

SECTION CONTENTS

4 RETIREMENT

How members get information about their retirement benefit	3
The retirement benefit	3
Group health benefits	3
4.1 Eligibility for a retirement benefit	5
4.2 Pension formula	7
4.4 Reduced and unreduced retirement benefits	13
4.4.1 Reduction rate tables	14
4.5 When a member is retiring	19
4.5.1 Member's Benefit Statement	19
4.5.2 Online pension estimator	19
4.5.3 Retirement webinars	20
4.5.4 Additional information about the pension plan	20
4.6 Retirement planning and application	20
4.6.1 Pension estimate	21
4.6.2 Standard pension options	21
4.6.3 Nomination of beneficiary	23
4.6.4 Automated direct deposit system	24
4.7 To start the retirement benefit	24
4.8 After the retirement benefit starts	25
4.8.1 Changing the pension option	25
4.8.2 Cost-of-living adjustments ("indexing")	26
4.8.3 Income tax	26
4.8.4 Changes to retirement benefits in pay	26
4.8.5 Retroactive pay after retirement	26

4.9	Other retirement income	27
4.9.1	Canada Pension Plan	27
4.9.2	Old age security	27
4.9.3	Applying for federal pensions	28
4.10	Early Retirement Incentive Program (ERIP)	29
	Retirement checklist	30

4 RETIREMENT

This section provides information on getting a member's retirement benefit started, whether the member is going directly from Public Service plan employment to retirement, or the member terminated employment from the plan earlier and now wants the retirement benefits to begin.

How members get information about their retirement benefit

- The plan offers regularly scheduled webinars to members. Check our website at pspp.pensionsbc.ca for more information.
- Members can use the personalized pension estimator, available through My Account on our website, to create pension estimates based on their current service and salary information.
- Members can also review their annual *Member's Benefit Statement* (distributed in late summer), which provides a summary of pension information.
- When a member is within four months of the retirement benefit effective date, they can request a retirement application package from the plan.

The retirement benefit

The Public Service pension formula results in a retirement benefit, and a member may choose other options that will continue to be paid to a beneficiary(ies) after their death.

Group health benefits

Medical Services Plan

EHC coverage is effective the date the member's pension begins.

Effective April 1, 2012, the plan no longer provided subsidies for, or collected, Medical Service Plan (MSP) premiums for retired members. MSP will automatically contact the retiring member once you have terminated their employment coverage.

Extended health coverage

Extended health coverage (EHC) is available to retiring members. Note, though, EHC is not guaranteed. Coverage may be changed at any time by the pension boards, including increasing, decreasing or eliminating:

- coverage for people and benefits, or
- amounts for premiums and deductibles.

Coverage for members is subsidized. Coverage for spouses and dependants will be available on an unsubsidized basis only.

Dental plan

Dental plan coverage is effective the month following the month in which the member's pension begins.

Retired members may also apply through us to Green Shield Canada for dental coverage under a plan available to members of the plan. The application is part of the retirement application package that we provide to members. For further information, see the Green Shield Canada website at greenshield.ca.

Group life insurance plan

The member must already be covered by the Group Life Insurance Plan to be eligible to apply to continue to be covered after retirement and until age 65.

For a member to be eligible to continue group life insurance coverage as a pensioner until they reach age 65, they must—while still an employee—be covered under the Group Life Insurance Plan (contract number 6878GL(4) carried by Great West Life Assurance Company). Also, the member must begin receiving a benefit the month following the month they terminated employment.

Members covered under any other group life insurance plan, including group life coverage provided by the regional health boards, are not eligible to apply to continue group life insurance under the plan.

ABOUT THE RETIREMENT BENEFIT

4.1 Eligibility for a retirement benefit

Plan rules do not require that members retire at age 65.

For the majority of Public Service Pension Plan members, the normal retirement age (NRA) for plan members is 65, and the earliest retirement (ERA) age is 55.

Certain designated occupations have different retirement rules. The NRA for correctional facilities employees is 60, and the ERA is 50. The age rules for these plan members are indicated in brackets, e.g., ERA is shown as “55 (50)”. Different retirement rules also apply to BC Ambulance Service employees in CUPE Local 873 who meet the eligibility criteria. For more information please read the website guide When You Can Retire for Ambulance Paramedics at pspp.pensionsbc.ca/when-you-can-retire-for-ambulance-paramedics.

The NRA and ERA for members with service in both public safety (correctional facilities employees, ambulance paramedics) and non-public safety employee groups is based on the member’s employee group at retirement. If a member terminates from both employee groups at the same time, their ERA will be based on the NRA 60 employee group.

A member is eligible for an immediate pension when they reach age 55 (50).

Refer to the Age Rules for Benefit Eligibility table in section 3.2.

A member who is eligible for an immediate pension may choose to defer starting the pension until a later date.

A member who is considering deferring their retirement benefit should be advised to contact us for information.

If a member is on long-term disability and their benefits end, they may be eligible to apply for a pension. The member has two choices:

- Receive an immediate pension (refer to Age Rules for Benefit Eligibility in section 3.2), and if their LTD benefits are reinstated by the carrier at a later date, they must notify the Pension Corporation and repay to the plan (in a lump sum), the total amount of the pension paid during the reinstated period, plus interest.

- Give notice that they are appealing the termination of their LTD benefits, and enclose their application for pension to determine the retirement benefit effective date if their LTD appeal is unsuccessful.

If a member accepts a lump-sum payment to settle an LTD plan claim, the member is not eligible for a disability benefit from the plan. This does not affect the member's right to termination or retirement benefits.

