

**Your College Pension Plan**


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**W E L C O M E**

**What everyone should know**

You should leave with a better understanding of the College Pension Plan, its basic design, and its value to you, your partner or family.

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**Your College Pension Plan**


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**Brought to you by:**

**FPSE**  
 (Federation of Post Secondary Educators of BC)

and

**UFVFSA**  
 (University of the Fraser Valley Faculty & Staff)

January 26, 2011

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**Your College Pension Plan**


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**Disclaimer**

Although every attempt has been made to ensure that the information contained in this presentation is current and accurate, you should **not rely** on information presented here today in making decisions without first **confirming the accuracy of your understanding** with the College Pension Plan or your employer.

**GET ALL CONFIRMATIONS IN WRITING**

*Any views and opinions expressed during the presentation are not those of the College Pension Plan Board of Trustees or FPSE.*

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 **Your College Pension Plan** 

**Key Questions Answered**

- What is my pension worth?
- What is the advantage of the College Pension Plan over RRSP's, PRPP's?
- How do leaves impact me?
- What is guaranteed and what is not?
- How does working part-time affect my highest average salary (HAS)?

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 **Your College Pension Plan** 

**Acknowledgement**

Some of the slides in this presentation are based on slides previously prepared by the Pension Corporation.

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 **Your College Pension Plan** 

**Agenda**

- Who looks after my College Pension? (Governance)
- What are the basics I should know about my College Pension Plan?
  - Defined Benefit      Membership
  - Pension Benefit      Retiring
- Your Member's Benefit Statement
- Where do I get more help?

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**Questions that you have**

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**Who looks after my College Pension Plan? (Governance)**

Jointly Trusteed Plan

- The College Pension Plan is sponsored by:
  - > Employee Partners - BCGEU & FPSE
  - > Employer Partners - BC Gov't. & PSEA
- The College Pension Board of Trustees is composed of ten (10) voting members.
  - > Employee plan partners appoint five (5) trustees.
  - > Employer plan partners appoint five (5) trustees.

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**Governance**

Admin. \$\$\$

College Pension Plan Board of Trustees

RULES – Plan regulations

Secretariat

SIIP - Statement of Investment Policies & Procedures

British Columbia Pension Corporation

British Columbia Investment Management Corporation

People you talk too.

Invest the money.

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 **Your College Pension Plan** 

**Basics – A Defined Benefit Approach**

- Your pension is based on a formula using your:
  - > Salary
  - > Years of service
  - > Age
- Investment risk is shared. Your contributions are pooled for investment purposes.
- Longevity risk is shared. You will not outlive the benefit provided.
- Professionals make the investment decisions on your behalf. Investment costs are low <20 bps.

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 **Your College Pension Plan** 

**Basics - Concepts**

- **Vesting** - You get to keep the benefit of employer's contributions.
- **HAS** (Highest Average Salary) is based on your best 60 months of pensionable service.
- **Pensionable Service** is measured in full-time equivalent periods of service.
  - > 1 month full-time work
  - = 2 months at ½ time
  - = 4 months at ¼ time
- **Contributory Service** is measured in whole months. A month with any contribution counts as one month.

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 **Your College Pension Plan** 

**Basics - Becoming a Member**

- If you do not join when you start, you will **NOT** be able to purchase this past service later.
- Enrolment is mandatory once you earn ½ of YMPE. ( in 2010 this is ½ of \$48,300 = \$24,150)
- Your employer's contributions vest immediately.
- You stay enrolled until termination or retirement.
- If your HAS is at top of current scale each month of pensionable service increases your pension by approximately \$10 per month.

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**Your College Pension Plan**


**Basics - Benefits**

- **Guaranteed**
  - A lifetime pension payment.
  - A bridge benefit ending at age 65
- **Not Guaranteed**
  - Inflation Adjustments –  
A sustainable approach that plans to give up to an actuarial established maximum level of protection.
- **Approximate Value**
  - Assuming your HAS is at top of scale. The lifetime pension resulting from one (1) year of pensionable service is approximately \$20,000.

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**Your College Pension Plan**


**Basics - Benefits**

**Salary**

- Highest Average Salary (HAS)  
= 60 highest months (full-time equivalent \$)

**Service**

- Pensionable service determines benefits (\$)
- Contributory service determines eligibility

**Age**

- Earliest pension at age 55 (if retired)
- Latest pension in December following your 71<sup>st</sup> birthday.

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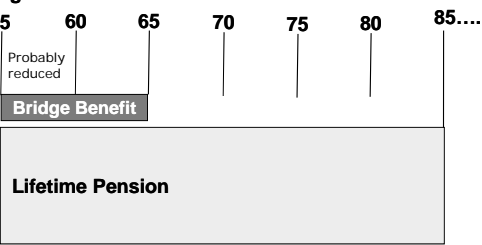
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**Your College Pension Plan**


**College Pension Plan Benefit**

**Age**

55    60    65    70    75    80    85....



