

Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick

**For information, please call:
1-800-242-1704**



**Information about the:
Part-Time & Seasonal Pension Plan for
Employees of the Province of New Brunswick**

**Published by:
Standard Life Assurance Company**

About Standard Life:

The Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick is administered by The Standard Life Assurance Company.

Standard Life is a specialist in providing retirement programs to some of the country's largest corporations, as well as to individual Canadians.

Standard Life has been serving Canadians since 1833, when it established the country's first life insurance company. A testimony to Standard Life's financial strength is their worldwide assets, which stand behind every policy written in Canada.

If you would like further information about the plan provisions or enrolment details, you may call 1-800-242-1704 between the hours of 9:00 am and 10:00 pm Atlantic Time.

**Edition 2
January 2004**

Printing and Binding:

ISBN: 1-55236-841-6



Think Recycling!

TABLE OF CONTENTS

INTRODUCTION

Who should read this booklet?

PENSION PLAN ADMINISTRATION

- Q. 1. What type of plan is my Pension Plan?
- Q. 2. Who oversees the Pension Plan?
- Q. 3. Who administers the Pension Plan?
- Q. 4. Who makes the investment decisions?
- Q. 5. Who can help me with my investment choices?
- Q. 6. How will I keep informed of my account balance?

PENSION PLAN MEMBERSHIP

- Q. 7. How is « Part-Time », « Seasonal » or « Contract » defined?
- Q. 8. Who is eligible to join?
- Q. 9. How do I enroll in the Pension Plan?

CONTRIBUTION INFORMATION

- Q. 10. How much can I contribute?
- Q. 11. How often can I change my contribution rate?
- Q. 12. How do I contribute?
- Q. 13. Can I make additional voluntary contributions (AVCs)?
- Q. 14. What is the maximum amount of AVCs I can make in a calendar year?
- Q. 15. Do the Pension Plan contributions affect my RRSP contribution limit?

OTHER BENEFIT PROVISIONS

- Q. 16. Can I transfer existing assets from other retirement savings plans?
- Q. 17. Can I stop my regular contributions to the Pension Plan while remaining an active employee?
- Q. 18. Can I withdraw money from my Pension Plan while remaining an active employee?
- Q. 19. Do my contributions continue during periods of temporary absence, reduced pay or disability?
- Q. 20. What happens to my Pension Plan funds upon a marriage breakdown?

RETIREMENT UNDER THE PLAN

- Q. 21. When may I retire?
- Q. 22. When do my retirement benefits start?
- Q. 23. How much will my pension be at retirement?
- Q. 24. What is my normal form of pension payment?
- Q. 25. What are my choices at retirement if I have a spouse?
- Q. 26. What are my choices at retirement if I don't have a spouse or if my spouse and I have signed the waiver form?
- Q. 27. What are my choices for other types of contributions when I retire?

LEAVING PRIOR TO RETIREMENT

- Q. 28. Am I entitled to the employer contributions if I terminate employment?
- Q. 29. What does "Continuous Service" mean?
- Q. 30. Can I continue to be enrolled in the Pension Plan after I terminate employment?

BENEFITS UPON DEATH

- Q. 31. What happens to my contributions if I should die?
- Q. 32. Should I name my children who are below legal age as beneficiaries?

INTRODUCTION

Who should read this booklet?

If you are a part-time, seasonal or contract employee within the Public Service of New Brunswick, you may be eligible to participate in the Pension Plan for the Part-Time & Seasonal Employees of the Province of New Brunswick. The intent of this booklet is to provide you with a better understanding of the pension plan and to assist you with financial planning for your retirement.

If you already are a member of this Pension Plan, you have the opportunity to make your own investment selection from a wide range of certain funds offered by Standard Life and approved by the Part-Time and Seasonal Pension Committee.

Other groups of employees will become eligible for participation once negotiations are completed through collective bargaining processes in the future.

While this booklet provides a summary of the plan provisions, in all instances, the actual registered Pension Plan Text is the governing document.

PENSION PLAN ADMINISTRATION

Q1 What type of plan is my Pension Plan?

This Pension Plan is called a “Money Purchase” or “Defined Contribution” Pension Plan. You decide on your contribution rate from the following choices: 2%, 3.25% or 4.5% of your earnings and your employer will match your contributions. At retirement, based on the vested amount, both the employee and the employer contributions along with the investment earnings will be used to fund your retirement.