Under the *Income Tax Act*, an employee aged 71 must start receiving their pension no later than December 1 of the same year they turn 71. They may continue working without interruption, but you must stop collecting pension contributions from them.

Even though they may still be working, please submit employee termination/retirement information using the online tool within 14 days of termination or as soon as the final payroll have been completed.

Submission of this form activates the retirement process. Select "retirement" on the form and complete all fields required including benefits.

After submitting their employee information at termination/retirement using the online tool, final salary, service and contributions up to November 30 must be reported on your payroll report.

EXAMPLE

If you have an employee born in 1946 who turns 71 in 2017, stop collecting contributions for them effective November 30, 2017—even if they turn 71 in December. Your Payroll Report must not include service, salary or contributions for this employee beyond November 30.

We send your employees a pension estimate and retirement application package the year they turn 71. Please ensure we have their current address. If your employee has recently reported an address change, ask them to use My Account to update their personal information with the pension plan.

Under the *Income Tax Act*, provincial court judges (judge) or masters of the Supreme Court (master) must begin receiving their pension no later than the end of the month they reach age 75. A judge or master who begins receiving their pension may continue working without interruption, but you must stop collecting pension contributions from them. After providing their employee information at termination/retirement using the online tool, submit final salary, service and contributions.

4.2 Pension formula

Highest average salary (HAS) is the salary used in the calculation of a member's retirement benefit. It is the average of their highest five years of pensionable salaries.

See section 7 for a list of pensionable salary inclusions.

The Public Service Pension Plan is a defined benefit pension plan, meaning that a member's retirement benefit is determined by a formula. The formula is a set percentage multiplied by the member's highest average salary (HAS) and the member's pensionable service in the plan. From June 24, 2014, onward, if a member works in both a public safety role and a general public service role, either at the same time or at different times, the retirement reduction will be calculated separately for each role and applied to a single pension. The member's normal retirement age (NRA) will continue to be based on the member's role (public safety or general public service) at retirement.

The retirement benefit is payable for the member's lifetime, and may continue to be paid to another person after the member's death, depending on the form of pension the member chooses at retirement (see section 4.3). The bridge benefit is payable from the time a member starts to receive a pension until age 65 or the member's death, whichever occurs first. For 01GENERL, the bridge is based on service accrued prior to April 1, 2018 and for 01GEAWMBW (BC Ambulance Paramedics), the bridge is based on service prior to April 1, 2020.

EXAMPLE

See section 4.4 for rules determining when reduction factors are applied.

01GENERL (Regular Public Service) and 01GECEO, 01GEFOIP, 01GEOMBD (Statutory Officers)

$2\% \times \text{HAS} \times \text{total service pre April 1, 2018} \times \text{reduction factors} =$	A1
$1.85\% \times \text{HAS} \times \text{total service accrued from April 1, 2018 up to and including March 31, 2022} \times \text{reduction factors} =$	A2
$1.95\% \times \text{HAS} \times \text{total service post March 31, 2022} \times \text{reductions factors} =$	A3
$.65\% \times \text{YMPE or HAS} \times \text{total service accrued pre April 1, 2006} \times \text{reduction factors} =$	B1
$.35\% \times \text{YMPE or HAS} \times \text{total service accrued from April 1, 2006 up to and including March 31, 2018} \times \text{reduction factors} =$	B2
$A1 + A2 + A3 - (B1 + B2) =$	Normal form pension
$B1 + B2 =$	Bridge benefit

EXAMPLE CALCULATIONS

Example 1: Service pre April 1, 2006, service between April 1, 2006 and March 31, 2018, service between April 1, 2018 and March 31, 2022, and service post March 31, 2022, no reduction applied to pension:

- Retirement Date: April 1, 2022, age 65
- Total pensionable service 34 years:
 - 20 years pre March 31, 2006
 - 8 years April 1, 2006–March 31, 2018
 - 4 years post April 1, 2018–March 31, 2022
 - 2 years post March 31, 2022
- Monthly HAS: \$6,500.00
- Monthly YMPE: \$5,133.33
- No reduction factors

$2\% \times \$6,500 \times 28 =$	\$3,640.00	A1
$1.85\% \times \$6,500 \times 4 =$	\$481.00	A2
$1.95\% \times \$6,500 \times 2 =$	\$253.50	A3
$0.65\% \times \$5,133.33 \times 20 =$	\$667.33	B1 bridge benefit
$0.35\% \times \$5,133.33 \times 8 =$	\$143.73	B2 bridge benefit
$A1 + A2 + A3 - (B1 + B2) =$	\$3,563.44	lifetime pension

Example 2: Service pre April 1, 2006, service between April 1, 2006 and March 31, 2018, service between April 1, 2018 and March 31, 2022, and service post March 31, 2022, with reduction applied to the pension:

- Retirement Date: April 1, 2023, age 59
- Total pensionable service: 22 years
 - 5 years pre March 31, 2006
 - 12 years April 1, 2006 to March 31, 2018
 - 4 years April 1, 2018 to March 31, 2022
 - 1 year post March 31, 2022
- Monthly HAS: \$6,166.67
- Monthly YMPE: \$5,133.33
- Age plus contributory service would be 81 (59 + 22 years service), so the pension based on pensionable service before April 1, 2018, would be reduced by 3% per year before age 60 (total reduction is 3%); and
- There is less than 35 yrs contributory service, so the pension based on pensionable serviced earned after April 1, 2018, is reduced by 6.2% per year before age 60 (total reduction is 6.2%)

