3. Purchase of prior CUPE service:

You are also entitled to purchase prior service with CUPE. The cost will be calculated on a *commuted value* basis using your *pensionable salary* at time of purchase.

Depending on whether or not this service was once pensionable service, the amount of pension that may be provided for that period may be subject to some limits imposed by the CRA. Your payment for this prior service as well as the tax deductibility of your contributions are subject to certain government restrictions.

4. Purchase of prior service with another employer:

You may purchase your service with a prior employer provided that the funds available from your prior employer's pension fund are transferred directly to the CUPE pension fund. The cost will be calculated on a *commuted value* basis using your *pensionable salary* in effect at time of purchase.

PLAN PROVISIONS

Note that the CUPE Employees' Pension Plan has established Reciprocal Transfer Agreements (RTAs) with some employers that could provide you with some advantages if you choose to transfer funds from a prior employer pension plan.

Except for temporary service, any purchase of additional *past service* is done on a *commuted value* basis using your *pensionable salary* in effect at the time of purchase.

If you wish to purchase a period of service that is after 1989, this purchase will give rise to a Past Service Pension Adjustment (PSPA), which must be approved by the CRA before the Plan can recognize the service. Your RRSP contribution room could be insufficient to allow the purchase. A transfer of RRSP funds to purchase the service will offset the PSPA. You may want to discuss this issue with the CRA or with your tax advisor.

Certain CRA restrictions may apply concerning either the tax deductibility of your *past service contributions* or the amount of pensionable service that can be recognized under the Plan.

When you request a cost estimate to purchase prior service, you will be provided with information on tax implications and payment options to finance the purchase.

16 RRSP Contribution Room, Pension Adjustments (PAs), Past Service Pension Adjustments (PSPAs) and Pension Adjustment Reversals (PARs)

RRSP Contribution Room

The CRA limits the maximum amount that can be tax sheltered in an RRSP in any one year for retirement savings. That limit is 18% of your earned income in the prior year up to the RRSP dollar maximum, minus your prior year's PA. Any new RRSP contribution room is added to your unused RRSP contribution room from previous years.

RRSP Maximum

Year	Amount
2020	\$27,230
2019	\$26,500
2018	\$26,230

Maximum PA

Year	Amount
2020	\$27,230
2019	\$26,630
2018	\$25,900

PLAN PROVISIONS

Pension Adjustments (PAs)

Each year your PA is calculated by the Administrative Agent and reported on your T4. It is equal to the value that the CRA attaches to your pension accruals for PA purposes, which is:

PA

=

9 x pension accrued
in that year – \$600

Past Service Pension Adjustments (PSPAs)

When you buy back any service period which is after 1989, the Pension Adjustments (PAs) which were previously reported for those years must be adjusted to recognize the increased value of the pension accruals. This is done through a Past Service Pension Adjustment (PSPA). The PSPA must be approved by the CRA before the Plan can recognize the service.

Your PSPA will be equal to the sum of the PAs that would have been filed with the Government if the additional service had been originally recognized under the Plan, minus the sum of the PAs that were already filed. Your PSPA will reduce your accumulated RRSP contribution room.

PSPA

The CRA will approve your PSPA provided you have enough RRSP room.

The PSPA must be approved by the CRA before the Plan can recognize the service.

Pension Adjustment Reversals (PARs)

The CRA reduces your RRSP contribution room by the value of the PAs and PSPAs.

At termination of employment for reasons other than death or retirement, if you elect to transfer your entitlements out of the Plan, a Pension Adjustment Reversal (PAR) may be filed with the CRA, if applicable. The intent of the PAR is to increase your RRSP contribution room if the PAR is lower than the PAs and PSPAs that were previously reported for you. The PAR is based on your entitlements at time of termination.

17

Other Pension Entitlements

50% rule

If upon termination of your employment for any reason, the total amount of your *required contributions* together with interest is more than 50% of the *commuted value* of your accrued pension for your regular service, the excess amount will be refunded to you.

This does not apply to the purchase of *past service* other than temporary service.

For service purchased while on leave, only your *required contributions* will be considered in the 50% rule.

Optional contributions

At time of termination, any *optional contributions* you may have will be refunded either in a lump sum payment, subject to withholding taxes, or by transfer to an RRSP.

PLAN PROVISIONS

Past service contributions

All the *past service contributions* you make to the Plan as well as any amount transferred on your behalf by your prior employer will accumulate with interest. Upon termination of your employment, at death or at retirement, a test will be performed to ensure that the *commuted value* of your pension for your *past service* is at least equal to your *past service contributions* with interest.

Surplus allocation (Reallocated contributions)

A percentage of pre-1986 and pre-1988 required pension fund contributions were re-allocated as surplus allocations. Your surplus allocations, if applicable, are credited with interest. When you leave CUPE, they will be refunded to you either in a lump sum payment, subject to withholding taxes, or by transfer to an RRSP. This is a closed group and you will be advised on a yearly basis of the amount of surplus allocation credited to you.

Non-Pension Plan Benefit

Severance Enhancement

In 1993, a reallocation similar to the surplus allocations described in the previous paragraph was implemented. For tax reasons, it was **done outside of the Plan**. This severance enhancement is credited with interest. In the month of December or January following your termination, retirement or death, this amount would be payable to you directly by CUPE. These funds can be paid in cash, subject to withholding taxes, or transferred to an RRSP, subject to the CRA tax sheltered limits for severance payments. This is a closed group and you will be advised on a yearly basis the amount of severance enhancement credited to you.

18

Statement of Benefits

Each year, in accordance with applicable provincial legislation, you will receive a pension benefits statement explaining your entitlements under the Plan, your accrued pension as at the statement date and the funded status of the Plan.

This annual statement also provides you with the opportunity to verify the information the Administrative Agent is using regarding your pension benefits entitlement.

Personal information

You should always report any relevant changes in your personal information (mailing address, marital status, etc.) to the CEPP Administration Team.