PENSION PLAN ADMINISTRATION

Q2 Who oversees the Pension Plan?

The Pension Committee is comprised of Employee and Employer representatives who have general responsibility for the Pension Plan. The Committee selected an administrator to oversee the day-to-day administration of the Pension Plan.

Q3 Who administers the Pension Plan?

The Pension Committee undertook an extensive search for a company that would administer the Pension Plan and invest the funds. **The Standard Life Assurance Company** was selected based on their strong and stable investment management team and their comprehensive administration system.

Q4 Who makes the investment decisions?

You make all the investment decisions for your funds and can choose from a wide range of investment choices. If you fail to select an investment mix for your funds, your funds will be invested into the default fund. The default fund for this plan is the Diversified Fund by Standard Life Investments, which invests in a combination of stocks, bonds and short-term investments.

Q5 Who can help me with my investment choices?

Standard Life's Financial Security Hotline is staffed with salaried and fully licensed Group Savings Plan Representatives. They can answer all your questions, help complete forms and provide guidance on choosing the appropriate investment mix for you. So just give them a call at **1- 800- 242-1704 ext 5057**.

PENSION PLAN ADMINISTRATION

Q6 How will I keep informed of my account balance?

Standard Life provides you with many options to help you keep track of your pension plan funds.

- **Info-Line:** Using the Interactive Voice Response (IVR) system **1-800-242-1704** you can obtain information on your account 24hrs a day, 7 days a week.
- **Financial Security Hotline:** Licensed Financial Representatives will be happy to review your investment options and provide guidance on how to reach your retirement goals. The Financial Security Hotline **1-800-242-1704 ext. 5057** is available from 9am to 10pm Atlantic Time.
- **Internet site:** You can make investment changes online and view your account balance and other details at your convenience in the VIP Room at www.standardlife.ca,
- **E-learning Modules:** Once signed into the VIP Room, click the link to access free e-learning modules, where you can learn more about retirement and financial planning.
- **Employee Statements:** You will receive detailed statements at your home address.

PENSION PLAN MEMBERSHIP

Q7 How is “Part-Time”, “Seasonal” or “Contract” defined?

For the purpose of determining eligibility:

- 1) an employee (part-time, term) who occupies a position and/or is required to work a minimum of 33 1/3% of full-time employment on a regularly scheduled basis, or
- 2) an employee who occupies a seasonal position on the employer’s plan of establishment, or
- 3) any person hired on a personal service contract basis will be eligible for participation as outlined in the contract of employment with the employer.

PENSION PLAN MEMBERSHIP

Note: Questions regarding employee eligibility should be directed to the Public Service Employee Benefits Division at 1-800-561-4012.

Q8 Who is eligible to join?

You may join the Pension Plan on the first day of any month while you are an active part-time, seasonal or contract employee of any of the following Employee Groups:

- 1) Non-Bargaining Employees of Government Departments, Agencies, School Districts and Regional Health Authorities
(January 1, 1995).
- 2) ALL units of the New Brunswick Public Employees Association (NBPEA) in Government Departments, Agencies and Regional Health Authorities
(January 1, 1995).
- 3) School Districts CUPE Employees
 - General Labor, Trades & Services (Local 1253)
(January 1, 1995).
 - Secretarial and Clerical (Local 2745) *(September 1, 1995).*
- 4) CUPE III Employees of N.B. Hospitals (Local 1252)
(July 1, 2001).
- 5) N.B. Nurses Union:
 - Nurses - Part 1 *(October 1, 1996).*
 - Nurses - Part 3 *(April 1, 1996).*
 - Head Nurses & Supervisors *(April 1, 1996).*
- 6) Rehabilitation & Therapy:
Recreation & Culture Program Officers (RCPO) (Local 1418)
(November 28, 1997).
- 7) New Brunswick Government Employees Union (NBGEU)
 - Resource Services Unit *(August 15, 2001).*
- 8) CUPE General Labor & Trades Group (Local 1190)
(December 16, 2001).
- 9) CUPE Operational Category Corporate Services Group of N. B. Liquor Corporation (Local 963) *(July 1, 2001).*

PENSION PLAN MEMBERSHIP

Note: *If you are already participating in another Pension Plan sponsored by the Province of New Brunswick, you cannot contribute to this Pension Plan.*

Q9 How do I enroll in the Pension Plan?