$2\% \times \$6,166.67 \times 17 \times .97\% =$	\$2,033.77	A1
$1.85\% \times \$6,166.67 \times 6 \times .938\% =$	\$428.04	A2
$1.95\% \times \$6,166.67 \times 1 \times 93.8\% =$	\$112.79	A3
$0.65\% \times \$5,133.33 \times 5 \times .97\% =$	\$161.83	B1 bridge benefit
$0.35\% \times \$5,133.33 \times 12 \times .97\% =$	\$209.13	B2 bridge benefit
$A1 + A2 + A3 - (B1 + B2) =$	\$2,203.64	lifetime pension

01GEAMBW (BC Ambulance Paramedics)

$2\% \times \text{HAS} \times \text{total service accrued up to and including March 31, 2020} \times \text{reduction factors} =$	A1
$1.85\% \times \text{HAS} \times \text{total service accrued from April 1, 2020 up to and including March 31, 2022} \times \text{reduction factors} =$	A2
$1.95\% \times \text{HAS} \times \text{total service post March 31, 2022} \times \text{reduction factors} =$	A3
$0.65\% \times \text{lesser of YMPE or HAS} \times \text{total service accrued before March 31, 2006 and total service accrued from April 1, 2018 up to and including March 31, 2020} \times \text{reduction factors} =$	B1
$0.35\% \times \text{lesser of YMPE or HAS} \times \text{total service accrued from April 1, 2006 up to and including March 31, 2018} \times \text{reduction factors} =$	B2
A1 + A2 + A3 - (B1 + B2) =	Normal form pension
B1 + B2 =	Bridge benefit

EXAMPLE CALCULATIONS

Example 1: Service pre April 1, 2006, service between April 1, 2006 and March 31, 2018, service between April 1, 2018 and March 31, 2020, service between April 1, 2020 and March 31, 2022, and service post March 31, 2022, with reduction applied to the pension.

- Age at Termination: 50.08
- Retirement Date: April 1, 2023, age 50.08
- Total pensionable service 19.8508 years:
 - 3.7459 years up pre March 31, 2006
 - 11.1049 years April 1, 2006, to March 31, 2018
 - 2 years April 1, 2018, to March 31, 2020
 - 2 years April 1, 2020 to March 31, 2022
 - 1 year post March 31, 2022
- Monthly HAS: \$7,290
- Monthly YMPE: \$5,133.33
- Reduction Factor:
 - for service earned up to and including March 31, 2020 = 0.7025
 - for service earned on and after April 1, 2020 = 0.6952

$2\% \times \$7,290 \times 16.8508 \times 0.7025 =$	\$1,725.93	A1
$1.85\% \times \$7,290 \times 2 \times 0.6952 =$	\$187.52	A2
$1.95\% \times \$7,290 \times 1 \times 0.6952 =$	\$98.83	A3
$0.65\% \times \$5,133.33 \times 5.7459 \times 0.7025 =$	\$134.68	B1 bridge benefit
$0.35\% \times \$5,133.33 \times 11.1049 \times 0.7025 =$	\$140.16	B2 bridge benefit
$A1 + A2 + A3 - (B1 + B2) =$	\$1,737.44	lifetime pension

Example 2: Service pre April 1, 2006, service between April 1, 2006 and March 31, 2018, service between April 1, 2018 and March 31, 2020, service between April 1, 2020 and March 31, 2022, and service post March 31, 2022, with no reduction applied to the pension.

- Age at Termination: 56.75
- Retirement Date: May 1, 2023, age 56.76
- Total pensionable service 25.36 years:
 - 8.5058 years up to and including March 31, 2006
 - 11.8542 years on and after April 1, 2006, up to and including March 31, 2018
 - 2 years April 1, 2018, to March 31, 2020
 - 2 years April 1, 2020 to March 31, 2022
 - 1 year post March 31, 2022
- Monthly HAS: \$9,110
- Monthly YMPE: \$5,133.33
- No reduction factors

$2\% \times \$9,110 \times 22.36$	\$4,073.99	A1
$1.85\% \times \$9,110 \times 2$	\$337.07	A2
$1.95\% \times \$9,110 \times 1$	\$177.65	A3
$0.65\% \times \$5,133.33 \times 10.5058$	\$350.54	B1 bridge benefit
$0.35\% \times \$5,133.33 \times 11.8542$	\$212.98	B2 bridge benefit
$A1 + A2 + A3 - (B1 + B2)$	\$4,025.19	lifetime pension

4.3 Pension options overview

The retirement benefit that results from the pension formula is payable as the “normal form” of pension. The normal form of pension in the Public Service Pension Plan is a single life pension with a 10 year guarantee. This pension:

- is paid for the lifetime of the member, and
- is payable to the member’s beneficiary(ies) if the member dies before the end of the 10-year guarantee period.

A plan member may choose another pension option with a different level of guaranteed payment.

When a member selects an option other than the normal form of pension, the amount of the pension will change. In general, the longer the guarantee period, the lower the retirement benefit amount. The bridge benefit does not change, regardless of the pension option selected.

Single life pensions with a guarantee are payable for the life of the member and for a set guarantee period if the member dies before the end of the guarantee period. The guarantee period may be 5, 10 or 15 years. If the member dies before the end of the guarantee period, the rest of the benefit is paid to the member’s beneficiary(ies), or estate if no beneficiary exists. For more information on beneficiaries, visit pspp.pensionsbc.ca/how-your-beneficiaries-will-be-paid.

