

# ELECTRICAL INDUSTRY PENSION TRUST FUND OF ALBERTA

## Questions & Answers Section



**ECAA**

Electrical Contractors  
Association of Alberta



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# **ELECTRICAL INDUSTRY PENSION TRUST FUND OF ALBERTA**

## **PENSION PLAN HISTORY**

### **Effective April 1, 1973**

This Pension Plan resulted from Collective Agreements between Local Unions 254 and 424 of the International Brotherhood of Electrical Workers and the Electrical Contractors Association of Alberta. The Pension Plan is supported solely by Employer Contributions as specified in the Collective Agreements. Since its inception, significant improvements have been made to your Pension Plan as follows:

### **Effective January 1, 1975**

A pre-retirement death Benefit was added to the Pension Plan which provides Benefits to a Beneficiary of an Employee who dies prior to retirement while vested in the Pension Plan. This is now subject to spousal rights specified in Alberta pension legislation.

### **Effective September 1, 1975**

The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$.73 to \$.87.

### **Effective August 1, 1976**

The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$.87 to \$1.26. At the same time, the age requirement for early retirement was reduced to age 50, and the early retirement reduction factor for age was changed from 1/2 of 1% per month to 1/3 of 1% per month.

### **Effective January 1, 1978**

The amount of Normal Pension for each month of Past Months Credit was increased from \$.46 to \$.60. The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$1.26 to \$1.70.

### **Effective January 1, 1979**

The amount of Normal Pension for each month of Past Months Credit was increased from \$.60 to \$1.6666. The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$1.70 to \$2.00. The eligibility rules for Past Years Credit were revised and the age requirement for vesting was reduced to age 40.

### **Effective January 1, 1980**

The amount of Normal Pension for each month of Past Months Credit was increased from \$1.6666 to \$2.0833. The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$2.00 to \$2.15.

### **Effective July 1, 1981**

The amount of Normal Pension for each month of Past Months Credit was increased from \$2.0833 to \$4.1666. The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$2.15 to \$3.45. At the same time, the early retirement reduction factor was changed from 1/3 of 1% per month to 1/4 of 1% per month and the requirement for vesting was reduced to any age with 10 years of Total Years Credit.

### **Effective October 14, 1981**

Prior to October 14, 1981, a 24-month waiting period was in place before any survivor benefits were payable under a Joint & Survivor pension option. On October 14, 1981, this waiting period was removed.

### **Effective January 1, 1982**

The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$3.45 to \$3.60.

### **Effective October 1, 1983**

The amount of Normal Pension for each month of Past Months Credit was increased from \$4.1666 to \$5.00. The amount of Normal Pension for each 100 hours of Future Hours Credit was increased from \$3.60 to \$4.00. At the same time, the early retirement reduction factor was changed from 1/4 of 1% per month to 1/12 of 1% per month, and the requirement for vesting was reduced from 10 years of Total Years Credit to 5 years.

### **Effective January 1, 1987**

A number of changes were made to the Pension Plan in compliance with new legislation. A supplementary benefit (called the Early Retirement Service Supplement) was implemented for Employees who receive a pension from the Pension Plan as a result of early retirement after having received 10 years of Total Years Credit.

### **Effective September 1, 1990**

The amount of Normal Pension for each month of Past Months Credit was increased from \$5.00 to \$5.10. The amount of Normal Pension for 100 hours of Future Hours Credit was increased from \$4.00 to \$4.10. Pensions in pay were increased by 2.5%.

### **Effective January 1, 1993**

The amount of Normal Pension for each month of Past Months Credit was increased from \$5.10 to \$5.60. The amount of Normal Pension for 100 hours of Future Hours Credit was increased from \$4.10 to \$4.50. Pensions in pay were increased by 10%.

### **Effective January 1, 1997**

The pension benefit payable on early retirement for Future Hours Credit worked after January 1, 1997 was changed to be based on your age and Total Years Credit at retirement.

### **Effective January 1, 2000 and March 1, 2000**

The Pension Plan was amended to comply with Alberta legislation changes which include:

- (a) Vesting after two calendar years of continuous Pension Plan membership with at least 350 Future Hours Credit in each year.
- (b) Pre-retirement death benefit equal to 100% of the Commuted Value of the Plan Member's accrued entitlements.
- (c) Division of pension on marriage breakdown.

### **Effective January 1, 2001**

The following changes were made to the Pension Plan:

- (a) The amount of Normal Pension for each 100 hours of Future Hours Credit received on and after January 1, 2001 was increased from \$4.50 to \$6.00.
- (b) Plan Members who continue to work after age 65 will earn more Future Hours Credit and Future Years Credit but not beyond December 1 of the year when age 69 is attained. Secondly, Plan Members who retire after age 65 will have their pensions increased by 6% per year of postponement.
- (c) New Pensioners who are re-employed will no longer have their pensions suspended. Instead, they will continue to receive pensions but will earn no additional benefits. Existing Pensioners will be given a one-time election to choose the new rule, or to stay with the prior rule.

### **Effective April 1, 2001**

All Pensioners and Beneficiaries were paid a one-time lump sum payment equal to 5% of total pension payments received in 2000.

