



Retirement Options

Congratulations! You've decided that you're ready to retire and start your pension from the Plan. What do you do next? How do you know how much benefit you are going to receive?

There are two Monthly Lifetime Pension options available. Both options are available to those plan members that qualify under specific criteria.

MONTHLY LIFETIME PENSION

The Monthly Lifetime Pension is calculated according to the pension formula. This pension benefit is payable for your lifetime and your spouse's lifetime (if you have a spouse). If you decide to take a Monthly Lifetime Pension, there are other factors to consider, such as which guarantee period you choose (see next page).

MONTHLY LIFETIME PENSION WITH LUMP SUM

Only members who have made contributions to the Plan before 1993 are eligible for this option. You will receive a reduced Monthly Lifetime Pension and a Lump Sum transfer out of the Plan.

A portion of the lump sum must be transferred to an RRSP, and therefore will be tax-sheltered. The remaining portion must be taken as cash, and will be subject to **withholding taxes**.

LUMP SUM PAYMENT IN THE EVENT OF A SMALL PENSION

In certain cases, a member's plan benefit may be determined to be a small pension at the time of retirement. If your plan benefit is determined to be a

small pension, you will receive a lump sum payment from the Plan in accordance with B.C. pension legislation, instead of a Monthly Lifetime Pension option.

Your pension benefit is a small pension if the commuted value of your pension is less than or equal to 20% of the Canada Pension Plan (CPP) Year's Maximum Pension Earnings (YMPE) for the calendar year in which the commuted value was determined.

Your total lump sum amount may be taken as cash, or you may transfer a portion to an RRSP and take the remainder as cash. Any cash amounts are not tax sheltered and will be subject to **withholding taxes**.

Note: Any lump sum amount taken as cash is considered taxable income.

FORMS OF MONTHLY LIFETIME PENSION

When you elect a Monthly Lifetime Pension option, you will need to make a decision about the form of the pension, including the guarantee period. All forms of pension are paid for your lifetime and your spouse's lifetime (if you have a spouse). The different forms of pension in the Plan determine how much pension is paid after your death to your spouse and/or your designated beneficiary. The amount of your monthly pension payments may be adjusted depending on the form of pension you choose to reflect the cost of paying a pension for more than one lifetime or for longer guarantees. Available forms of pension depend on whether or not you have a spouse.

FORMS OF PENSION FOR A MEMBER WITH A SPOUSE

If you have a spouse, by law, you must choose an option in which at least 60% of your pension continues to your spouse in the event of your death. Your spouse can sign a waiver giving up their right to this. You may choose a lifetime pension with a guarantee period of 5 or 15 years. If you have a spouse, you may choose one of the following Joint and Survivor pension options:

MONTHLY LIFETIME PENSION OPTION Joint and Survivor	EXAMPLE
1. Continuing in full on death of Member	<p>If John dies before Jane, 100% of his pension benefit will be paid to:</p> <ul style="list-style-type: none"> ▪ Jane for her lifetime ▪ Wendy (when Jane dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum. <p>If Jane dies before John, 100% of the pension benefit will continue to be paid to:</p> <ul style="list-style-type: none"> ▪ John for his lifetime ▪ Wendy (when John dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum.
2. Reducing to 60% on death of Member	<p>If John dies before Jane, 60% of his pension benefit will be paid to:</p> <ul style="list-style-type: none"> ▪ Jane for her lifetime. ▪ Wendy (when Jane dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum. <p>If Jane dies before John, 100% of the pension will continue to be paid to:</p> <ul style="list-style-type: none"> ▪ John for his lifetime ▪ Wendy (when John dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum.

FORMS OF PENSION FOR A MEMBER WITHOUT A SPOUSE OR IF SPOUSE HAS SIGNED A WAIVER

If you do not have a spouse, or your spouse signs a **waiver** stating that they understand they are waiving entitlement to your pension income, you may choose a lifetime pension with a guarantee period of 5, 10, or 15 years.

