

Understanding Your Termination Options

Deferred Pension or Termination Value?

The pension benefit you have earned may be considered the most valuable asset you have for your retirement. You may be concerned about what will happen to this benefit now that you are leaving your employment. Don't worry, there are options available to you.

If you are under the age of 55 and vested, you have two options. The first is to leave your funds in the Plan and receive a deferred pension starting as early as age 55 (reduced pension) or as late as age 65 (unreduced pension). The second option is to receive a lump sum transfer of the value of your pension, referred to as the Termination Value.

Enclosed is a statement which details the value of both options: a monthly deferred pension benefit vs. the Termination Value. Before you review the enclosed statement, learn more about what your options mean.

Please note the Termination Value is only available if you return the enclosed statement within 90 days from the date noted on the letter within this package.

Choosing a Deferred Pension

Take some stress out of your retirement

Opting for a deferred pension means that you will receive a pension that will be paid for the rest of your life. In addition, your pension is designed to keep up with inflation, and will continue to be managed by a team of professional investment managers.

Growth of your benefits

Even after you leave your employment, your deferred pension will continue to grow through Cost of Living Adjustments (COLA) provided by the Plan as applicable. These adjustments will also be applied to your pension throughout your retirement. They are meant to help your retirement income keep up with inflation.

Planning for your loved ones

A deferred pension includes survivor benefit options. To find out about the benefits that apply to you, refer to the Member Booklet available on your pension plan's website.

An additional source of income

Whether you are leaving the plan with 5, 15, or 25+ years of service, your deferred pension will serve as a source of lifetime retirement income. When you retire, it will also supplement any other retirement streams you earn throughout your career, when you retire.

Choosing a Termination Value

Transferring funds

The Termination Value payable must be transferred into a locked-in retirement planning vehicle, such as a Locked-In Retirement Account (LIRA). It cannot be immediately used to pay down mortgages or any other large expenses, and access prior to age 55 is limited.

Gaining control of your retirement funds

The performance of the Termination Value becomes your responsibility. You will have full control over choosing investment options. Ultimately, you become responsible for ensuring your retirement income is sufficient for the rest of your life. Good or bad, the performance of the Termination Value is in your hands.

Calculating the Termination Value

The Termination Value is an actuarial calculation of your pension, determined in accordance with the *Pension Benefits Act* (New Brunswick). This actuarial calculation takes into account a number of factors, which include mortality assumptions, along with the discount rate and Termination Value Funded Ratio of the Plan. The Termination Value is never less than your employee contributions with accumulated interest.

Summing it all up

Consider your options carefully and make an informed decision. Your choice will affect you throughout your retirement. The first priority of your pension plan is to provide secure pension benefits to members upon their retirement. Ultimately, the choice is up to you.

If you have any questions, contact Vestcor's Member Services Team by telephone at 1 800 561 4012 or by email at info@vestcor.org.

Scan the QR Code to the right or visit vestcor.org/pensions to access your pension plan's website for more information, including a video that further explains these termination options.