If the member dies after the end of the guarantee period, no payments are made to the member’s beneficiary(ies) or estate.

A member who has a spouse must select an option that guarantees at least 60 per cent of the member’s pension will continue to the spouse after the member’s death, unless the spouse waives entitlement in writing.

Joint life pensions are payable for the life of the member and the member’s spouse; if the spouse lives longer than the member, the spouse continues to receive some or all of the pension.

A member who has a spouse must select an option that guarantees at least 60 per cent of the member’s pension will continue to the spouse after the member’s death, unless the spouse waives entitlement in writing. This amount is paid as a joint life benefit.

Temporary annuities are temporary benefit payments from retirement to age 65 or the member’s death, whichever occurs first. This option provides for an increased pension from retirement to age 65 but permanently reduces the retirement benefit thereafter.

Choosing a pension option

Here are some things the member should consider when choosing an option:

- Does the member have a spouse?
- Does the member wish to provide a payment to their beneficiary(ies) after death?
- If the member divorces, does that former spouse have an entitlement to a portion of the pension?
- What if the member is widowed with dependent children?
- What if the member becomes ill?
- Are there other sources of retirement income?
- Does the member have service in both a public safety occupation (correctional facilities employees, ambulance paramedics) and a non-public safety occupation? These members must select the same retirement benefit effective date and pension option for their public safety and non-public safety service. A retirement benefit amount will be calculated separately for each employee group, based on the reduction rules for that employee group, and combined to provide a single payment.

Members can read *Choosing Your Best Pension Option*, available on the plan's website, for more information on this topic.

4.4 Reduced and unreduced retirement benefits

The member's monthly retirement benefit amount will be reduced if the member does not meet certain age and service minimums (detailed below). These reductions apply to both the pension and the bridge portions.

For members with service in both public safety (correctional facilities employees, ambulance paramedics) and non-public safety occupations on or after June 24, 2014, early retirement reductions are based on rules applicable to each employee group. (detailed below)

4.4.1 Reduction rate tables

The following tables detail when a reduction is required for specified employee groups.

4.4.1.1 Reduction rate tables for 01GENEPL

Reduction rates for service accrued on or after April 1, 2018

TERMINATION AGE	RETIREMENT AGE	CONTRIBUTORY SERVICE (YEARS)	REDUCTION
Under 60	55 but under 60	CS < 2	5% per year under age 65 (max 50%)
		2 ≤ CS < 35	6.2% per year under age 60 (max 31%)
	60 or over	CS < 2	5% per year under age 65 (max 25%)
60 but under 65	60 but under 65	CS < 2	5% per year under age 65 (max 25%)

Reduction rates for service accrued prior to April 1, 2018

TERMINATION AGE	RETIREMENT AGE	CONTRIBUTORY SERVICE (YEARS)	REDUCTION
Under 50	55 but under 60	CS < 2	5% per year for each year under age 65 (max 50%)
		CS ≥ 2	5% per year for each year under age 60, or short of the rule of 85 (whichever is less) (max 25%)
	60 or over	CS < 2	5% per year for each year under age 65 (max 25%)
50 but under 60	55 but under 60	CS < 2	5% per year for each year under age 65 (max 50%)
		2 ≤ CS < 10	5% per year for each year under age 60, or short of the rule of 85 (whichever is less) (max 25%)
		10 or more	3% per year for each year under age 60, or short of the rule of 85 (whichever is less) (max 15%)
	60 or over	CS < 2	5% per year for each year under age 65 (max 25%)
60 but under 65	60 but under 65	CS < 2	5% per year for each year under age 65 (max 25%)

EXAMPLE**Retiring at age 58 on April 1, 2020**

	April 1, 2018	April 1, 2020
25 years CS	2 years CS	
Age 58 + 27 years CS (25 + 2) = 85	60 – 58 = 2	2 × 6.2% = 12.4%
No reduction applied to benefit earned for service before April 1, 2018	12.4% reduction applied to benefit earned for 2 years of service from April 1, 2018, onward	

In this example, the 01GENERAL member is retiring at age 58 on April 1, 2020. The rule of 85 is used to calculate the pension reduction factor for the 25 years of service earned before April 1, 2018. The rule of 85 takes all contributory service until retirement into account—even those years accumulated after April 1, 2018. Because the member meets the rule of 85, there is no reduction applied to the portion of their benefit earned before April 1, 2018.

For the 2 years of contributory service earned after April 1, 2018, the new reduction factor of 6.2% is used. The member is not eligible for an unreduced retirement benefits for these years of service, because they do not meet the minimum age of 60, or have 35 years of contributory service. This means the portion of the member's benefit earned on or after April 1, 2018 will have a 12.4% reduction applied.

**4.4.1.2 Reduction rate tables for 01GEAWMBW
(BC Ambulance Paramedics)**

Terminations on or after April 1, 2020

SERVICE EARNED ON OR AFTER APRIL 1, 2020			
AGE AT TERMINATION	AGE AT RETIREMENT	CONTRIBUTORY SERVICE	REDUCTION FACTOR
Under 60	50 but under 55	less than 10	6.2 per yr for every year under age 60 to a maximum of 62%
		10 yrs but fewer than 35 yrs	6.2% per yr for every yr under age 55, to a maximum of 31%
		35 yrs or more	No reduction
	55 but under 60	less than 10 yrs	6.2% per yr for every yr under age 60, to a maximum of 31%
		10 yrs or more	No reduction
60 or over	60 or over	Any amount of service	No reduction