MONTHLY LIFETIME PENSION OPTION Single Life Annuity	EXAMPLE:
Single Life	<p>Martin Doe is a retired member of the SPP and he does not have a spouse. He has designated his sister Martha Smith as his beneficiary in the event of his death.</p> <p>Martin will receive a pension paid for his lifetime and may choose a guarantee period of 5, 10, or 15 years of monthly payments. If he dies before the guarantee period ends, the remaining payments will be paid to Martha as his designated beneficiary, in either monthly payments or a lump sum.</p>

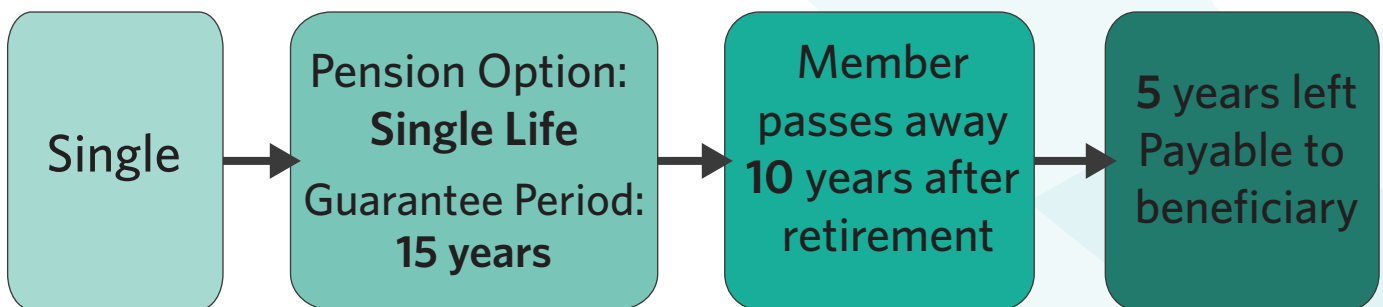
GUARANTEE PERIOD

The guarantee period pertains to the payment of your pension benefits to a designated beneficiary in the event of your death and your spouse's death (if you have a spouse). When you select your pension option from the Plan, you will be asked to choose a guarantee period during which the Plan will pay the remaining balance of the guarantee period in monthly payments or in a lump sum to your designated beneficiary on your death.

The following examples illustrate how the guarantee period works:

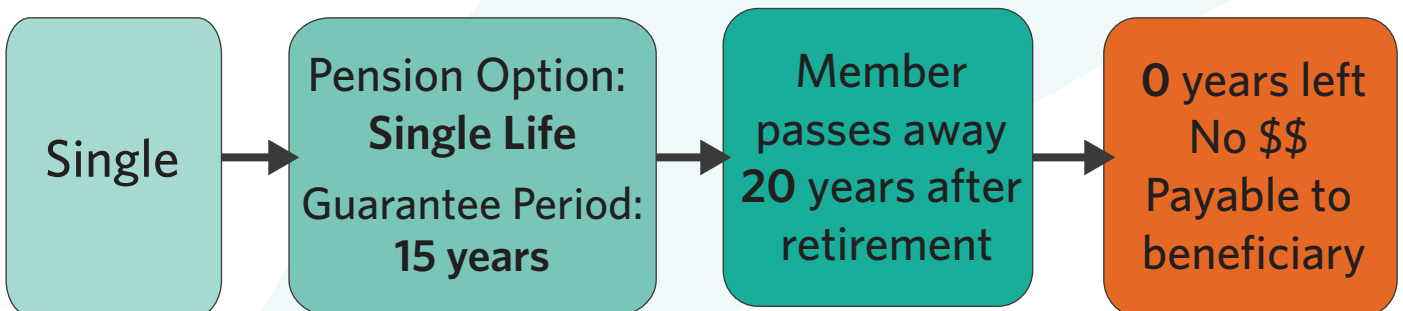
SINGLE LIFE PENSION: CHOICE OF 5, 10, OR 15-YEAR GUARANTEE PERIODS

EXAMPLE 1



Example 1 shows a single Plan member who has chosen a **Single Life** pension option and a 15-year guarantee period. In this scenario, the Plan member passes away 10 years after their retirement. Their beneficiary then receives 5 more years of payments in either monthly payments or as a lump sum.