Simply complete the Registered Pension Plan application form and be sure to indicate what percentage of your salary you wish to contribute, which will be matched 100% by your employer. Also, should you wish to make additional voluntary contributions, please indicate the percentage of your salary you wish to additionally contribute.

Once completed, please return the application form to your Payroll Office. For additional information regarding enrollment, please call a Group Savings Plan Representative at **1 800-242-1704**

CONTRIBUTION INFORMATION

Q10 How much can I contribute?

Participation in the Pension Plan is voluntary. If you enroll in the Pension Plan, you can choose to make regular contributions of 2%, 3.25% or 4.5% of your employment earnings. Your employer will match your chosen contribution rate.

Q11 How often can I change my contribution rate?

You may change your contribution rate annually, on January 1st, by completing a "Change of Contribution Rate" form, provided you are not in receipt of an approved long-term disability benefit.

Q12 How do I contribute?

All contributions are made via payroll deduction and attributed to your Individual Member Account.

CONTRIBUTION INFORMATION

Q13 Can I make additional voluntary contributions (AVCs)?

Yes, any amount above your regular contributions may be deducted from your pay. You may also make lump sum contributions through payroll deduction at any time. These funds are part of your Individual Member Account but are held separately from the regular employee and employer contributions so that you may have access to them at any time.

Notes:

- **AVCs are not matched by your Employer.**
- **You may stop your AVCs at any time.**

Q14 What is the maximum amount of AVCs I can make in a calendar year?

You must ensure that the AVCs combined with all of your registered retirement contributions do not exceed the maximum allowed by the *Income Tax Act*.

Please note that the current RRSP contribution limit of \$13,500 is frozen until 2003. The limit is scheduled to increase to \$14,500 for 2004 and \$15,500 for 2005, after which the limit will be indexed.

Example of maximum AVCs allowed in a year:

Employee Annual Earnings	\$20,000 (before taxes)
Regular Employee Contribution Rate	4.5% of annual earnings (4.5% x \$20,000 = \$900)
Employer Matching Contribution Rate	4.5% of annual earnings (4.5% x \$20,000 = \$900)
	18% x \$20,000 = \$3,600 (maximum amount) less: Employer = \$ 900 Employee = <u>\$ 900</u> \$1,800
Maximum AVCs permitted annually	\$3,600 - \$1,800 = \$1,800 AVCs

CONTRIBUTION INFORMATION

Q15 Do the Pension Plan contributions affect my RRSP contribution limit?

Yes, each year, your employer is required to report a pension adjustment (PA) to Canada Customs and Revenue Agency (CCRA) who then determines your RRSP limit for the next tax year.

For this Money Purchase Pension Plan, the PA is the total of regular employee and employer contributions and AVCs made to the plan during the calendar year. Any funds transferred from existing registered retirement savings are not included in the PA calculation.

OTHER BENEFIT PROVISIONS

Q16 Can I transfer in any existing assets from other registered retirement savings plans?

Yes, if you have other savings plans; Registered Retirement Savings Plan (RRSP), Locked-In Retirement Account (LIRA) or Registered Pension Plan (RPP) assets invested with another financial institution, you may transfer these funds to your Pension Plan.

Q17 Can I stop my regular contributions to the Pension Plan while remaining an active employee?

Yes, your participation in the Pension Plan is voluntary and you may opt out at any time. However, the employer contributions will stop when your regular contributions cease, as will your AVCs.

Q18 Can I withdraw money from my Pension Plan while remaining an active employee?

If you are an active employee with the Province of New Brunswick, withdrawal of funds are dependant on the type of contributions made to the Plan.

OTHER BENEFIT PROVISIONS

Attributable amounts that ***cannot be withdrawn***:

- Regular employee and employer contributions;
- Funds transferred from a Locked-In Retirement Account (LIRA);
- Locked-in funds transferred from another Registered Retirement Savings Plan (RRSP);
- Locked-in funds transferred from another Registered Retirement Pension Plan (RPP).