### **Effective January 1, 2003**

The Joint and Survivor with a Dependent as the Contingent Annuity pension option has been removed due to the infrequent use of this option and has been replaced with a lifetime pension option that is guaranteed for 15 years.

### **Effective April 1, 2004**

The age requirement for early retirement was changed to age 55 and the method to determine the guaranteed number of installments under a Level Income Option was revised.

### **Effective August 10, 2006 and April 1, 2007**

A number of changes were made to the Pension Plan to comply with changes in legislation and changes requested by Alberta Finance.

### **Effective January 1, 2009**

A Plan Member can become vested by having 500 or more Future Hours Credit in a calendar year. (This rule is no longer in effect as of September 1, 2014.)

### **Effective May 1, 2011**

A Plan Member's Future Hours Credit earned on overtime hours has been increased. The Future Hours Credit is increased by the ratio of the overtime contribution rate to the straight time contribution rate.

### **Effective September 1, 2014**

In compliance with new legislation, all Plan Members with Future Hours Credit reported in 2014 became immediately vested in the Pension Plan and must meet an eligibility requirement to become a Plan Member. A Spouse is now referred to as a Pension Partner.

### **Effective January 1, 2015**

An Employee becomes a Plan Member on January 1<sup>st</sup> following two consecutive years of hours reported by a Contributing Employer. In order to qualify for Benefits, the Plan Member must have 350 Covered Employment in each of the two consecutive Plan years.

The Level Income Options were eliminated from the Plan.

### **Effective May 1, 2016**

Employers bound by the Collective Agreement ceased submitting contributions to the Pension Plan for first year apprentices and started contributing 50% of Contributions for second year apprentices. First year apprentices will not earn any pension Benefits and second year apprentices will earn pension Benefits at a reduced rate.

We, as Trustees, are proud to have been able to provide these Benefits for you. We will continue to strive for future improvements within the framework of financial soundness.

## PENSION CONTRIBUTION STANDARD RATES

April 1, 1973	\$0.15
April 1, 1974	\$0.20
April 1, 1976	\$0.35
May 1, 1977	\$0.50
December 1, 1978	\$0.57
May 1, 1979	\$0.65
May 1, 1980	\$0.75
May 1, 1981	\$0.85
November 1, 1982	\$0.915
May 1, 1983	\$1.175
October 1, 1984	\$1.15
May 1, 1990	\$1.30
November 1, 1991	\$1.40
May 1, 1992	\$1.60
November 1, 1992	\$1.80
May 1, 1994	\$2.28
May 1, 2001	\$2.53
November 1, 2001	\$2.78
May 1, 2002	\$3.03
November 1, 2002	\$3.28
February 21, 2005	\$3.78
May 2, 2005	\$3.93
May 1, 2006	\$4.08
October 30, 2006	\$4.28
August 12, 2007	\$4.61
May 4, 2008	\$4.89
May 3, 2009	\$5.22
May 2, 2010	\$5.50
May 6, 2012	\$5.76
November 4, 2012	\$6.00
May 5, 2013	\$6.14
November 2, 2014	\$6.35

## **INTRODUCTION**

The Trustees are pleased to present Plan Members with this revised booklet that describes the Pension Plan Benefits available to eligible electricians and other members of the electrical industry in Alberta.

This booklet presents an explanation of the benefits provided under the Pension Plan as of January 1, 2017 and contains a summary of the Pension Plan provisions which is designed to answer questions that Plan Members may have about the Pension Plan.

The Electrical Industry Pension Trust Fund of Alberta (Pension Plan) became effective April 1, 1973. The Pension Plan is financed by Employer Contributions specified in the Collective Agreement between Local 424 of the International Brotherhood of Electrical Workers and the Electrical Contractors Association of Alberta. When a pension plan is funded by two or more participating Employers, it is called a multi-employer pension plan (MEPP). Your Pension Plan is defined as a MEPP.

The Pension Plan pools the risks and costs associated with the Pension Plan, which allows the individual cost that each Plan Member inherits to be less than it typically would be if they were to manage and invest their retirement savings on their own. Pooling of risks generally allows Plan Members to receive greater Benefits than if they had to absorb the risks and costs associated with retirement savings on their own. Contributions remitted to the Pension Plan by Employers are not allocated to any one individual. They are remitted, invested and used to provide Benefits under the Pension Plan.

The Pension Plan is a Defined Benefit Pension Plan, which sets an anticipated level of retirement income for each Plan Member's lifetime. This means that each month, you will receive a pre-defined Pension Benefit, commencing at your Retirement Date for your lifetime. Please refer to the Retirement Benefits section which outlines the formula that is used to calculate your monthly Pension Benefit.

The Trustees may amend or modify the Pension Plan within the framework of financial soundness. Accordingly, with the help of its advisors, the Trustees will continue to monitor the Contributions that are remitted to the Pension Plan and the performance of the Pension Plan's investments to ensure the pension Benefits are sustainable. In the last 44 years, the Plan has not had to reduce benefits.

The Plan Text of the Pension Plan, as interpreted and applied by the Trustees in conjunction with Applicable Pension Laws, will solely govern the amount of benefits payable under the Pension Plan and your rights to receive them.