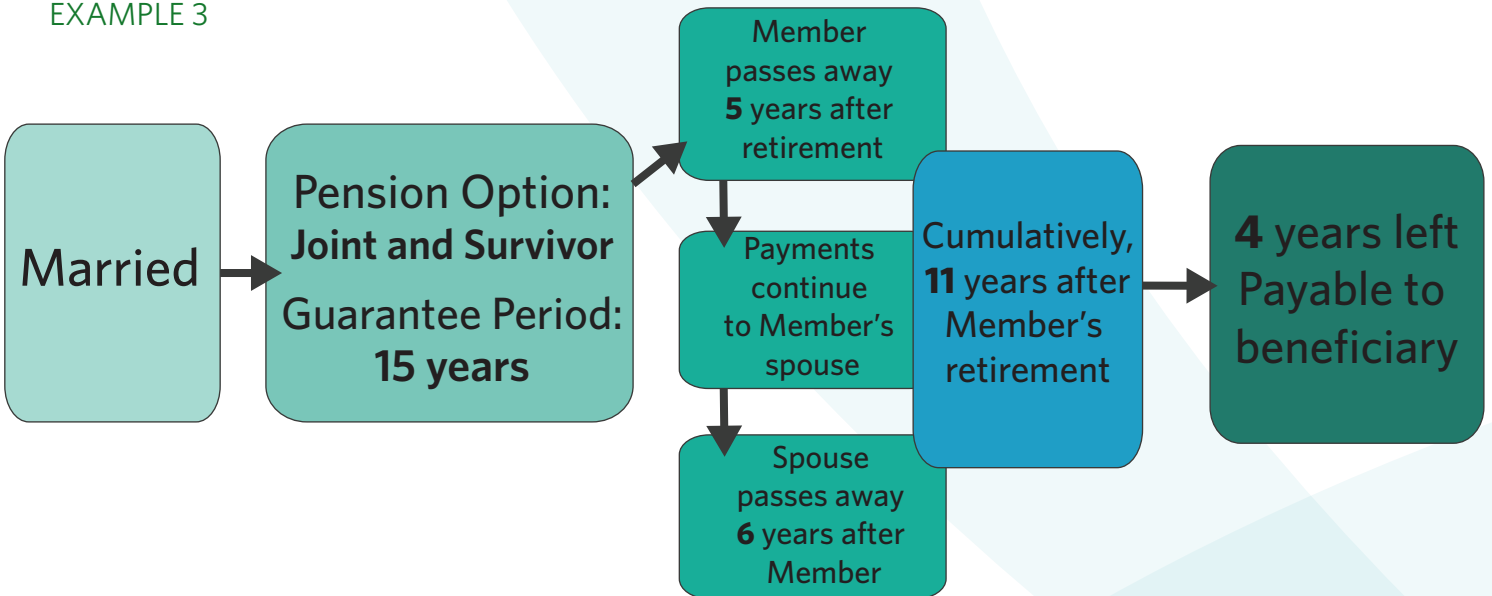
EXAMPLE 2



Example 2 shows another single Plan member who has chosen a **Single Life** pension option and a 15-year guarantee period. The Plan member passes away 20 years after retirement (instead of 10 years as in Example 1). There are no payments to the beneficiary as the guarantee period has ended.