Attributable amounts that ***can be withdrawn*** at your discretion:

- Additional voluntary contributions (AVCs);
- Non locked-in funds transferred from an RRSP;
- Non locked-in funds transferred from an RPP.

Q19 Do my contributions continue during periods of temporary absence, reduced pay or disability?

Yes, you have the option to continue your contributions and receive employer-matching contributions during a period of approved leave without pay as follows:

- Maternity leave*, up to a maximum period of 17 weeks;
- Childcare leave* for adoption purposes, up to a maximum period of 37 weeks (***effective January 1, 2003***);

****The maximum period of approved leave for maternity and childcare purposes cannot exceed 52 weeks.***

- Disability (provided you are in receipt of benefits under an approved LTD Plan of your employer) for a maximum period of 28 months.

Please note that contributions will be based on earnings received prior to the temporary absence, reduced pay, or disability.

Q20 What happens to my pension plan funds upon a marriage breakdown?

Contributions in your Individual Member Account (subject to the vesting schedule) are considered marital assets and would be subject to division in accordance with the New Brunswick *Pension Benefits Act*.

RETIREMENT UNDER THE PLAN

Q21 When may I retire?

The normal retirement date is 65 years of age. However, you may choose to retire as early as age 55.

Q22 When do my retirement benefits start?

Retirement benefits can start as early as the first day of the month following your retirement date.

Q23 How much will my pension be at retirement?

Since this is a Money Purchase or Defined Contribution plan, the amount of retirement income can only be determined once you are close to retirement age. Your retirement income from the pension plan will be based on the total assets accumulated in your individual member account and the type of retirement product you select. For more information on planning your retirement or to receive an illustration, please communicate with one of the Financial Security Advisors at **1- 800- 242-1704 ext 5057**.

Q24 What is my normal form of pension payment?

The normal form of pension under the Plan provides that you will receive a monthly pension payable for life, with guaranteed payments made (either to you or your beneficiary) for at least 5 years.

Note: *If you have a spouse at the time of retirement you must provide a joint and survivor pension, unless otherwise stated.*

Q25 What are my choices at retirement if I have a spouse?

If you have a spouse at the time of retirement, you must choose a joint and survivor pension, which provides that at least 60% of your pension will continue to be paid to your spouse after your death.

You and your spouse may jointly waive the requirement of a joint and survivor pension by completing a written, witnessed declaration to that effect in the prescribed manner and deliver such waiver to the Administrator within the 12-month period immediately preceding the date upon which payment of the pension is to commence.

RETIREMENT UNDER THE PLAN

Q26 What are my choices at retirement if I don't have a spouse or if my spouse and I have signed the waiver form?

With regards to your regular employee and employer contributions as well as to locked-in funds transferred from a LIRA, RRSP or from another pension plan, you have tremendous flexibility when it comes to your retirement income. Your choices are the following:

Annuity:

- Monthly income for as long as you live;
- Monthly income with a maximum guarantee period of up to 180 monthly payments and then payable as long as you live;

Transfer to a Locked-In Retirement Account (LIRA) if you are under 69 years of age. A LIRA is a type of RRSP where the funds are subject to pension legislation and are locked-in.

Transfer to a Life Income Fund (LIF).

A LIF is a type of registered retirement income fund (RRIF) where each year you must withdraw a minimum amount up to the legislated maximum.

Q27 What are my choices for other types of contributions when I retire?

First we must distinguish between the types of contributions. With regards to your accumulated funds resulting from your AVCs, and from a transfer of non locked-in funds from your RRSP or another RPP, you have the following choices:

Annuity:

- Monthly income for as long as you live;
- Monthly income with a maximum guarantee period of up to 180 monthly payments and then payable as long as you live;
- Any form of joint and last survivor annuity, if you have a spouse.

Transfer to an RRSP if you are under 69 years of age.

RETIREMENT UNDER THE PLAN

Transfer to a registered retirement income fund (RRIF). A RRIF is an arrangement under which each year you must withdraw a minimum amount prescribed by the *Income Tax Act* (Canada). However, at any time you may withdraw the remaining balance of your account.

Receive a **lump sum payment in cash** (subject to income tax withheld at source).

LEAVING PRIOR TO RETIREMENT

Q28 Am I entitled to the employer contributions when I terminate employment?