The complete text of the Plan Text of the Pension Plan (with amendments made up to January 1, 2017) is included at the back of this booklet and should be used for more detailed information about the Pension Plan, with appropriate advice, including independent legal or financial advice, when necessary.

Sincerely,  
BOARD OF TRUSTEES



## **A BRIEF SUMMARY OF THE PENSION PLAN**

### **Normal Pension**

The Normal Pension is payable to a Plan Member at age 65 and has no reduction.

### **Early Retirement Pension**

An Early Retirement Pension is payable to a Plan Member who retires between the ages of 55 and 65 after satisfying eligibility requirements. To calculate an Early Retirement, the Normal Pension amount is reduced based on the Plan Members age and the Plan Member's Total Years Credit at the time of retirement.

An Early Retirement Service Supplement is also payable from the Pension Plan as a monthly benefit as early as age 55 if the Plan Member has ten or more Total Years Credit.

### **Postponed Pension**

A Postponed Retirement Pension is payable to a Plan Member who retires after age 65 but no later than December 1st in the year in which age 69 is attained. The Normal Pension amount at age 65 is increased by an additional 6% per year up to December 1<sup>st</sup> of the calendar year in which the Plan Member attains age 69.

### **Lifetime Pensions**

The monthly pension Benefit is payable for the lifetime of the Pensioner.

If the Pensioner has a Spouse (Pension Partner) at retirement, unless specifically waived by the Spouse, the monthly pension benefit is payable for the lifetimes of the Pensioner and Spouse. The Pensioner receives a lower monthly pension in exchange for the guarantee that 60% of the lower pension will be continued to the Spouse, after the Pensioner's death, for the remainder of the Spouse's lifetime.

Further information on the pension options and other benefits is provided in the Plan Text section of this booklet.

### **Pension Statement/Post Pension Statement**

Annually, the Pension Fund Office will send eligible Plan Members a Pension Statement (and Pensioners a Post-Pension Statement) summarizing critical information about their pension status as contained in the Plan's records. It is important that the Plan Members and Pensioners review the information on the statements every year and promptly advise the Pension Fund Office of any errors or omissions. At the time a Plan Member applies for his/her pension, there will be a final verification of the information.

### **Important Note**

This very brief summary, the questions and answers, and examples that follow are intended to provide only an overview of the main features of the Pension Plan. All your rights under the Pension Plan are governed by the actual wording of the Plan Text and by Applicable Pension Laws.

## **QUESTION AND ANSWER SECTION**

### **ELIGIBILITY, MEMBERSHIP & CONTRIBUTIONS**

#### **Who is eligible to become a Plan Member of the Pension Plan?**

All Employees, excluding Travelers and Pensioners who are performing work for an Employer are eligible to become a Plan Member of the Pension Plan.

#### **When do I become a Plan Member of the Pension Plan?**

Employees working full-time or part-time must join the Pension Plan if they are a Local Union Member.

Non-bargaining Employees may elect to join the Pension Plan provided their Employer makes Contributions on their behalf.

An Employee becomes a Plan Member on January 1<sup>st</sup> following two consecutive years of having hours reported by a Contributing Employer. Plan Members earn one Future Hours Credit for each Covered Employment Hours with an Employer that contributes to the Pension Plan. In order to qualify for Benefits, the Plan Member must earn 350 hours in each of the two consecutive Plan years.

#### **Do union dues affect my entitlement to take my pension?**

No.

#### **If my service terminates, do I lose my Benefit entitlement under the Pension Plan?**

No, once a Plan Member has met the eligibility requirement (previously called the vesting rule), he/she cannot lose their earned entitlements, even if the Plan Member is no longer working in Covered Employment.

However, if a Plan Member does not meet the eligibility requirement, no Benefits are payable from the Pension Plan.

#### **Can a Plan Member make Contributions to the Pension Plan?**

No, this Pension Plan does not allow Plan Members to make Contributions on their own behalf.

### **RETIREMENT DATES**

#### **What is my Normal Retirement Date?**

Your Normal Retirement Date is the first day of the month on which you attain age sixty-five if your birthdate is on the first of a month. Otherwise, your Normal Retirement Date is the first day of the month following the month in which you attained age sixty-five.

## **What is the earliest date I can retire and begin being paid my pension?**

You may retire and begin receiving your pension on the first day of any month prior to your Normal Retirement Date provided you are age 55 or older. Prior to age sixty-five, your pension is subject to any applicable reduction for early retirement.

## **RETIREMENT BENEFITS**

### **How do I calculate my Normal Pension amount?**

The Normal Pension amount is the sum of:

- (a) \$5.60 multiplied by the number of months of Past Months Credit (not to exceed 120 months) received by the Plan Member; plus
- (b) \$4.50 for each 100 Future Hours Credit received by the Plan Member from April 1, 1973 to December 31, 1996; plus
- (c) \$4.50 for each 100 Future Hours Credit received by the Plan Member from January 1, 1997 to December 31, 2000; plus
- (d) \$6.00 for each 100 Future Hours Credit received by the Plan Member on and after January 1, 2001.

### **What is Future Hours Credit and how is it earned?**

Since April 1, 1973, Plan Members earn one Future Hours Credit for each Covered Employment hour with an Employer that contributes to the Pension Plan. A member who is already receiving a pension, called a Pensioner, does not accrue Future Hours Credit after their date of retirement.