SERVICE EARNED PRIOR TO APRIL 1, 2020			
AGE AT TERMINATION	AGE AT RETIREMENT	CONTRIBUTORY SERVICE	REDUCTION FACTOR
Any age	50 or over	Less than 2 yrs	3% per yr from age 50 to 55 5% per yr from age 55 to 65, to a maximum of 65%
Under 50	50 but under 55	2 yrs but less than 10	5% per yr under age 60 or rule of 85—to a maximum of 50% (plan rules apply)
		At least 10 yrs but fewer than 25	5% per yr under age 60 or rule of 80
		25 yrs or more	5% per yr under age 55
50 to 55	50 but under 55	2 yrs but less than 10	5% per yr under age 60 or rule of 85—to a maximum of 50% (plan rules apply)
		At least 10 yrs but fewer than 25	3% per yr under age 60 or rule of 80
		25 yrs or more	3% per yr under age 55
55 or over	55 or over	2 yrs but less than 10	5% per yr under age 60 or rule of 85—to a maximum of 25% (plan rules apply)
		At least 10 yrs but fewer than 25	3% per yr under age 60 or rule of 80
		25 yrs or more	Unreduced (rule of 80)

Terminations prior to April 1, 2020

AGE AT TERMINATION	CONTRIBUTORY SERVICE	FIRST ELIGIBLE FOR PENSION	REDUCTION FACTOR
Any age	Less than 2 yrs	Age 55	5% per yr under age 65, to a maximum of 50%
Under 50	Two yrs but less than 10	Age 55	5% per yr under age 60 or rule of 85—to a maximum of 25% (plan rules apply)
	At least 10 yrs but fewer than 25	Age 50	5% per yr under age 60 or rule of 80
	25 yrs or more		5% per yr under age 55
50 to 55	2 yrs but less than 10	Age 55	5% per yr under age 60 or rule of 85—to a maximum of 25% (plan rules apply)
	At least 10 yrs but fewer than 25	Age 50	3% per yr under age 60 or rule of 80
	25 yrs or more		3% per yr under age 55
55 or over	2 yrs but less than 10	Age 55	5% per year under age 60 or rule of 85—to a maximum of 25% (plan rules apply)
	At least 10 yrs but fewer than 25		3% per year under age 60 or rule of 80
	25 yrs or more		Unreduced (rule of 80)

4.4.1.3 Reduction rate tables for all service

On or after September 30, 2015

AGE AT TERMINATION	AGE AT RETIREMENT	CONTRIBUTORY SERVICE	REDUCTION
Under 45	50 but under 55	Less than 2 yrs	5% per yr for each yr under age 60 to a maximum of 50%
		2 yrs or more	5% per yr for each yr: <ul style="list-style-type: none"> • under age 55, or • short of the rule of 85 (whichever is less) to a maximum of 25%
	55 or over	Less than 2 yrs	5% per yr for each yr under age 60 to a maximum of 25%
		2 yrs or more	None
45 but under 55	50 but under 55	Less than 2 yrs	5% per yr for each yr under age 60 to a maximum of 50%
		2 yrs but less than 10 yrs	5% per yr for each yr: <ul style="list-style-type: none"> • under age 55, or • short of the rule of 85 (whichever is less) to a maximum of 25%
		10 yrs or more	3% per yr for each yr: <ul style="list-style-type: none"> • under age 55, or • short of the rule of 85 (whichever is less) to a maximum of 15%
	55 or over	Less than 2 yrs	5% per yr for each yr under age 60 to a maximum of 25%
		2 yrs or more	None
55 but under 60	→	Less than 2 yrs	5% per yr for each yr under age 60 to a maximum of 25%
		2 yrs or more	None
60 or over	→	→	None

4.5 When a member is retiring

When a member is planning to retire, they may apply for retirement by signing in to My Account at pspp.pensionsbc.ca (or you may request a package on the member's behalf).

When members have not yet reached retirement age or are not sure of when they wish to retire, there are several resources available to provide them with a pension estimate (see below).

Terminated members with contributions on deposit may contact us for an estimate.

4.5.1 Member's Benefit Statement

We send each active member a *Member's Benefit Statement* on an annual basis. Statements can be sent to you for distribution or you can choose to have us send them directly to members.

The statement gives current and future pension estimates and gives a summary of the member's contribution and service history in the plan.

4.5.2 Online pension estimator

Members can do their own estimate using the personalized pension estimator available on our website through My Account. The estimator has been loaded with each member's current service and salary information. The information can be modified to create estimates for a number of different scenarios, including:

- retirement dates,
- salary, and
- service assumptions, including purchases.

See section 4.6 for limitations on calculations.

4.5.3 Retirement webinars

The corporation provides a webinar for members of the plan. The webinars are regularly scheduled or may be requested by employers and employer/employee associations. Members can find a description of the webinar, the schedule and register on the plan website.

All members are welcome to attend, including those receiving benefits under an LTD plan.

4.5.4 Additional information about the pension plan

Pension plan resources can be viewed on the plan website. Members can contact Public Service Client Services with questions they may have about pensions. Please see the contact list in the front of this manual for details.

4.6 Retirement planning and application

When a member is considering retirement, they can access the personalized pension estimator on our website. The estimator allows members to choose as many pension scenarios as they wish. The amount shown on the estimator can help the member plan their retirement, unless there are circumstances that may affect their retirement benefit (e.g., they have a marital breakdown, have received long term disability service during their career, have service in another plan, or are a member of the BC Ambulance Service). Members who cannot perform a calculation on the pension estimator, or who have circumstances that could affect their pension calculation (as stated above), should contact the pension plan.

