

Manitoba Pension Legislation Changes in 2010

Effective May 31, 2010, there have been significant changes made to The Pension Benefits Act of Manitoba and Pension Benefits Regulation. The following is a summary of some of the major changes in legislation which affect the pension benefits of members under The Civil Service Superannuation Act.

Vesting

Vesting means you have the right to a pension from the Plan.

If you leave employment on or after May 31, 2010, you are immediately vested regardless of your length of qualifying service.

Transfer Values and Locking In

The transfer value is calculated on all periods of pensionable service at a specific event date.

The transfer value of a pension increases significantly when an employee is at least age 55 **AND** has at least ten years of qualifying service. If both the age and service criteria are not met at the event date, the transfer value will not include any ancillary benefits (eg. early retirement enhancements).

If you terminate employment on or after May 31, 2010 your pension benefits earned for service on and after July 1, 1976 are locked-in.

These funds will now be unlocked if:

- the annual pension earned to the date of termination is less than 4% of the Yearly Maximum Pensionable Earnings (YMPE); or
- the transfer value of the annual pension is less than 20% of the YMPE.

Pension benefits earned for service prior to July 1, 1976 remain unlocked.

Excess Contributions (50% Rule for Post-1984 Benefits)

The calculation of excess contributions now must exclude any portion of the pension that a member is not required to make contributions (ie. contributions associated with a voluntary buyback of service).

Early Retirement

An employee can now retire with an actuarially reduced pension if the member is at least age 55 regardless of the length of qualifying service.

Retirement after attaining age 65

If you retire after you have attained age 65, you will be entitled to a pension at least equal to the the pension accrued to your actual retirement date based on your earnings and service. There will be a calculation prepared to ensure that the actuarial equivalent of the pension accrued to your age 65 is not greater than the pension accrued to your postponed retirement date. If the actuarial equivalent is greater, your pension will be increased.

Joint & Survivor Pension

The Civil Service Superannuation Act requires a member who has a spouse or common-law partner at the time of retirement to elect a joint and survivor pension reducing to two-thirds on the member's death (Manitoba pension legislation requires a minimum 60% survivor's pension).

The member can elect an alternate form of pension which provides a survivor lifetime benefit of less than two-thirds if the spouse or common-law partner signs a waiver of the minimum joint life pension. This waiver must be signed within 60 days prior to the commencement of the pension.

The spouse or common-law partner may revoke the waiver at anytime before the pension commences.

Death Benefits

If a member dies before the pension has commenced, the eligible spouse or common-law partner would be entitled to an immediate lifetime pension that is equal in value to the member's transfer value.

The spouse or common-law partner can waive the death benefit before or after the member's death. This waiver can be revoked by both the member and spouse or common-law partner anytime prior to the member's death.

If at the time of death the member had no spouse or common-law partner, or the member was living separate and apart from a spouse or common-law partner by reason of a breakdown in the relationship, or a spouse or common-law partner had waived the entitlement to the pension, the transfer value would be paid to the member's estate. The Civil Service Superannuation Act does not enable a member to designate a beneficiary for the payment of the pre-retirement death benefit. A member may be able to designate a beneficiary in his or her will if a member does not have an eligible spouse or common-law partner and does not wish their benefit to be paid to their estate.

A member may want to consider seeking professional advice to properly designate a beneficiary for the death benefit entitlement.

Marriage Separation

A member's pension benefit credit may be divided if:

- a) pursuant to an order of the Court of Queen's Bench made under The Family Property Act, family assets of the member or former member or a spouse, former spouse, or common-law partner are required to be divided; or
- b) pursuant to a written agreement between the member or former member and the spouse, former spouse or common-law partner, their family assets are divided; or
- c) a division of the pension or the pension benefit credit, as the case may be, is required by an order of a court of competent jurisdiction in another province or territory of Canada, or an order of the Court of Queen's Bench made in accordance with The Pension Benefits Act.

The pension benefit earned during the relationship may be divided unless both parties agree they do not want the pension divided.

This summary is provided for informational purposes only and does not confer any legal rights. If you require further information or have any questions, please contact the Board office at 946-3200 or refer to The Pension Benefits Act of Manitoba and Pension Benefits Regulation which can be found on our website or on the Pension Commission's website at www.gov.mb.ca/labour/pension/ .