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**Pension Formula**

A. Pension & Bridge benefit to age 65 = \$ \_\_\_\_\_

B. Minus Bridge Benefit at age 65 = \$ \_\_\_\_\_

Your **lifetime pension** (A - B) from age 65 on = \$ \_\_\_\_\_

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**A Simple Pension Example**

- A plan member has 20 years of pensionable service at July 31, 2011.
- HAS = \$6,739
- Pension & Bridge =  $6,739 \times 20 \times 2\%$  = \$ 2,696
- Less Bridge =  $4,025 \times 20 \times 0.3\%$  = (242)

**LIFETIME Pension** = **\$2,454**

[One year of pensionable service = \$120 monthly pension]

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**What happens if you work one more year at full-time?**

- HAS increases by \$161 to \$6,842
- Years goes to 21
- Include Bridge =  $\$6,842 \times 21 \times 2\%$  = \$ 2,874
- Less Bridge =  $\$3,933 \times 21 \times 0.3\%$  = (259)

**21 years LIFETIME Pension** = **\$ 2,615**

20 years LIFETIME Pension = \$ 2,454

**Your pension increases by** = **\$ 161**

[One year of pensionable service = \$124 monthly pension]

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**Cumulative Impact on Pension of Working Longer**

If our 20 year employee works more then retires:

21 years full-time increase is \$ 161

22 years full-time increase is \$ 309

23 years full-time increase is \$ 442

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**Death Before Retirement**

With no spouse: cash payment of commuted value to named beneficiary or estate

With a spouse: immediate pension or commuted value

With fewer than 2 years of contributory service: contributions plus interest go to your spouse, nominated beneficiary or estate

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**Disability Pensions**

To receive a disability pension, you must:

- be under age 60 with at least 2 years of contributory service
- have terminated employment
- apply within 2 years of your last contribution
- not be receiving benefits from an approved LTD plan
- have your physician and a physician chosen by College Pension Plan agree that you are totally and permanently disabled

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 **Your College Pension Plan** 

**About to Retire**

When do I get all the formula entitles me to?  
 When you are single and

- > Age 55 to 60, with 35 years of contributory service
- > Age 60 or older, with two years or more of contributory service
- > Contributory service includes child-rearing credit

When do I get less than the formula?

- > Age 55 to 60 and less than 35 years service.
- > Married (past or present).

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**Reduction Factors**

If you terminated employment on or after June 1, 1994, you will receive a 3% per year reduction provided:

- you have reached age 50, and
- you have 10 or more years of contributory service, with 8 months of contributory service in the last 24 months,

then your maximum reduction is 15% (pro-rated)

Otherwise, the reduction is 5% per year to a maximum of 25%

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 **Your College Pension Plan** 

**Pension Formula - Starting Point for a Single Member**

- The pension formula assumes you are a single person that will select a 10 year guarantee period.
- You have options that increase or decrease the amount of your pension.
- A longer guarantee or payment to a spouse will lower your pension.
- The options are priced to cost the pension plan the same average cost.

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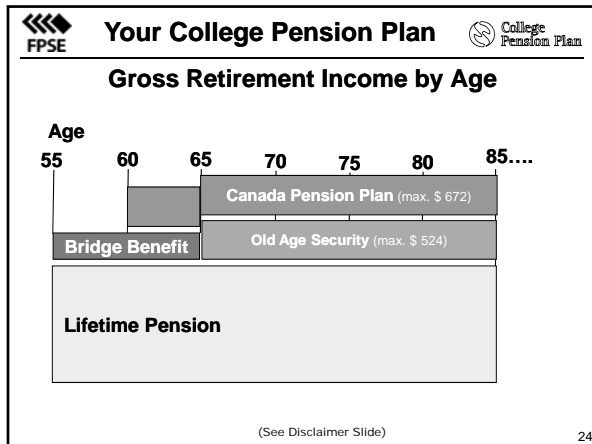
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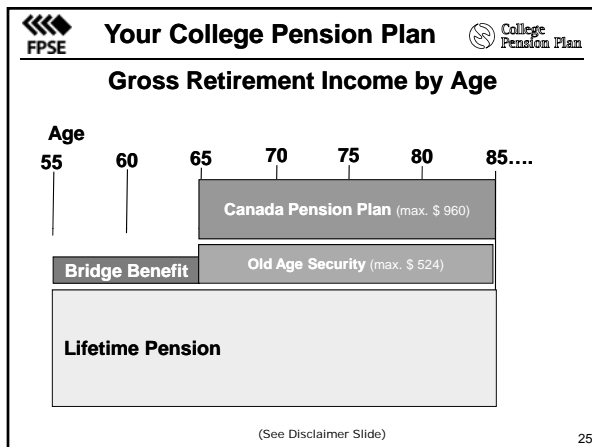
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### Personal Information

MOCK DATA

1. Personal Information

Name: JANE SAMPLE

Person ID number: 123-456-789

Date of birth: September 14, 19XX

Gender: Female

Spouse's name: John Sample

Spouse's date of birth: March 16, 19XX

Employer number: XXXXX

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### More Personal Information

**YOUR FUTURE IS ONLINE!**  
 Visit [college.pensionsbc.ca](http://college.pensionsbc.ca) for information about your pension plan, including online estimator tools, retirement seminars, fact sheets, guides and forms. Log on to My Account to view your pension account with the username and password below.