### **What are the reductions for Early Retirement?**

- A. A Plan Member with less than 10 years of Total Years Credit (who does not qualify for the Early Retirement Service Supplement) will have their Normal Pension amount reduced by 6% for each year less than age 65. The reductions would be as follows:

Age 55 - 60% reduction, 40% payable  
Age 56 - 54% reduction, 46% payable  
Age 57 - 48% reduction, 52% payable  
Age 58 - 42% reduction, 58% payable  
Age 59 - 36% reduction, 64% payable  
Age 60 - 30% reduction, 70% payable  
Age 61 - 24% reduction, 76% payable  
Age 62 - 18% reduction, 82% payable  
Age 63 - 12% reduction, 88% payable  
Age 64 - 6% reduction, 94% payable  
Age 65 - 0% reduction, 100% payable

- B. A Plan Member with greater than 10 years of Total Years Credit, but their Age and Service less than 85, will have their Total Hours Credit for the period of April 1, 1973 to December 31, 1996 reduced by 1% for each year less than age 65 and

Age 55 - 10% reduction, 90% payable  
Age 56 - 9% reduction, 91% payable  
Age 57 - 8% reduction, 92% payable  
Age 58 - 7% reduction, 93% payable  
Age 59 - 6% reduction, 94% payable  
Age 60 - 5% reduction, 95% payable  
Age 61 - 4% reduction, 96% payable  
Age 62 - 3% reduction, 97% payable  
Age 63 - 2% reduction, 98% payable  
Age 64 - 1% reduction, 99% payable  
Age 65 - 0% reduction, 100% payable

Plan Members with greater than 10 years of Total Years Credit, but their Age and Service less than 85, will have their Total Hours Credit after January 1, 1997 reduced by 6% for each year less than age 65, but will then be entitled to the Early Retirement Service Supplement. The reductions would be as follows:

Age 55 - 30% reduction, 70% payable  
Age 56 - 24% reduction, 76% payable  
Age 57 - 18% reduction, 82% payable  
Age 58 - 12% reduction, 88% payable  
Age 59 - 6% reduction, 94% payable  
Age 60 - 0% reduction, 100% payable

- C. A Plan Member with greater than 10 years of Total Years Credit and their Age and Service is equal or greater than 85, will have their Total Hours Credit for the period of April 1, 1973 to December 31, 1996 reduced by 1% for each year less than age 65 and

Age 55 - 10% reduction, 90% payable  
Age 56 - 9% reduction, 91% payable  
Age 57 - 8% reduction, 92% payable  
Age 58 - 7% reduction, 93% payable  
Age 59 - 6% reduction, 94% payable  
Age 60 - 5% reduction, 95% payable  
Age 61 - 4% reduction, 96% payable  
Age 62 - 3% reduction, 97% payable  
Age 63 - 2% reduction, 98% payable  
Age 64 - 1% reduction, 99% payable  
Age 65 - 0% reduction, 100% payable

Plan Members with greater than 10 years of Total Years Credit and their Age and Service equal or greater than 85, will have their Total Hours Credit after January 1, 1997 reduced by 6% for each year less than age 65, but will then be entitled to the Early Retirement Service Supplement. The reductions would be as follows:

Age 55 - 0% reduction, 100% payable

## **What is the Early Retirement Service Supplement?**

The Early Retirement Service Supplement provides lower reductions to your Normal Pension amount when taking an Early Retirement Pension. A Plan Member is entitled to the Early Retirement Service Supplement when they retire with ten (10) or more years of Total Years Credit and receive a monthly pension from the Pension Plan.

## **How is Total Years Credit calculated?**

For the period April 1, 1973 to December 31, 1996, a Plan Member will earn 1.00 year of Total Years Credit for each year he/she has 100 hours reported that were not lost to a Break in Service or transferred out of the Plan.

For the years 1997 to present, a Plan Member's service is calculated based on the "lesser of" - Total Hours Credit divided by 1,000 or lapsed time in the Plan. To calculate your Total Years Credit, you may refer to the worksheet on page 22 of this booklet.

## **PAYMENT OF PENSION**

### **When are pension payments made?**

Pension payments are made on the first banking day of each month, for that month.

### **In what form is my pension paid?**

Your pension is paid in either the normal form or an optional form.

### **What is the normal form of pension?**

The normal form of pension shall be either:

- a) a pension payable for your lifetime and is guaranteed for 5 years; or
- b) if you have a Spouse at retirement, you will receive a joint and 60% survivor pension which is payable for your lifetime and upon your death pays 60% of your pension to your registered Pension Partner at the time of retirement. The lifetime pension that you receive under the joint and 60% survivor pension option is a reduced monthly pension that is actuarially equivalent to the pension payable under a).

### **What is an optional form of pension?**

An optional form of pension is a pension which you may choose instead of the normal form of pension. This pension is actuarially equivalent to (has the same value as) the normal form of pension.

### **How is my choice of pension restricted if I have a Spouse when I retire?**

Pension legislation requires that you choose a form of pension payment providing at least 60% of your monthly pension to your Spouse after your death, unless your Spouse agrees, in writing, to waive their rights.

### **If I do not have a Spouse, can I choose an optional form of pension?**

You may elect any option other than the joint and 60% survivor option.

