

# PLANNING FOR THE LONG HAUL

## LEAVING YOUR EMPLOYMENT BEFORE RETIREMENT

If you are a vested\* member of the Shared Risk Plan for CUPE Employees of NB Hospitals (CUPE Hospitals SRP) and cease your employment, the pension benefits that you have earned in the Plan do not need to leave with you.



### VESTED MEANS YOU HAVE:

- two or more years of pensionable service in the Plan; or
- two or more years of membership in the Plan; or
- five or more years of continuous employment.

For many members of the CUPE Hospitals SRP, the pension benefit they have earned is the most valuable asset they have for their retirement. If you are leaving your employment, you may be concerned about what will happen to the benefits you have earned. The good news is that you can opt to receive a **deferred pension**.

If you are under the age of 55, your deferred pension can be started as early as age 55 (reduced pension) or as late as age 65 (unreduced pension). When you leave your employment, you will receive a statement which details what your monthly deferred pension benefit will be. If you are age 55 or older, you can take an immediate reduced pension, or defer it up to age 65.



## BENEFITS OF YOUR DEFERRED PENSION

### • TAKE SOME STRESS OUT OF YOUR RETIREMENT

The goal of the CUPE Hospitals SRP is to provide you with an income for the rest of your life. Choosing a deferred pension means you can enjoy the security that, upon retirement, you will have a monthly pension paid from an investment portfolio you do not have to manage. Your pension funds will be managed by experienced investment professionals.

### • GROWTH OF YOUR BENEFITS

Even after you leave your employment, your deferred pension benefits can continue to grow. Every year, your benefits will be eligible for increases through Cost of Living Adjustments. These Cost of Living Adjustments are based on the financial health of the Plan and Canada's Consumer Price Index. Keep this in mind when referring to the monthly benefit amount on your termination statement. By the time you retire, that amount may have increased. Refer to previous newsletters for more information on Cost of Living Adjustments that have been awarded to members of the Plan. They're available in the "Communications" section at [www.vestcor.org/cupe-h](http://www.vestcor.org/cupe-h).

# PLANNING FOR THE LONG HAUL (CONT.)

## • PLANNING FOR YOUR LOVED ONES

A deferred pension includes spousal benefit options. During your retirement, if you pre-decease your spouse, they may be eligible to receive a portion of your pension benefits for the rest of their life. This gives an added layer of security for those you care most about as you move through the phases of your life.

## SUMMING IT ALL UP

As you can see, there are a number of benefits that you can reap by leaving your assets in the Plan when you cease your employment. The first priority of your pension plan is to provide secure pension benefits to members after their retirement. Ultimately, the choice is up to you. Make sure you consider your options carefully and make an informed decision. Your choice will affect you throughout your retirement.

If you have any questions, you can contact Vestcor's Member Services Team at 1 800 561 4012.

## YOUR OTHER OPTION - ACCEPTING A TERMINATION VALUE

- Instead of a deferred pension, you can also opt to accept a termination value payout.
- Your termination value is a one-time only, lump sum payment based on the value of your pension on the date you cease your employment.
- By accepting the termination value you will no longer be eligible for a CUPE Hospitals SRP pension when you retire.
- The termination value you receive has a number of restrictions on it. The funds must be transferred into a locked-in retirement planning vehicle, such as a Locked-In Retirement Account (LIRA). It cannot be used to pay down mortgages or any other expenses that you may have. It is set aside specifically to provide for your retirement.
- You will be responsible for managing your funds and ensuring that they provide you with enough income in your retirement to last you the rest of your life. This includes responsibility for paying any costs you incur from investment advisors.
- You won't be eligible for future increases through Cost of Living Adjustments.

