

Pension Plan for Full-Time CUPE 2745 Employees of NB School Districts

Disclaimer Clause: This fact sheet is for information purposes only. No rights are conferred by this fact sheet. If there are any discrepancies between this fact sheet and the official pension plan documents, the official pension plan documents will prevail.

Welcome to your plan!

When am I eligible to join the plan?

You must join the pension plan if you meet all of the following conditions*:

- Member of CUPE Local 2745;
- Full-time employee (as defined in your collective agreement) of a NB School District;
- Are age 18 or older but under the age of 60; and
- Have completed your employer's probation period.

*Religious Exemption: An employee who is a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from being members of a pension plan is not required to join the pension plan.

How much do I contribute to the pension plan?

Once you are a member of the pension plan you are required to contribute 5.0% of your regular earnings. Regular earnings exclude any overtime earnings.

As an example, an employee who had annual earnings of \$30,000 would contribute \$1,500 to the pension plan:

$$\text{\$30,000} \times 5\% = \text{\$1,500}$$

Your employer also contributes to the pension plan. The amount is based on an actuarial calculation.

When can I retire under the pension plan?

If you have 5 years of continuous full-time employment, you can receive your pension:

- Between age 55 and age 60 with an early retirement reduction;
- At age 60 without an early retirement reduction; or
- As late as age 71.



Career and Life Transitions

What happens if I terminate employment?

If you have less than 5-years of continuous full-time employment:

You will receive a refund of your contributions to the pension plan plus interest.

If you have 5 or more years of continuous full-time employment and are under age 55 you can elect:

A deferred pension payable as early as age 55 or as late as age 65; or

A commuted value refund of your pension to a locked-in registered retirement savings arrangement.

Any transfer in excess of *Income Tax Act* limits would not be locked in and would be subject to income tax deduction.

If you have 5 or more years of continuous full-time employment and are 55 years of age or older you can elect:

A pension benefit payable immediately; or
A deferred pension payable as late as age 65.



What happens if I die before I retire?

If you have less than 5-years of continuous full-time employment:

Your beneficiary or estate will receive a refund of your contributions to the pension plan plus interest.

If you have 5 or more years of continuous full-time employment:

Your beneficiary or estate will receive a commuted value refund of your pension.

What is a beneficiary?

You can designate a person or persons to receive any benefit that would be available upon your death. This would ensure that your beneficiary receives the death benefit directly and not through your estate.

It is important to note that if you choose someone other than your spouse as a beneficiary, only your spouse would be eligible to receive a benefit under a Joint and Survivor pension option.

If you would like to designate someone as a beneficiary or change who you have selected as a beneficiary, please contact your Human Resources office at your School District or visit vestcor.org/cupe2745 and complete the Designation/Change of Beneficiary form.

If you have not selected a beneficiary, any benefit outside of a Joint and Survivor pension option would be paid to your estate.

Can I purchase past periods of service under the pension plan?

There are three types of service that can be purchased under the pension plan as follows:

Refunded Service

A period of service that was previously refunded under this plan or under another provincially sponsored pension plan.

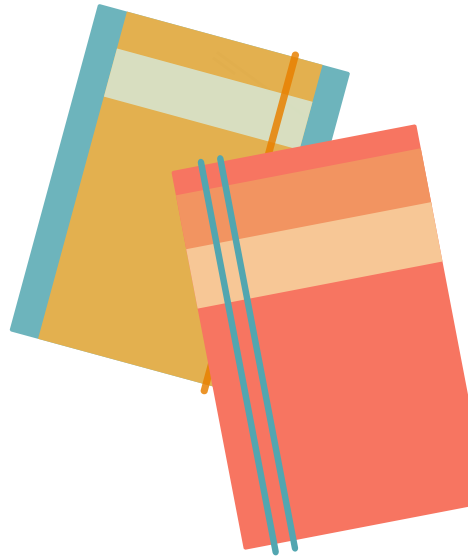
Leave of absence without pay

An approved unpaid leave of absence (e.g., maternity leave, sick leave).