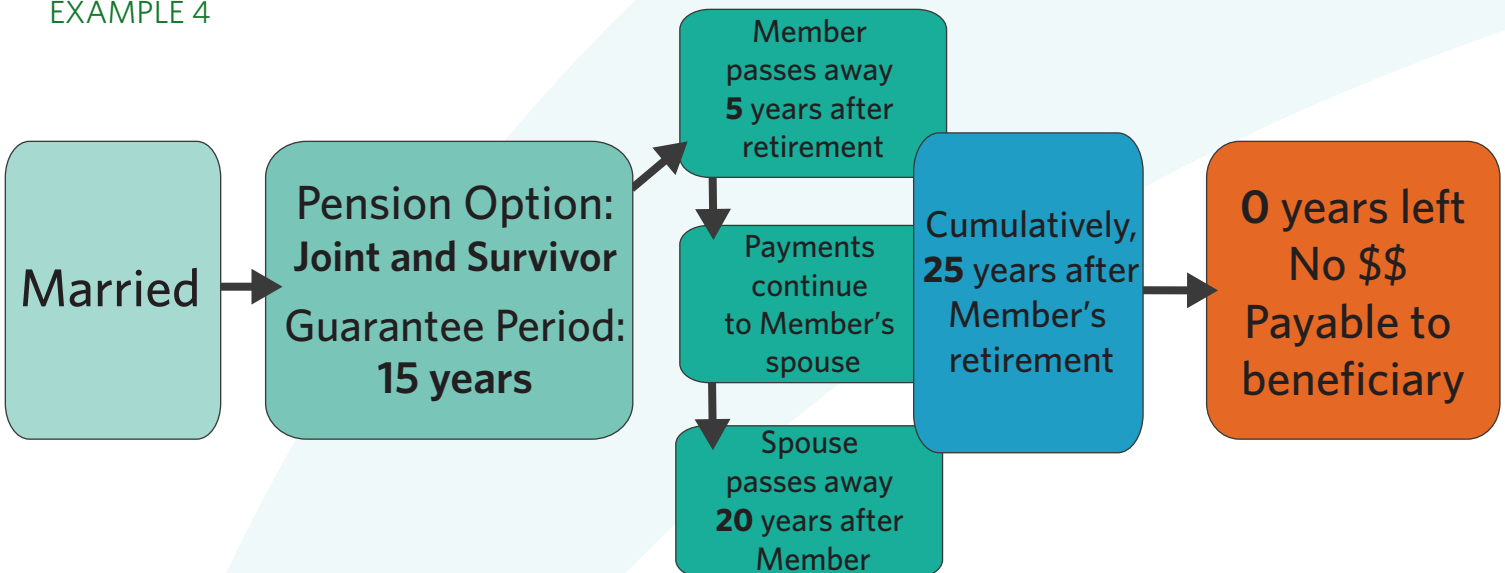
JOINT & SURVIVOR PENSION: CHOICE OF 5 OR 15-YEAR GUARANTEE PERIODS

EXAMPLE 3



Example 3 shows a married Plan member who has chosen a **Joint and Survivor** pension option and a 15-year guarantee period. The Plan member passes away 5 years after retirement, and the payments continue to the member's spouse. The spouse then passes away 6 years after the member's death. Cumulatively that is 11 years of payments that have been made. Since the guarantee period is 15 years, 4 years of payments are left to be paid to the beneficiary in either monthly payments or as a lump sum.

EXAMPLE 4



Example 4 shows another married Plan member with a **Joint and Survivor** pension option and a 15-year guarantee period. The Plan member passes away 5 years after retirement and the payments continue to the member's spouse. The spouse then passes away 20 years after the member's death. Cumulatively that is 25 years of payments that have been made, which is beyond the guarantee period of 15 years. In this case, nothing further is paid out to the beneficiary.

LEVEL INCOME OPTION

The Level Income Option is an option available to any member who retires before age 65 and does not meet the requirements to elect Special Early Retirement benefits. This option provides a higher pension until you reach age 65 when government benefits like Canada Pension Plan and Old Age Security (OAS) become payable, and a smaller pension from age 65 for the rest of your life. The effect of the Level Income Option is to provide you with a slightly larger pension in the early years of your retirement. The reduction in your pension from the SPP at age 65 occurs regardless of when you choose to start your CPP and OAS pensions.

If you are nearing retirement and would like to speak with someone about the options that are applicable to you, please contact the Pension Administration Office for an appointment. We will be happy to provide some estimates and discuss scenarios with you.

CHECKLIST

If you are wondering about what your retirement options are:

- Review your estimated pension figures on [myPension](#), or ask the Pension Administration Office to supply you with an illustration of your benefit.
- Schedule a Retirement Information Session (RIS) if you are within a year of retirement.
- Notify the Pension Administration Office of your retirement date if you know when you plan to retire.
- Contact us by phone, email, or set up an appointment in person if you have further questions.

RETIREMENT OPTIONS: HEATHER'S STORY

Heather has just turned 65, and she has decided that she would like to retire. She has been a UBC employee and a Staff Pension Plan member for 20 years. She met with a Plan representative for a Retirement Information Session (RIS), to talk about her options. Heather learned that because she did not make contributions prior to 1993, she is not entitled to a **Monthly Lifetime Pension with Lump Sum** option. Her Plan benefit also does not qualify as a small pension, so she is not eligible for a lump sum payment. This means she is entitled to take a **Monthly Lifetime Pension**.

Heather is married to her husband Frank, and they have two adult children, both of whom are listed as Heather's beneficiaries in the event of her and Frank's deaths. She has selected a **guarantee period** of 15 years of payments to be paid to her children in the event of both her and Frank's deaths.

Heather knows that her pension will be paid for her life time, and for Frank's lifetime. However, she also has peace of mind knowing that if she and Frank pass away before the guarantee period is over, that her children will receive the remaining pension benefit.

HELPFUL LINKS

RETIRING

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

myPENSION

staff.pensions.ubc.ca/about-mypension

SPP CONTACT PAGE

staff.pensions.ubc.ca/contact

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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