Pension News

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

Volume 7 | 2026



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Choosing the right pension option is one of the most important decisions you'll make regarding your retirement.

Let us help you make an informed decision.

Contact

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In Writing: PO Box 6000, Fredericton, NB E3B 5H1

ISBN : 978-1-4605-4668-0

Your Pension Committee

Your Pension Committee is responsible for providing oversight and advice relating to the governance of your Pension Plan.

For a list of committee members, visit **cupe2745pension.ca**.

Pension Plan Eligibility

The CUPE 2745 Pension Plan has certain eligibility requirements when determining if you are required to join the Plan.* These include:

You must be a member of CUPE Local 2745

You must be a "full-time" employee of a NB School District

You must be age 18 or older but under the age of 60

You must 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.*

When it comes to determining what a "full-time" employee is for the purpose of pension eligibility, the Plan refers to the definition indicated in the CUPE Local 2745 Collective Agreement:

A "full-time" employee is a permanent employee who works on a regular schedule of thirty-one (31) hours or more per week.

Some things to consider:

- If you are a CUPE Local 2745 permanent employee and your regular scheduled hours are fewer than 31 hours per week, you are not eligible to participate in the Plan.
- If you are a CUPE Local 2745 permanent employee with two positions and your regular scheduled hours for both positions combined are equal or greater than 31 hours per week (e.g., you work both a 20-hour-per-week regular scheduled hour position and a 12-hour-per-week regular scheduled hour position), you are required to participate in the Plan.



If you have any questions regarding whether or not you should be participating in the CUPE 2745 Pension Plan, please do not hesitate to contact Vestcor's Member Services Team who will be able to assist you with your questions.

Disclaimer: This newsletter is a publication on behalf of the Committee for the Pension Plan for Full-Time CUPE 2745 Employees of NB School Districts. This publication is intended to provide information about the Pension Plan for Full-Time CUPE 2745 Employees of NB School Districts. If there is a discrepancy between the information contained herein and the Pension Plan Text or other appropriate governing documents, the latter will prevail.

Late Retirement Factor

Are you nearing age 65 and wondering what will happen to your CUPE 2745 pension if you continue to work past your 65th birthday? Below are some useful things to keep in mind regarding the calculation of your pension if this is the case:



- The Plan does not allow for pensionable service to be earned past the month that you turn age 65, and any income after this point will no longer be used for the calculation of the best 5-year average salary when calculating your pension.
- The Plan also requires that employee and employer contributions stop during the month that you turn age 65.

While these rules may seem as though they would cause your pension to begin losing its value after you turn age 65 while working, this is not the case!

In order for your pension to keep its value, the Plan applies a **late retirement factor** when you decide to retire. This factor is an actuarial calculation that adjusts your pension, based on various actuarial assumptions, to be equal (i.e., the actuarial equivalent) to what your pension is deemed to be worth at age 65. As a result, this calculation increases the monthly pension payable to you when you retire after age 65 compared to the amount that would have been payable to you had you started your pension at age 65.

There are a couple of other things to keep in mind if you decide to work past age 65:

- You must begin your pension in the month immediately following the month that you stop working (i.e., you cannot defer your pension start date).
- The latest that you can start your pension if you continue working is the month of December in the year that you turn age 71 (this is a federal *Income Tax Regulation* rule that applies to all pensions in Canada); this does not mean that you have to stop working at that time, it just means that your pension needs to start (i.e., you will receive both your pension and your work paycheque).



Choosing the Right Pension Option for You

There are six different forms of pension available to you when you retire. **No matter which option you choose, you will receive a monthly pension benefit until the end of your life.** However, the optional forms differ in how any survivor benefits are paid.

Normal Form of Pension

Life Pension with 5-Year Guarantee	If you die before receiving 60 monthly payments, the unpaid balance (actuarial equivalent) is paid in a lump sum to your designated beneficiary or estate.

Optional Forms of Pension

Life Pension with 10-Year Guarantee	If you die before receiving 120 monthly payments, the unpaid balance (actuarial equivalent) is paid in a lump sum to your designated beneficiary or estate.
Life Pension with No Guarantee Period	There will be no benefits payable after your death.
50% Joint and Survivor	If you die and your spouse (spouse at the time of your retirement as well as the time of your death) is still living, your spouse will receive 50% of your lifetime pension for the remainder of their life.
66.66% Joint and Survivor	If you die and your spouse (spouse at the time of your retirement as well as the time of your death) is still living, your spouse will receive 66.66% of your lifetime pension for the remainder of their life.
100% Joint and Survivor	If you die and your spouse (spouse at the time of your retirement as well as the time of your death) is still living, your spouse will receive 100% of your lifetime pension for the remainder of their life.



Remember

Choosing the right form of pension at retirement based on your individual circumstances is extremely important. Once you start receiving your pension, you cannot change the option you have selected.

To ensure you understand what the different options mean to you (and your loved ones) upon retirement, please contact Vestcor's Member Services Team at **1-800-561-4012.**

An actuarial equivalent adjustment will be made to your monthly pension if you choose an option other than the Life Pension with a 5-year guarantee period. The adjustment takes into account whether the Pension Plan may end up paying a benefit upon your death and the possible size of any such benefit.

Who is Vestcor?

VESTCOR

Vestcor is your Pension Plan's chosen administrator, offering resources and services for Plan members. You can read their story here **vestcor.org/about-us**.

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Email info@vestcor.org or call 1 800 561 4012.