### **What optional forms of pension can be chosen?**

You may choose one of the following forms of pension:

- a. a pension that is payable for your lifetime and has a 10-year guarantee.
- b. a pension that is payable for your lifetime and has a 15-year guarantee.

### **When can I take my pension?**

Eligible Plan Members can commence receiving their pension as early as age 55, but must retire no later than December 1<sup>st</sup> of the year they attain age 69.

The Pension Plan has a one-month filing requirement. You must request a pension application at least three months in advance of your anticipated retirement date.

### **What documents are required when I apply to take my pension?**

The Pension Fund Office will require a copy of your proof of age in the form of a birth certificate, passport, citizenship card or baptism certificate. You will be asked to complete a Pension Application, Marital Declaration, tax forms, and provide your banking information. Other documents may also be required after the application is processed.

### **How long is my pension payable?**

The Pensioner will receive a monthly pension for his/her lifetime.

### **What happens to my pension if I were to pass away while receiving a pension?**

If you had a Spouse and elected a "Joint & 60% Survivor" option at retirement, then upon your death, your Spouse (on record at retirement) will receive a lifetime pension equal to 60% of the pension you received, for his/her lifetime.

If you did not have a Spouse at retirement, or if your Spouse waived his/her rights to a lifetime pension, then upon your death, any remaining guaranteed payments will be paid to your named Beneficiary(s). If the guarantee period has expired, no payments are made subsequent to the Pensioner's date of death.

### **Can I change my option after I have been receiving my pension?**

No, once you have elected your pension option and your pension has commenced, you cannot change the pension option.

## **Can I change my Beneficiary after I have been receiving my pension?**

You can only change your Beneficiary if you have elected any option other than a Joint & Survivor option and your Spouse at retirement has waived their rights to being the named Beneficiary. Please note, that if you have elected a Joint & Survivor option, you cannot change your Beneficiary if you become separated, divorced, remarried, or if your Spouse predeceases you.

## **Can I assign my pension to someone else?**

The Pension Plan can only assign a pension when court ordered to provide payment due to a Marital breakdown, for a Requirement to Pay (from the Canada Revenue Agency), or to the Director of Maintenance (Spousal support payments).

## **Why is my Spouse not shown as a Beneficiary on my pension statement?**

The Employment Pension Plans Act and Regulation does not allow for a Spouse to be shown as a Beneficiary on the Plan Member's annual pension statement. Even though the Spouse may be entitled to a death Benefit, the Spouse must only be shown as the Pension Partner.

## **Why are the level income options no longer available under the Pension Plan?**

The government passed legislation to delay the commencement of Old Age Security (OAS) incrementally until it ultimately attains age 67, which is now out of step with the normal commencement age for the Canada Pension Plan (CPP). Due to the additional complexities associated with this option and the likelihood members may incur unexpected reductions in future pension payments, the ability to elect the option was eliminated effective January 1, 2015.

## **Will my pension be increased after I retire?**

It may be increased from time to time, but only as determined by the Board of Trustees after consulting with the Pension Plan's Actuary.

## **Is my pension indexed for inflation?**

No, your pension is not indexed for inflation.

## **Will my pension payments affect my Canada/Quebec Pension Plan benefits in any way?**

No, the Benefits provided under this Pension Plan are in addition to the Canada/Quebec Pension Plan benefits.

## **What is a pension adjustment?**

A pension adjustment is the amount by which your Registered Retirement Savings Plan (RRSP) contribution room is reduced in a given year, based on the Contributions made to this Pension Plan in the same calendar year.

## **Who reports your pension adjustment each year?**

Your contributing Employer is responsible for reporting your pension adjustment on your yearly T4.

## **BENEFICIARY OPTIONS**

### **How do I designate a Beneficiary before I retire?**

At any time prior to retirement, the Plan Member can complete a new “Registration and Declaration of Beneficiary Form” to change their Beneficiary(s).

For Plan Members with a Spouse, it is important to note that Death Benefits are always payable to the Spouse. In cases where the Plan Member does not have a Spouse, or the Benefit was waived by the Spouse, or the Spouse predeceased the Plan Member, then Benefits will be made payable to the registered Beneficiary(s), and not the Spouse.

### **How do I designate a Beneficiary after I retire?**

Upon retirement, the Plan Member must complete a pension “Designation of Beneficiary Form” naming a Primary and a Successor Beneficiary(s). In the event of the Pensioner’s death **and he does not have a Spouse**, the death Benefit is payable to the Primary Beneficiary. In the event the Primary Beneficiary is deceased, Benefits are paid to the Successor Beneficiary. If there is no Successor Beneficiary, then payment is payable to the Estate.

### **How are pre-retirement death Benefits distributed?**

Spouses receiving a death Benefit have the following options:

- a. transfer into a LIRA, or
- b. transfer into another Pension Plan, if that plan permits and administers the funds as they existed immediately prior to the funds’ transfer date, or
- c. if the Commuted Value (CV) meets the requirement for a small pension, the Spouse can transfer into an RRSP, or
- d. if the Commuted Value (CV) meets the requirement for a small pension, the Spouse can take a cash lump-sum payment, less withholding tax.

