



Leaving the Plan before Retirement

Career plans can very often change directions and challenge us to explore different avenues. Employees may decide to change employers, move to a new job position at UBC that is not eligible for the SPP, or relocate to a different country. Whatever the reason, there are decisions that you will need to make about the pension benefit you have earned.

UBC Human Resources has a [comprehensive checklist](#) of action items that staff members need to note and consider when leaving UBC. Your pension benefit is one of those important considerations.

IF YOU ARE UNDER AGE 55

As soon as you know that you are going to be leaving the Plan, if you are under age 55, you need to inform the Pension Administration Office. You will then receive an information package in the mail approximately four to six weeks after the month in which you leave. The information package will include the following:

- Your options for receiving your earned Plan benefit
- Your calculated Plan benefit under each option
- All of the forms you must complete in order to indicate your decision.

YOUR OPTIONS

Generally, the options that you are eligible for will depend on several factors such as your length of service and when you began making contributions to the Plan. Most members under age 55 will have a choice between a Monthly Lifetime Pension or a Lump Sum payment.

With the **Monthly Lifetime Pension (Deferred)** option, you leave your earned benefit in the Plan and receive a deferred pension starting as early as age 55 (earliest retirement age). In this option, you may elect to receive your deferred pension anywhere between age 55 and age 71.

The **Lump Sum** option means you receive a lump sum equal to the greater of the value of your deferred pension or a minimum contribution refund of 1.5 times your contributions. In this option, you may only elect to receive a Lump Sum if you are under age 55, unless you qualify for a **small pension**. Your benefit may be designated as **Locked-In**.

If a benefit is deemed Locked-In, it means that government legislation requires that the benefit money is kept in some kind of retirement vehicle, limiting the benefit to only be paid out in the form of steady income upon retirement.

A **small pension** is a pension benefit that would be too small to pay out over one's lifetime during retirement. Small pensions are most often the result of short durations of pensionable service, and are not Locked-In. Because small pension benefits are not Locked-In, you may have a choice as to whether you would like to

transfer it to an RRSP or receive it as a cash lump sum. If you choose to have your benefit paid in a cash lump sum, it will be declared as income for that year, and taxes will be deducted from the entire portion.

If you are/were a member of the Plan and made contributions prior to 1993, you may be eligible for an option called **Monthly Lifetime Pension with Lump Sum**, which is a combination of a deferred pension and a lump sum.

DEFERRING YOUR DECISION

Not sure which option is right for you? You may choose to defer your decision to a later date. If you are thinking about deferring your decision, here are a few things to consider:

- The Lump Sum option is no longer available once you turn age 55, except if you qualify for a small pension.
- Once you turn age 55, and subsequently decide you would like to retire, you need to inform the Pension Administration Office so that we can provide you with an updated calculation of your retirement options based on your retirement date.
- Your future pension is subject to an inflation adjustment (indexing) as approved by the Pension Board based on the Plan's ability to finance it.
- It is important that you keep your address, phone number and email address up-to-date with the Pension Administration Office so that we are able to communicate with you any changes regarding your Plan benefit.

NON-RESIDENTS

If you are not a resident of Canada, under the age of 55, and planning on leaving the SPP, there are a couple of things to note:

CASH WITHDRAWAL

Lump sum cash withdrawals are subject to non-resident withholding taxes and are deducted at the rate of 25% (15% for Australia and New Zealand residents).

TRANSFERRING YOUR LUMP SUM TO AN RRSP

If you transfer all or part of your lump sum amount to a retirement plan with a financial institution, it must be an institution in Canada. It is not possible to transfer your account balance on a tax sheltered basis to a retirement plan in any other country.

Overall, each person's circumstances are different, but if you speak to the Pension Administration Office about the options available to you, you will be able to make an informed decision as to what you can do with the pension benefit you have earned. If you are in a situation where you need to leave the Staff Pension Plan before retirement, you may visit the [Contact Us](#) page on the SPP Website.

LEAVING THE PLAN BEFORE RETIREMENT: GREGORY'S STORY

Gregory is 40 years old, and he is a part-time, salaried staff member in a UBC academic department.

When Gregory started his employment at UBC fifteen years ago, he joined the Staff Pension Plan right away, so he has a significant pension benefit built up over those fifteen years. Gregory has recently decided that he and his wife will permanently move overseas to be with her family; therefore, he will be resigning from his current position.

He knows that there are a variety of loose ends he will need to tie up before he leaves the country. He has thought about his pension benefit, but since he does not feel like he is close to retirement age, he has no idea what he wants to do with it. A colleague advised him to make an appointment with the SPP team so they can discuss his options.

When Gregory spoke with the SPP team, he was informed of the following:

- He will have the option of taking his benefit as a Lump Sum, or as a Monthly Lifetime Pension. He was also told that he did not have to choose an option yet if he was not sure what to do.
- He decided that he would like to defer, or leave his money in the Plan, and then wait until retirement age to take a monthly pension from his benefit.
- He made sure to update his beneficiary designation, as well as his new home address, email address and phone number, in order to be kept informed of any Plan changes or updates.

When Gregory gets closer to his desired retirement age, he will plan to contact the Pension Administration Office to discuss the options surrounding the payment of his benefit.

LEAVING THE PLAN BEFORE RETIREMENT: MARIE'S STORY

Marie is 32 years old. She has been working in a full-time, salaried position at UBC for three years, and has only been a member of the Staff Pension Plan for one of those years.

Marie has recently decided that she would like leave UBC and start her own business.

She decided to phone the SPP team to talk about her options surrounding the pension benefit that she has earned so far. They informed her of the following:

- They calculated her benefit based on her one year of membership in the Staff Pension Plan, and determined that it was a small benefit.
- Based on her personal calculation, it was determined that she would be able to receive a non-locked in lump sum, received as one payment after her resignation, and the payment would be taxable for that year.

Marie decided she would like to receive her lump sum as cash, and deposit it into her personal savings account. She filled out the appropriate form that the SPP team gave her in order to formally communicate her choice.

This information sheet has been compiled by the Staff and Pension Board Members of The University of British Columbia Staff Pension Plan from information provided to them. If there is any inconsistency between the contents of this document and the pension plan trust or legislation, the trust and legislation will prevail.

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CHECKLIST

If you are leaving the Plan before retirement:

- Contact the SPP team at the Pension Administration Office.
- Make sure that we have your most current contact information on file, including home address, email address and phone number.
- You will be sent an info package, and will be asked to choose an option for how you want your pension benefit to be paid to you.
- Send us all applicable forms that indicate the option you choose.
- If you decide to defer (keep your money in the Plan), please make sure you continually update us on your most current contact information.
- Contact us by phone, email, or set up an appointment in person if you have questions.

HELPFUL LINKS

LEAVING UBC - HR

hr.ubc.ca/faculty-staff-resources/leaving-ubc

LEAVING UBC - HR BENEFITS & WELLBEING

hr.ubc.ca/wellbeing-benefits/life-events/leaving-ubc

LEAVING UBC - SPP

staff.pensions.ubc.ca/life-events/leaving-ubc

CONTACT THE SPP

staff.pensions.ubc.ca/contact

IMPORTANT PENSION TERMS

staff.pensions.ubc.ca/resources/important-terms