Your entitlement to employer contributions depends on the number of years of continuous service you have had with your employer. It is a gradual entitlement (vesting) as follows:

<i>Entitlement to Employer contributions/ Locking-In</i>	<i>Continuous years of Service</i>
33 1/3 %	after 3 years
66 2/3 %	after 4 years
100%	after 5 years

Upon the vesting of the pension benefits, you will not be eligible to receive either your contributions or any of the employer contributions in the form of a cash refund.

For example, if you have already accumulated three years of continuous service at the time of joining the plan you become immediately “vested” for 33 1/3 % of employer contributions. The entitlement to employer contributions increases to 100% after five years of continuous service.

LEAVING PRIOR TO RETIREMENT

Once the employer contributions become vested, they are also “locked-in”. “Locked-in” means that contributions **must** be used to purchase retirement income, and cannot be directly refunded to you. For example, after three years of continuous service, 33 1/3 % of the employer contributions become “locked-in” and 100% of the regular employee contributions become “locked-in,” and the total of all “locked-in” funds can only be used to purchase retirement income.

Q29 What does “Continuous Service” mean?

“Continuous Service” covers your period of employment with the Employer since your last date of hire by the Employer, without regard to periods of temporary absences or lay-offs. It should also be noted that Continuous Service includes your period of employment prior to this Plan coming into force.

Q30 Can I continue to be enrolled in the Pension Plan after I terminate employment?

The pension plan is only for active employees; therefore, once you terminate employment, you will be contacted to discuss your options for the pension plan funds you have accumulated. Your entitlement will depend on the amount of contributions, the performance of your investments and whether your contributions are vested.

If you leave prior to when your contributions are vested:

You will be entitled to your regular contributions with the investment earnings as of the date of payment or transfer.

You have the following options:

- Transfer your assets to an RRSP with another financial institution;
- Transfer to an individual product at Standard Life;
- Withdraw the amount as cash, less the applicable withholding taxes. All tax-sheltered funds taken as cash are considered as income in the year of withdrawal and may be subject to tax;
- Purchase a Registered Retirement Income Fund (RRIF);
- Purchase a registered annuity;
- Transfer your funds to the Standard Life’s SLX Vision Group Plan. Under this plan, you will retain many of benefits you held under the Pension Plan.

LEAVING PRIOR TO RETIREMENT

These options also apply to non locked-in RRSPs and AVCs funds.

If you leave after your contributions are vested:

You will be entitled to both your and your employers' regular contributions with the investment earnings as on the date of settlement. Your options are:

- Transfer your assets to a LIRA with another financial institution;
- Transfer to an individual product at Standard Life;
- Purchase a Life Income Fund (LIF);
- Purchase a registered annuity;
- Transfer your funds to the Standard Life's SLX Vision Group Plan. Under this plan, you will retain many of the benefits you held under the New Brunswick Pension Plan.

These options also apply to LIRA and locked-in funds from another RPP and/or RRSP.

BENEFITS UPON DEATH

Q31 What happens to my contributions if I should die?

If you should pass away **prior to retirement**, your beneficiary will receive a refund of your total Individual Member Account (both employee and employer contributions) if you have attained at least 5 years of continuous service with your employer. Otherwise, your beneficiary will receive a cash refund equal to the amount you would have received if you had terminated employment.

However, if your beneficiary is your spouse, they will have to choose from the following four options:

- Purchase a life annuity with or without a guarantee period;
- Transfer the value of the death benefit to their registered retirement savings arrangement;
- Transfer the value of the death benefit to their own pension plan if the latter allows for such a transfer;
- Receive a lump sum payment in cash.

Note: The first three options will allow your spouse to defer tax.

BENEFITS UPON DEATH

*Please note, that **legally**, you may designate a beneficiary and if you subsequently change your beneficiary, it must be by written notice or in your will.*

For the purpose of this plan, your spouse is deemed to be the designated beneficiary regardless of any other beneficiary designated.

Q32 Should I name my children who are below legal age as beneficiaries?

You may, but unless a trust is established, the assets would have to be paid to a court for distribution for the benefit of the minor. They may not be disbursed, as you would have wished, therefore we caution you to establish a trust through your will. However, if you have a spouse, the latter may have priority over any other beneficiary. We recommend that you consult your lawyer for guidance in choosing an appropriate beneficiary.