All other Beneficiaries must take a cash lump-sum payment, less withholding taxes.

### **How are post-retirement death Benefits distributed (for pension options other than a Joint & 60% Survivor)?**

Spouses receiving a death Benefit have the following options:

- a. can take monthly installments for the remaining guarantee, or
- b. transfer into a LIRA, or



- c. transfer into another Pension Plan, if that plan permits and administers the funds as they existed immediately prior to the funds' transfer date, or
- d. if the Commuted Value (CV) meets the requirement for a small pension, the Spouse can transfer into an RRSP, or
- e. if the Commuted Value (CV) meets the requirement for a small pension, the Spouse can take a cash lump-sum payment, less withholding tax.

All other Beneficiaries are able to:

- a. take monthly installments for the remaining guarantee, or
- b. take a cash lump-sum payment, less withholding taxes.

## **COMMUTED VALUES AND LUMP SUM PAYMENTS BEFORE RETIREMENT**

### **What is a Commuted Value?**

The Commuted Value of your monthly pension is its lump-sum value today.

The Commuted Value is based on your accrued pension, the interest rate in effect, your age and actuarial assumptions. The Commuted Value amount does not include the Early Retirement Service Supplement.

### **What is a Break in Service?**

A Break in Service occurs when you have less than 350 Future Hours Credit reported during two consecutive calendar years.

Plan Members must meet the eligibility requirement and then incur a Break in Service prior to being able to transfer out of the Pension Plan. Once a transfer out of the Plan has been made, all of the Plan Member's Total Years Credit shall be cancelled.

### **How would a Break in Service affect me?**

If a Plan Member incurs a Break in Service prior to meeting the Plan's eligibility requirement, all previously accumulated Benefit is cancelled and there are no Benefits payable.

When a Plan Member meets the Plan's eligibility requirements and then incurs a Break in Service, he/she remains entitled to the pension Benefit that was earned to the date that the Break in Service occurred.

### **What Benefit will I be entitled to if I incur a Break in Service?**

Upon incurring a Break in Service prior to age 55, (and provided requirements are met), the Plan Member may elect to receive either a Commuted Value transfer (or lump-sum payment) equal to the amount of pension Benefit he/she has earned to the date of their Break in Service, or a deferred pension.

### **When can I transfer out of the Pension Plan?**

Once you are over age 55, you cannot transfer out of the Plan.

If you are under age 55 and you incur a Break in Service, you are allowed to transfer out of the Pension Plan.

### **How is a Commuted Value calculated?**

The Commuted Value amount is calculated using actuarial formulae prescribed by Applicable Pension Laws.

Commuted Value calculations do not include the Early Retirement Service Supplement; therefore, if you qualify for the Early Retirement Service Supplement (by having over ten years of Total Years Credit), it may be beneficial for you to take a deferred pension instead of the Commuted Value.

### **Can I be forced to take a Commuted Value instead of a monthly pension?**

Yes, if the Commuted Value of your pension is deemed to be a Small Pension, meaning the value is less than 20% of the Canada Pension Plan year's maximum pensionable earnings (YMPE), you must receive your pension as a Commuted Value.

### **Where is my money transferred to when it leaves the Pension Plan?**

If the Commuted Value of your monthly pension is deemed to be a Small Pension, you have the following options:

1. Transfer the funds to a Registered Retirement Savings Plan, or
2. Take a lump-sum cash payment, less applicable taxes.

If the Commuted Value of your monthly pension is not deemed to be a Small Pension, the funds must be transferred into a Locked-in Retirement Account (LIRA), or to another registered Pension Plan.

## **RE-EMPLOYED PENSIONER QUESTIONS**

### **After retirement, does my Employer still have to provide Contributions to the Pension Plan if I return to Covered Employment?**

Yes, your Employer is bound to the terms of the Collective Agreement with Local Union 424 and must continue to submit Contributions.

### **Do I receive any further Benefits for hours contributed to the Pension Plan if I return to Covered Employment after retirement?**

No, your pension is not recalculated to include any additional hours contributed to the Pension Plan after your retirement. Instead, you will continue to receive your monthly pension with no suspension while working in Covered Employment.

## **Can my Contributions be reciprocated to another Local after retirement?**

No, once you are retired, your Contributions can not be reciprocated to another Local Union.

## **UNLOCKING OF A PENSION**

### **Can I unlock my pension and take a single lump-sum cash payment?**

Only in very limited circumstances. One of the purposes of Applicable Pension Laws is to ensure that pension savings actually provide retirement income until a Pensioner's death. Accordingly, lump sum cash payments are only permissible if:

- (a) you permanently leave Canada and become a non-resident (must be confirmed by the Canada Revenue Agency); or
- (b) you have yet to retire and you become terminally ill (must be confirmed by a medical doctor); or
- (c) your pension entitlement is deemed to be a Small Pension, which means the Commuted Value of your pension at the time you are retiring or electing portability, is less than 20% of the Canada Pension Plan year's maximum pensionable earnings.
  - In 2017, the maximum pensionable earnings are \$55,300
  - 20% of \$55,300 = \$11,060
  - Therefore, if the Commuted Value of your monthly pension is less than \$11,060 in 2017, you are deemed to have a Small Pension

**Note:** If your pension is unlocked and paid in cash, it is no longer protected from creditors and can be seized.

## **MISCELLANEOUS**

### **How is the Pension Plan run?**

A Board of Trustees, consisting of an equal number of Employee and Employer representatives administers the Pension Plan by keeping records of service and Contributions and by calculating pensions and Benefits under the Pension Plan. Subject to Applicable Pension Laws, the Board of Trustees has full control and responsibility for the Pension Plan.