Probationary period

A period of continuous full-time employment where there was a waiting period before joining the plan.

If you have service that falls within one of these categories and are interested in purchasing it, you can contact your Human Resources office within your School District and complete an application form. If it is deemed an eligible period, the cost to purchase the service will be prepared and sent to you.



If my marriage ends, can my pension be divided?

If your marriage or common-law relationship ends through separation or divorce, your pension can be divided with your spouse or common-law partner.

A Marriage Breakdown booklet can be found at vestcor.org/cupe2745 which provides additional detail with regard to the process. Contact your Human Resources office within your School District or Vestcor for more information or to complete an application form.



Planning for your retirement

How is my pension benefit calculated?

The easiest way for you to calculate the value of your pension is to use Vestcor's online pension estimate calculator which can be found at: vestcor.org/cupe2745.

However, if you are interested in how the calculation actually works, the following detail is provided for your information:

Step 1: Benefit calculation formula:

Highest consecutive 5 year average salary	X	Pensionable Service prior to January 1, 1997	X	2.0%
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PLUS

Highest consecutive 5 year average salary	X	Pensionable Service between January 1, 1997 and August 31, 1997	X	1.45%
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PLUS

Highest consecutive 5 year average salary	X	Pensionable Service after August 31, 1997	X	1.3%
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Step 2: Apply any early retirement reduction factors:

If you retire prior to age 60, there will be a permanent early retirement reduction factor applied to the amount calculated in Step 1. The early retirement reduction factor is 3% for each year that you retire prior to age 60.

Retirement Age	55	56	57	58	59	60
Reduction Factor	15%	12%	9%	6%	3%	0%

It should be noted that if you retire during the year the reduction factor will be pro-rated. For example: If a member retires at age 58 and 6 months, the reduction would be 4.5% (1.5 years x 3%/year).

The reduction to your pension is permanent meaning that the reduction does not end when you turn age 60.

Step 3: Apply any adjustment based on the form of pension you select:

There are six different optional forms of pension available to you when you retire. Choosing the right option at retirement based on your individual circumstances is extremely important. Once you start receiving your pension, you cannot change the option you have selected.

With all options you will receive your pension benefit to the end of your life. The optional forms differ in how any survivor benefits are paid as follows:

Form of Pension	Benefit Payable Following your Death
Life Pension with no Guarantee Period	Regardless of when you die, there will be no benefit payable following your death.
Life Pension with Guarantee Period of 5 Years	If you die before receiving 60 monthly payments, the actuarial equivalent of the unpaid balance in a lump sum is paid to your designated beneficiary or estate.
Life Pension with Guarantee Period of 10 Years	If you die before receiving 120 monthly payments, the actuarial equivalent value of the remaining pension payments is paid to your designated beneficiary or estate.
50% Joint and Survivor	If you die and your spouse (spouse at retirement) is still living, they will receive 50% of your pension benefit for the remainder of their life.
66.66% Joint and Survivor	If you die and your spouse (spouse at retirement) is still living, they will receive 66.66% of your pension benefit for the remainder of their life.
100% Joint and Survivor	If you die and your spouse (spouse at retirement) is still living, they will receive 100% of your pension benefit for the remainder of their life.

There will be no adjustment made to your pension if you choose a Life Pension with a 5-Year Guarantee period. However, an adjustment will be made to your pension if you choose one of the other forms of pension. The adjustment takes into account the benefit that could be payable following your death.

Will my pension benefit increase following retirement?

Your pension may be increased in January of each year based on the average increase in the Consumer Price Index (CPI) as follows:

If CPI increases by less than 1%, your pension will not be increased but the increase will be carried forward and applied in a future year.

If CPI increases by more than 1%, your pension will be increased by that amount up to a maximum of 2%.

Where can I get more information on my pension plan?

You can get more information on your pension plan at cupe2745pension.ca or by calling our Member Services Team at 1-800-561-4012 or at 453-2296 (Fredericton).

To view this document in French, please visit cupe2745pension.ca or contact us at 1-800-561-4012 to request a copy.