Username: (User ID)  
 Temporary password: (Password)

Your beneficiary is: John SaepTe  
 Your pension contributions started on: August 1, 19XX  
 You are vested  
 Your earliest retirement date: September 28, 20XX  
 Your earliest date for an unreduced pension: August 1, 20XX

If you have a former spouse who has a right to a share of your pension, the information on this statement includes your former spouse's share. Your actual service earned and pension benefits are less than those shown.

*Turn the page for your detailed statement...*

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### 2. Estimated Monthly Retirement Pension Benefit from the College Pension Plan

If you continue to work on the same basis and with the same salary as the past year, your pension will be:

Pension	Age	Effective Date	SLG 10 Option		OR		JLG 10 Option		Total
			Monthly	Bridge Until Age 65	Monthly	Bridge Until Age 65	Monthly	Bridge Until Age 65	
Earliest Reduced	55 yrs 0 mo	Oct 1, 2009	\$0,000	\$000	\$0,000	\$0,000	\$000	\$0,000	\$0,000
Earliest Unreduced	5X yrs 0 mo	Oct 1, 20XX	\$0,000	\$000	\$0,000	\$0,000	\$000	\$0,000	\$0,000
Unreduced	60 yrs 0 mo	Oct 1, 2014	\$0,000	\$000	\$0,000	\$0,000	\$000	\$0,000	\$0,000
Unreduced	65 yrs 0 mo	Oct 1, 2019	\$0,000	n/a	\$0,000	\$0,000	n/a	\$0,000	\$0,000

### 3. Service Earned in the College Pension Plan

Pensionable Serv., Sep 1, 2008 to Aug 31, 2009	0.00 mo	Contributory Serv., Sep 1, 2008 to Aug 31, 2009	00 mo
Total Pensionable Service	00 yrs 0.00 mo	Total Contributory Service	00 yrs 00 mo

In the last year, you have been credited with XX.XX months of child-rearing time, which is included in your contributory service.  
 For your career, you have been credited with XX.XX months of child-rearing time, which is included in your contributory service.  
 Purchases or transfers of 99.99 months made in the last year have been included.

MOCK DATA

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### 4. Salary in the College Pension Plan

In calculating your pension at your earliest retirement date in Section 2, we used your projected five-year highest average salary (HAS). The monthly HAS used was \$000,000. [MESHAS].

### 5. Your College Service History

Fiscal Year Ending August 31	2009	2008	2007	2006	2005
Months of Pensionable Service	00.00	00.00	00.00	00.00	00.00
Pensionable Earnings	\$00,000	\$00,000	\$00,000	\$00,000	\$00,000

### 6. Your Contributions in the College Pension Plan

	Up to Aug 31, 2008	This Period	Total to Aug 31, 2009
Member Contributions *	\$00,000.00	\$000.00	
Interest on Member Contributions *	\$00,000.00	\$000.00	
<b>Total Contributions and Interest</b>			<b>\$00,000.00</b>

These contributions DO NOT REFLECT the value of your pension.  
 \* Purchased service has been added to your account but related contributions may not be displayed until your next statement.

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### Termination Amounts

7. On Termination of Employment, Your Estimated Monthly Pension Benefit from the College Pension Plan  
 If you had stopped working on Aug 31, 2009 your pension (at the date(s) below) would be:

Pension	Age	Effective Date	— SLG 10 Option —			OR — JLG 10 Option —		
			Monthly	Bridge	Total	Monthly	Bridge	Total
			Until Age 65	Until Age 65		Until Age 65	Until Age 65	
At	55 yrs 0 mo	Oct 1, 2009	\$0,000	\$000	\$0,000	\$0,000	\$000	\$0,000
At	65 yrs 0 mo	Oct 1, 2019	\$0,000	n/a	\$0,000	\$0,000	n/a	\$0,000

Your five-year highest average salary to date 31, xxxx is 000,000. We used this amount to estimate your pension in Section 7.

This statement provides a snapshot of your account and an estimate of your potential future entitlements. The figures will be verified when you terminate employment or retire.

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### Federal Pension Plans

- Canada Pension Plan
- Old Age Security

Apply six months before you want to start collecting either of these benefits by calling OAS & CPP rate link  
<http://www.servicecanada.gc.ca/eng/isp/statistics/rates/infocard.shtm>

1 800 277-9914 or visit  
[www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)

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For those that wanted just an overview – that ends Part I

Thank you for attending

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