Members should also be encouraged to attend a retirement webinar. Members can view the schedule and register on the plan website.

When you sign the Employee Information at Termination or Retirement form, you are certifying a member's salary, service and contributions to the plan.

Retirement application—when the plan receives the *Estimate Request* through My Account, we will provide a *Pension Estimate*.

When the member has decided on their exact retirement date, they will complete the *Retirement Declaration* form. This form is included in the *retirement application package*. When submitting the Employee Information at Termination/Retirement online, you will need to provide us with the

member's termination date, group benefit cancellation dates if applicable, and provide the final salary, service and contribution information. The salary, service and contributions reported must be the same as those that appear on the *Payroll Report*.

4.6.1 Pension estimate

When a member applies online for a pension estimate, they will receive a researched *Pension Estimate* from us. The estimate gives them the estimated monthly retirement benefit amount payable under the various pension options.

4.6.2 Standard pension options

All members

- **Single life pension guaranteed 5 years:** A pension that is payable for as long as a member lives. If the member dies before the completion of 60 payments (five years), their beneficiary(ies) will continue to receive payments until 60 payments have been made (Non-person beneficiaries receive this amount in a lump sum). No payments are made to the beneficiary(ies) if the member dies after the five-year guarantee period.
- **Single life pension guaranteed 10 years (normal form):** A pension that is payable for as long as a member lives. If the member dies before the completion of 120 payments (ten years), their beneficiary(ies) will continue to receive payments until 120 payments have been made (Non-person beneficiaries receive this amount in a lump sum). No payments are made to the beneficiary(ies) if the member dies after the ten-year guarantee period.
- **Single life pension guaranteed 15 years:** A pension that is payable for as long as a member lives. If the member dies before the completion of 180 payments (15 years), their beneficiary(ies) will continue to receive payments until 180 payments have been made (Non-person beneficiaries receive this amount in a lump sum). No payments are made to the beneficiary(ies) if the member dies after the 15-year guarantee period.

The Bridge Benefit is based on pensionable service accrued prior to April 1, 2018.

In addition to the pension option chosen, the member receives a bridge benefit that is paid until the member reaches age 65 or dies, whichever occurs first. The bridge benefit always stops when the member dies.

Members with a spouse

A member who has a spouse must select a 60 or 100 per cent joint life option of the pension, unless the spouse waives this right in writing. Then the member may choose a single life guaranteed pension option.

A member who has a spouse can only select a 60 or 100 per cent joint life option of the pension, unless the spouse waives this right. Then the member may choose a single life guaranteed pension option.

- **100% joint life pension (JL):** 100 per cent of the pension amount is payable for the life of the member and the spouse. The pension stops being paid after the death of the last survivor.
- **60% joint life contributor death (JLCD) pension guaranteed 10 years:** 100 per cent of the pension is payable for the member's lifetime. If the member dies within the guarantee period, 100 per cent of the pension continues to be payable to the spouse until the guarantee period expires and then reduces to 60 per cent for the life of the spouse. If the member dies after the guarantee period expires, 60 per cent of the pension is payable for the lifetime of the spouse.

Members may also request additional pension options for consideration, including:

- the previously noted single and joint life options with temporary annuities, and/or
- a 5- or 15-year guarantee on the JLCD pension.

The joint life pension options are only available to members with a spouse. For information on members with former spouses, please see section 9.

4.6.3 Nomination of beneficiary

A beneficiary nominated for pre-retirement death benefits will not automatically become a beneficiary for the pension.

The nomination of beneficiary(ies) at retirement is separate from any pre-retirement beneficiary nomination (see section 1.2) the member may have made with respect to pre-retirement death benefits. A beneficiary nominated for pre-retirement death benefits will not automatically become a beneficiary for the pension.

If a member chooses a joint life (JL) option, including combination joint life guarantee options (JLCD), the beneficiary must be the spouse and cannot be changed, although the member can nominate an alternate for the guarantee portion in case the spouse dies before the member.

If the spouse has waived their right to 60 per cent of the pension and the member has selected a single life option, then the spouse is the beneficiary during the guarantee period unless stated otherwise on the waiver form. If the spouse allows the member to elect another beneficiary(ies), the member may change this nomination at any time prior to their (member's) death or the end of the guarantee period.

If the member does not have a spouse and chooses the single life guarantee option, they can change the nomination at any time prior to their (member's) death and the end of the guarantee period.

Pension options with guarantee periods (as described above), whether chosen as single life guaranteed pensions on their own or as part of a joint life contributor death option, may provide for a benefit to be paid after the member's death.

At the time the benefit is to be paid, we will require:

- the social insurance number and date of birth of any person beneficiary, and
- the CRA registration number of any beneficiary that is an organization.

4.6.4 Automated direct deposit system

The accuracy of the member's banking information is critical in ensuring that retirement benefits are paid on time.

Retirement benefit payments are deposited directly into the member's bank account if the member lives in Canada or the U.S. direct deposit of retirement benefit payments to banks outside of Canada or the U.S. is not possible.

The deposit information is provided by the member in the "Direct Deposit for Pensions Paid Within Canada" section of the *Pension Application* form or on the *U.S. Direct Deposit Authorization* form available in the retired members section of the plan web site. If the retirement benefit payment is to be deposited to an account within Canada on which cheques can be issued, a sample cheque should be attached and clearly marked "VOID" on the face of the cheque.

If a voided cheque is not provided or the payment is to be deposited to a U.S. account, the member must take the application form to their bank and have a bank official verify/complete the banking data before submitting the application.