The Custodian holds the Pension Fund invested assets separate and apart from the assets of the Union or Health & Welfare Plan.

The Investment Managers make investment decisions within guidelines and objectives set by the Trustees.

The Actuary makes periodic estimates of Pension Plan funding requirements.

## **Can the Pension Plan be changed or terminated?**

Yes, the Trustees may amend, modify, or terminate the Pension Plan. However, termination of the Pension Plan would occur only under extreme circumstances.

## **What happens if the Pension Plan is terminated?**

If the Pension Plan is terminated, the assets of the Pension Fund, after providing for the expenses of the Pension Plan, shall be allocated **to the extent that they are sufficient** to pay out Plan Member entitlements as follows:

- a. For Pensioners receiving a pension, an annuity will be purchased from an Insurance Company in the same form and amount that was payable from the Pension Fund as at the date that the Pension Plan is terminated.
- b. For Plan Members who have attained age 55 and who have not submitted a written application prior to the date that the Pension Plan is terminated to receive a monthly pension from the Pension Fund, either:
  - i. An annuity purchased from an Insurance Company equal to their monthly pension amount, or
  - ii. A lump sum transfer of the Commuted Value of their monthly pension
- c. For Plan Members who have not attained age 55, a lump-sum payment of the Commuted Value of their pension will be paid out.

## **What happens if the assets of the Pension Fund are insufficient to provide for all of the Benefits?**

If the assets of the Pension Fund are insufficient to pay out the Benefits that each Plan Member has earned, every Plan Member's Benefit will be reduced by an equal percentage. See Article 10.3 of the Plan Text for complete details.

## **Can an Employer or the Union ever get a refund of pension fund surplus?**

No. The assets of the Pension Fund are for the exclusive Benefits of Plan Members, Pensioners, Beneficiaries, and for Pension Fund expenses.

## **How is the Pension Plan funded?**

The Pension Plan is fully funded by Employer Contributions negotiated through collective bargaining, plus the investment earnings generated from those Contributions.

## **I hear much about privacy issues. What personal information does the Pension Fund require of me and my Beneficiary, and why?**

The Pension Fund requires your personal information to determine and administer your Benefits under the Pension Plan. The information will only be used for this purpose. Examples of such personal information (not an exhaustive list) are your legal name, your Social Insurance Number, your date of birth, your hours worked, your Beneficiary's name, and your Beneficiary's date of birth.

## **Why do I have to complete a Direct Deposit Audit form each year?**

The Direct Deposit Audit form must be completed each year as required by the Board of Trustees. Completing the annual Direct Deposit Audit form ensures that all information associated with each Pensioner is current and up-to-date, which helps administration for tax purposes. Completing this form annually also gives Plan Members the opportunity to update their banking information, when necessary.

## **FILING REQUIREMENTS**

There are certain filing requirements which you must follow in order to protect your rights under the Pension Plan.

The requirements are as follows:

### **Registration Form**

The Plan Member is responsible for maintaining his registration and the registration of his Spouse (or common-law Spouse) prior to applying for a retirement pension. Failure to properly register may delay the payment of a Plan Member's monthly pension.

### **Pension Application**

A Pension Application and accompanying documents for your retirement pension should be filed with the Pension Fund Office at least two months in advance of the date on which your retirement is expected to take place.

### **Spousal Waiver Form**

In the event your Spouse or common-law Spouse agrees to waive their rights to a lifetime pension when you retire, the government waiver form must be properly executed and received in the Pension Fund Office within ninety (90) days of your pension effective date.

### **Application for Transfer**

In the event of termination (provided you have satisfied the vesting or eligibility requirement and are entitled to transfer out of the Pension Plan), the Plan Member can elect to transfer the Commuted Value of his/her pension out of the Plan. However, if a transfer is desired, your Election of Option form must be received in the Pension Fund Office within 90 days after you have received your Break in Service Statement.

### **Application for Death Benefits**

In the event of your death prior to your retirement, your Spouse may be entitled to a transfer of the Commuted Value of your accrued pension into a locked-in retirement account or other approved pension plan. The transfer can only be made following receipt by the Pension Fund Office of the completed prescribed Application for Death Benefit and accompanying forms.

### **Court Order for Marriage Breakdown**

In the event of a marriage breakdown prior to retirement, your ex-Spouse will receive a transfer of the Commuted Value of the assigned portion of your accrued pension into a locked-in retirement account or other approved pension plan. A court certified Matrimonial Property Order or Matrimonial Property Agreement must be served on the Trustees of the Pension Plan.

## SAMPLES

### CALCULATING A NORMAL PENSION

A fictional Plan Member became vested and then retired on April 1, 2016. He had no Past Years Credit. The Plan Member had **6,400** hours reported (8 years with 800 hours per year) reported between January 1, 1989 and December 31, 1996. For the period of January 1, 1997 through December 31, 2000, the Plan Member had **3,200** hours reported (4 years with 800 hours per year) and for the period of January 1, 2001 to March 31, 2016 the Plan Member had **12,800** hours reported on his behalf (16 years with 800 hours per year).

