

VESTCOR



Reciprocal Transfer Agreement Interpretation Guide

Between The Pension Plan for Part-Time & Seasonal Employees of the
Province of N.B.

And:

- The Pension Plan for Full-Time CUPE 2745 Employees of N.B.
School Districts
- The Pension Plan for General Labour Trades & Services Employees
of N.B. School Districts

Purpose

The purpose of these Reciprocal Transfer Agreements (RTAs) is to allow employees who have service in both the Part-Time and Seasonal (PT&S) Pension Plan and one of the Full-Time pension plans listed on the cover page of this document the opportunity to transfer service and funds from one plan to the other.

Eligibility to Participate in the RTAs

1. An employee must have ceased to be a contributor to one of the pension plans party to one of the above-mentioned RTAs (the Exporting Plan) without having received a refund and must have commenced contributing to the pension plan that they are currently contributing to (the Importing Plan) **within six months of becoming eligible to join the Importing plan.**

(Ex: An employee who chooses to delay participation in the PT&S Pension Plan **beyond six-months** of becoming eligible to join the pension plan would be ineligible to participate in these RTAs).

“Exporting plan” is the pension plan from which the transfer of service and value of benefits (commuted value) is made.

“Importing plan” is the pension plan to which the transfer of service and value of benefits (commuted value) is made.

2. An employee must have **five or more years of continuous employment** at the time the request to transfer is made.
“Continuous employment” (for the purpose of eligibility to participate in the Agreement) includes both full and part-time employment (Ex: an employee who works full-time for three years and then part-time for two years would have five years of continuous employment). Continuous employment is not broken by an approved leave of absence or by a period of lay-off of up to one year.
3. An employee **must be contributing to or accruing service in** the Importing plan at the time the request to transfer is made.
4. An employee must have ceased accruing benefits in the Exporting plan and not be in receipt of pension benefits from the Exporting plan at the time the request to transfer is made.

Calculating the Transfer

Transferring from a Full-Time pension plan to the PT&S Pension Plan

1. The value of the benefit (the commuted value) from the Full-Time pension plan is calculated by Vestcor as of the date the member ceased contributing to the Full-Time pension plan. The factors used are based on the member’s service, age, average salary, etc., with the Full-Time pension plan.
2. Interest is applied to the commuted value from the date the member ceased contributing to the Full-Time pension plan up to the date of transfer.
3. The commuted value is transferred to the PT&S Pension Plan on a locked-in basis.

Transferring from the PT&S Pension Plan to a Full-Time pension plan

1. **The amount of credited service in the PT&S Pension Plan must be determined.** Credited service is based on the number of full-time equivalent years during which the employee was a contributor in the PT&S Pension Plan.

Examples:

| Contributory Years in PT&S Pension Plan | Break without Contributions | % of Full-Time | Credited Service Available for Transfer |
|---|-----------------------------|----------------|---|
| 4 years | 0 | 50% | 2 years |
| 4 years | 0 | 60% | 2.4 years |
| 4 years | 6 months | 50% | 1.75 years |
| 2 years | 6 months | 40% | 0.6 years |

2. The Administrator for the PT&S Pension Plan calculates the funds available for transfer (Additional Voluntary Contributions (AVCs) are not factored into this calculation).
3. The Administrator for the Full-Time pension plan calculates the required contributions based on the amount of credited service the employee has in the PT&S Pension Plan. The calculation is based on the commuted value using the employee’s salary at the time application is made.
4. The Administrator for the Full-Time pension plan determines the amount of service to be credited in the Full-Time pension plan based on the funds available for transfer from the PT&S Pension Plan.

Calculating the Transfer (continued)

Examples:

| Credited Service in PT&S Pension Plan | Max. Service to be Credited in Full-Time pension plan | Amount Available for Transfer from PT&S Pension Plan | Amount required by Full-Time pension plan to Award Max. service | Service Credited in Full-Time pension plan |
|---------------------------------------|---|--|---|--|
| 2 years | 2 years | \$5,000 | \$10,000 | 1 year |
| 2 years | 2 years | \$8,000 | \$10,000 | 1.6 years |
| 2 years | 2 years | \$10,000 | \$10,000 | 2 years |
| 2 years | 2 years | \$12,000* | \$10,000 | 2 years |

* The \$2,000 (\$12,000 - \$10,000) excess will be transferred to a locked-in account as determined by the employee.

- In the first two examples shown above, the employee will be given the option of purchasing the shortfall in service (i.e. in the first example, the employee can pay the \$5,000 shortfall and receive the additional year of service in the Full-Time pension plan).

How to Apply to Transfer Service and Funds

- An employee who meets the eligibility requirements of the Reciprocal Transfer Agreement can request information on transferring their service and funds by completing, with the assistance of their human resources officer, and signing the "Transfer Application Form" which is available through their human resources office. (Note: Actual transfer does not occur until step 4).
- The human resource officer forwards the Transfer Application Form to Vestcor.
- Vestcor processes the application and forwards the applicable information to the employee for their consideration. An election form will be included with the information sent to the employee and the employee will have 90 days to sign and return the election form to Vestcor.
- Once the election form is received by Vestcor, the transfer will be processed.

How to Apply to Transfer Service and Funds (continued)

- In the case of an employee transferring from the PT&S Pension Plan to a Full-Time pension plan, a shortfall of required funds may result. In this case, the employee will have the option of purchasing the shortfall at the time of their election. This shortfall will be treated as a Purchase of Service and Vestcor will provide the employee with information on purchasing the shortfall.

Important Note: The eligibility requirements in this document pertain to the eligibility to participate in the Reciprocal Transfer Agreement only. At the time of retirement, the eligibility requirements to qualify for a pension benefit under a particular pension plan must still be met. Please refer to the vesting requirements of the Importing plan for further information.



Still have questions?

We can help! Contact our Member Services team by calling 1 (800) 561-4012 or by emailing info@vestcor.org

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