4.7 To start the retirement benefit

Once a member is within 90 days of their actual retirement date they should complete and sign all the forms in their *retirement application package*. Members should complete and submit the *Pension Application* and forms only if they are definitely retiring.

The member's last paid day is recommended to be as close to the end of a month as possible because pension entitlement begins the first of the month following the last paid day. Retirement benefit payments are normally deposited two banking days before the end of the month.

We will not accept *Spousal Declaration* or *Spousal Waiver* forms if they are dated more than 90 days before retirement.

You must submit Employee Information at Termination/Retirement online within 14 days of termination or as soon as the final payroll has been completed. Sign in to the Employer Login section of the website; select Employer Reporting and then select Employee Information at Termination/Retirement. Follow the prompts to enter the data. Print a copy for your records and a copy for the employee. You can also select the EITR Submitted Report to view all the member information you have submitted within a specific time frame."

Members of the Legislative Assembly must complete the *Amended Employee Information at Termination or Retirement* form and send it via Message Board to the corporation within 14 days of termination or as soon as the final payroll has been completed. This form is available in the Employer Forms section on the web.

All forms in the package can be submitted directly to the corporation by the member, or you can forward all forms on the member's behalf.

The member must sign the *Pension Estimate* and *Spousal Declaration* forms and return them to us. The *Spousal Declaration* must be signed and dated no earlier than 90 days prior to the member's retirement benefit effective date.

The member's retirement benefit is effective the first day of the month following their final paid day of employment, or the first day of the month in which we receive their completed application package, whichever is later.

4.8 After the retirement benefit starts

4.8.1 Changing the pension option

Members may be able to change their pension option by informing the plan, in writing, within 60 days after their retirement benefit has been granted.

Members may be able to change their pension option by informing the plan in writing, within 60 days after their retirement benefit has been granted. After that time, the pension option selected is irrevocable. The date a pension is granted is the later of:

- the effective date of the retirement benefit, or
- the date of the letter advising the member of their final retirement benefit amounts.

Members can contact the plan if they have questions about changing their pension option.

4.8.2 Cost-of-living adjustments (“indexing”)

Although not a guaranteed benefit, full cost-of-living benefits have been provided for the past 20 years.

Once a pension starts, it may be increased each year to adjust for cost-of-living increases. This is known as “indexing”.

Future indexing is not guaranteed, but rather is available as long as there are sufficient funds in the Inflation Adjustment Account. The annual adjustment is based on the Canadian Consumer Price Index (CPI).

Subject to sufficient funding, retirement benefits are indexed each year starting the January 1 following the retirement benefit effective date. Indexing is pro-rated for retirement benefits in effect less than one year and applies to all portions of the retirement benefit. Once indexing has started, it is part of the basic pension.

4.8.3 Income tax

Pensions are taxable. We will deduct income tax based on the pension amount we pay the member (i.e., single person tax rules). If the member has other sources of income, it is their responsibility to ensure they pay sufficient income tax. The member may choose to complete a TD1 and TD1BC to have additional tax deducted or to claim additional tax credits.

Retired members should contact Pension Services if they need more information.

4.8.4 Changes to retirement benefits in pay

Any time the amount of a pension payment changes (e.g., indexing is applied, the member turns 65 and the bridge benefit stops, income tax changes), we will send a pension statement letter to the member notifying them of the change. We also send a pension statement letter to members each January and July.

4.8.5 Retroactive pay after retirement

Plan members can request to have retroactive salary paid after retirement treated as pensionable earnings. We will not amend a pension where the additional contributions are less than \$100 because of the insignificant impact on the pension created by the additional salary. Before automatically deducting contributions, you should ask the member if they want it treated as pensionable salary.

If contributions are deducted, the salary and contribution information should be reported on your annual *Payroll Report*. See section 7 for reporting instructions.

As with regular reports and remittances, do not deduct pension contributions from non-pensionable salary, such as payment in lieu of vacation or for overtime (see section 7). Contact us if you have questions concerning these payments and deductions.

4.9 Other retirement income

Remember, if the member has other sources of income, it's their responsibility to ensure that they pay sufficient income tax.

The Public Service Pension Plan is only one source of retirement income. Plan members may also have retirement income from other pension plans, income from personal retirement savings such as RRSPs or other investments, and income from federal government pension plans—the Canada Pension Plan (CPP) and old age security (OAS).

Payments of other types of retirement income do not affect the payment of pensions from the Public Service Pension Plan.

4.9.1 Canada Pension Plan

The Canada Pension Plan is a pension plan administered by the federal government that is designed to replace a portion of employment income in case of retirement, death or disability. Most working Canadians contribute to the Canada Pension Plan on employment income up to the year's maximum pensionable earnings (YMPE).