(a)	(Past Years Credit)	\$5.60 x	0 months	=	\$0	plus
(b)	(1973 to 1996)	\$4.50 x	<b>6,400</b> hours / 100	=	\$288	plus
(c)	(1997 to 2000)	\$4.50 x	<b>3,200</b> hours / 100	=	\$144	plus
(d)	(2001 to present)	\$6.00 x	<b>12,800</b> hours / 100	=	<u>\$768</u>	

Normal Retirement Amount is: \$1,200

### CALCULATING TOTAL YEARS CREDIT

The data for the example below is for the above fictional Plan Member who retired on June 1, 2016. The Plan Member had 8.00 years of credit as of December 31, 1996 and 16,000 hours reported for the period of January 1, 1997 to May 31, 2016.

A.	Years of Total Years Credit at December 31, 1996	<u>8.00 years</u>
B.	Future Hours Credit on and after January 1, 1997	<u>16,000 hours</u>
C.	B. divided by 1,000	<u>16.00 years</u>
D.	Period from later of date of Pension Plan entry or January 1, 1997 to the date of termination or retirement	<u>19.42 years</u>
E.	Calendar years after January 1, 1997 with less than 100 hours	<u>0.00 years</u>
F.	Total Years Credit after January 1, 1997 equals the lesser of C. and (D. minus E.)	<u>16.00 years</u>
G.	Total Years Credit at Retirement equals A. + F.	<u>24.00 years</u>

**EARLY RETIREMENT AT AGE 55  
WITH MORE THAN 10 YEARS OF TOTAL YEARS CREDIT  
AGE AND SERVICE IS LESS THAN 85**

Assuming that this same Plan Member is age 55 at retirement, his Age and Total Years Credit is equal to 79.00 (Age 55.00 plus 24.00 years). His age and service is less than 85, so you can follow the reductions in Section B on page 11. Therefore, his hours worked before 1997 (pre-97 hours) are reduced by 10% and his hours worked after 1996 (post-96 hours) are reduced by 30%.

Pre-97 hours	-	\$288 x 90%	= \$259.20
Post-96 hours	-	\$912 x 70%	= <u>\$638.40</u>
Total Monthly Pension			\$897.60

**EARLY RETIREMENT AT AGE 55  
WITH MORE THAN 10 YEARS OF TOTAL YEARS CREDIT  
AGE AND SERVICE IS GREATER THAN 85**

This same Plan Member is age 55 at retirement and has 30.00 years of Total Years Credit. This will give him Age plus Service equal to 85. Following the reductions in Section C on page 11, the Plan Member's pre-97 hours are reduced by 10% and his post-96 hours are reduced by 0%.

Pre-97 hours	-	\$288 x 90%	= \$259.20
Post-96 hours	-	\$912 x 100%	= <u>\$912.00</u>
Total Monthly Pension			\$1,171.20

**EARLY RETIREMENT AT AGE 55  
WITH LESS THAN 10 YEARS OF TOTAL YEARS CREDIT**

If a Plan Member is 55 and has less than 10 years of Service, follow the reductions in Section A on page 11, all hours (pre-97 and post-96) are reduced by 6% for each year less than age 65.

$\$1200 \times 40\% = \$480.00$

## WORKSHEET

### TOTAL YEARS CREDIT WORKSHEET

The worksheet shown below is used to calculate the years of Total Years Credit for the purpose of determining your Early Retirement Service Supplement.

- A. Years of Total Years Credit at December 31, 1996 \_\_\_\_\_
- B. Future Hours Credit on and after January 1, 1997 \_\_\_\_\_
- C. *B.* divided by 1,000 \_\_\_\_\_
- D. Period from later of date of Pension Plan entry or January 1, 1997 to the date of termination or retirement \_\_\_\_\_
- E. Calendar years after January 1, 1997 with less than 100 hours \_\_\_\_\_
- F. Total Years Credit after January 1, 1997 equals the lesser of *C.* and (*D.* minus *E.*) \_\_\_\_\_
- G. Total Years Credit at Retirement equals *A.* + *F.* \_\_\_\_\_



## **DISCLAIMER**

The summary and questions and answers are only brief explanations of the most important provisions of the Pension Plan. Nothing in these explanations is intended to change in any way the Plan Text of the Pension Plan. Your rights, if you are a Plan Member covered by this Pension Plan, are governed by the Plan Text and Applicable Pension Laws. For your convenience, a complete copy of the Plan Text (with amendments made up to January 1, 2017), appears in the second half of this booklet.

Any inquiry regarding the terms, administration, or amendments to the Plan Text may be directed to the Pension Fund Office. The authority to interpret the Plan Text of the Pension Plan, furnishing information, accepting applications, and other similar matters rest solely with the Board of Trustees.

Further information, or application forms, can be obtained from the Fund Office:

### **ELECTRICAL INDUSTRY PENSION TRUST FUND OF ALBERTA**

**Website: [www.ebfa.ca](http://www.ebfa.ca)**

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