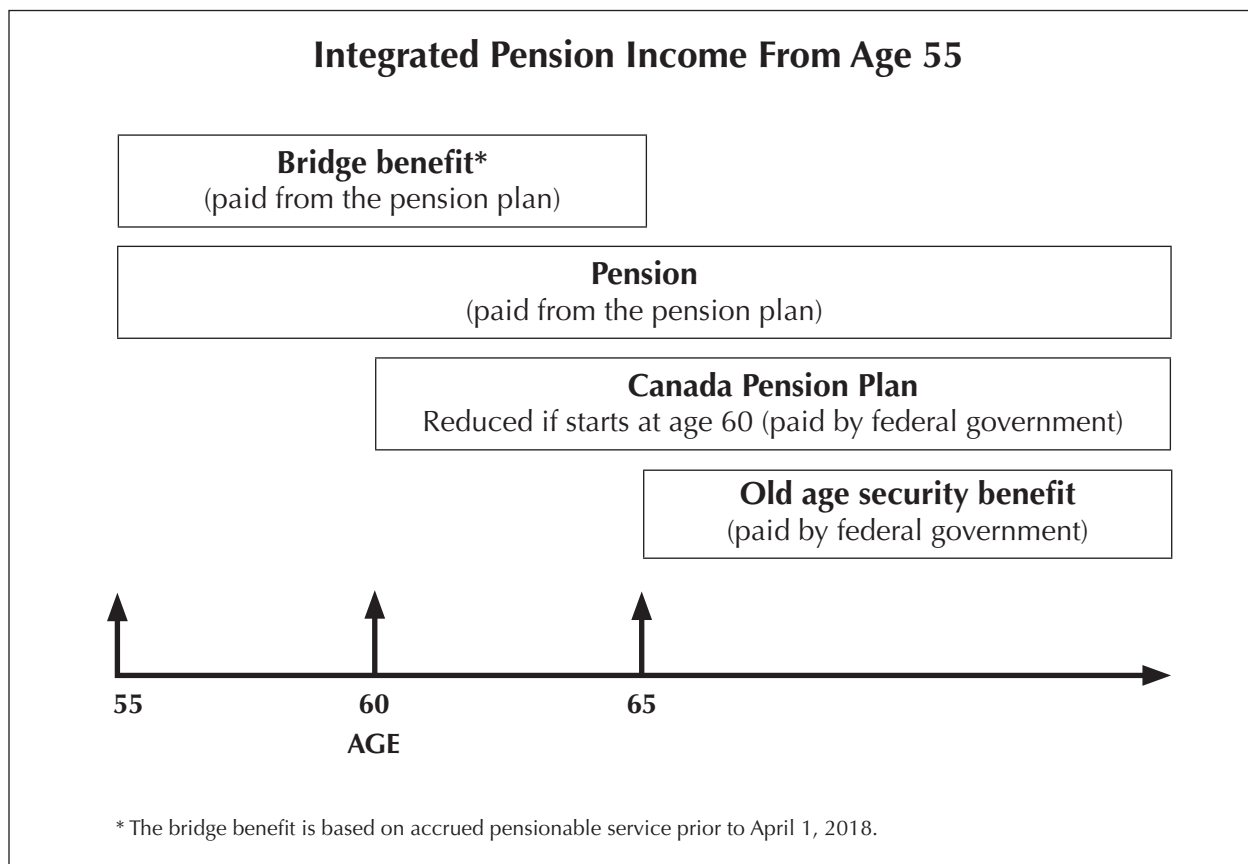
Benefits may be payable from age 60 if the member is no longer a contributor to the Canada Pension Plan. Benefits will be reduced if the member starts receiving them before reaching age 65.

4.9.2 Old age security

Old age security (OAS) is a federal income security program that provides basic pension income to all people who meet the residency requirements, starting at age 65. Other benefits may be available to low-income earners, including the guaranteed income supplement and the allowance as early as age 60.

4.9.3 Applying for federal pensions

Members must apply to Service Canada for CPP and OAS benefits—the benefits will not be paid unless the member applies. See Service Canada under Pensions in the blue pages of the phone book, or check their website at servicecanada.gc.ca. Members can apply up to 12 months before their 65th birthday. Anyone over age 65 should apply immediately so as not to lose any benefits.



4.10 Early Retirement Incentive Program (ERIP)

To ease workforce adjustments such as downsizing or re-organizing, you can elect to pay the extra cost of offering employees early retirement incentives. These incentive packages may include special arrangements for altering eligibility for unreduced retirement benefits. Please note that plan members can never start their pension before their earliest retirement age. See our website for further information. When you are ready, you can contact the director of the Public Service Pension Plan to discuss details.

Types of Pension Summary

TYPES OF PENSION	PAID FOR MEMBER'S LIFE?	PAID AFTER MEMBER'S DEATH?	EARLY RETIREMENT REDUCTION APPLIES?	RECEIVES COST OF LIVING ADJUSTMENT?
Single life pension guaranteed 5-, 10-, or 15 years	Yes	Yes if member dies before the end of the guarantee period. No if member dies after the end of the guarantee period.	Yes	Yes
Joint life pension 100%	Yes	Yes if the spouse is living. No if the spouse is deceased.	Yes	Yes
Joint life pension 60% and guaranteed 5-, 10-, or 15 years	Yes	Yes if the spouse is living or if the member dies before the end of the guarantee period. No if the spouse is deceased and the member dies after the guarantee period expires.	Yes	Yes
Temporary Annuity	No (paid to the earlier of the member's reaching age 65 or death).	No	n/a	Yes
Bridge Benefit	No (paid to the earlier of the member's reaching age 65 or death).	No	Yes	Yes

Retirement checklist

Did you remember to...

- Remind your employee they can do their own estimate by signing in to My Account and using the personalized pension estimator?
- Tell the member to check the Pension Corporation's website for retirement planning information?
- Advise the member that if they wish to purchase or transfer their service, they must apply to do so before retiring?
- Ask the member if they have attended a retirement webinar?
- Have the member provide the plan with proof of age and identity documents?
- Check that the member's last paid day is as close to the end of the month as possible?
- Check whether the last day worked is the same as the last day paid?
- Submit Employee Information at Termination/Retirement online to us within 14 days of the member's last day?