



UBC Staff Pension Plan

New Member Info Session Q&A

*The UBC Staff Pension Plan is also frequently referred to as **the SPP** or **the Plan**.*

BENEFICIARIES

Can I have a beneficiary outside the country? Are there any issues with naming a minor beneficiary who lives in the U.S.?

A beneficiary does not have to reside in Canada. If you name a beneficiary who is under age 19, you are required to also name a trustee for that minor. The minor beneficiary can live anywhere in the world.

Can you change your beneficiary once you have started collecting a pension?

The beneficiary designation you make in Workday when you join the Plan is used in the event of your death before retirement. When you decide to retire, we will ensure that you update your beneficiary designation. Your marital status plays a role; if you are single at retirement, or your spouse has signed a waiver giving up their rights, you are able to change your beneficiary at any time after the pension has commenced. If you have a spouse at retirement, you are not able to change that designation.

Since my spouse is by default my beneficiary by law, why do I need to explicitly designate them?

If you die and we do not have a beneficiary designation form on file with your spouse's information on it, we have to go through a more difficult process to determine whether you have a spouse, and it can cause delays. If you have designated your spouse, we will be able to more efficiently process a death benefit payment.

How can I make changes to my beneficiaries? Can I just email you that information?

You must make your beneficiary designation in Workday. For more detailed instructions, please see our [Designating Your Beneficiary](#) page on the SPP website.

I live with my common law partner, but we are keeping our funds separate and we are soon planning to go our separate ways. Are there any repercussions, and does the pension plan have to be notified each time a common law relationship status changes?

Our office needs to know if a former spouse has any entitlement to your pension. On the termination of your relationship, you would determine whether your pension is being split, along with other family assets. If your common law partner does not have any pension entitlement, our office does not need to be informed. In Workday, you must clearly state who your current spouse is, if any, or who your beneficiary is, if you do not have a spouse.

TRANSFERS INTO THE PLAN

Does the Staff Pension Plan have a transfer agreement with the Public Service Pension Plan or any other pension plans?

The Plan does not have any transfer agreements with other pension plans. The Plan does not allow any transfer of pension funds from other pension plans or from RRSPs.

Why does the Staff Pension Plan not allow new hires to transfer their pensions from prior employers into this plan?

Pension legislation across Canada differs by province, and the calculations to allow transfers in from other pension plans are complicated. The calculations would need to be performed by the Plan's actuary, which means the Plan would incur an additional expense. This is not in the best interest of all Plan members.

VESTING AND TERMINATION BENEFITS

How long do you need to work at UBC before you are fully vested with your pension?

Vesting is immediate. You are entitled to a benefit from the Plan any time after you have enrolled.

Could you clarify what the benefit is when someone leaves UBC? Would it be the 6.5% of salary that a member contributes *plus* the 9.4% of salary that UBC contributes?

No, the 9.4% UBC contribution is not factored into the termination benefit - only your 6.5% employee contribution. The termination benefit is the greater of two amounts:

- 1.5 times the contributions that you made to the Plan (with interest), or
- the present value of the pension that you have earned (the commuted value).

Assume I leave UBC at age 40 and I had made employee contributions of \$10,000. Apart from that, UBC would have made contributions of about \$14,000. If I elect the lump sum option, will I receive the combined amount of $\$10,000 + \$14,000 = \$24,000$? Or will I receive 1.5 times my own contribution which will be $\$10,000 \times 1.5 = \$15,000$?

In your example, you would receive \$15,000 since that is 1.5 times your own contributions.

Is there a formula online where I could calculate how much lump sum I would receive if I leave UBC before I am age 55?

There is no tool online to determine the lump sum value of your entitlement. As a minimum, the termination benefit is equal to 1.5 times your own contributions. You can see the balance of your contributions on your annual statement.

If I were to leave UBC before retirement age, can I transfer the contributions to a new pension plan with a new employer?

If you moving to a new employer who has a pension plan, you will need to confirm with them whether they allow transfers in to their plan. Most pension plans, other than very large plans, do not allow this option.

If someone leaves UBC at age 40, as an example, and their lump sum entitlement is under \$12,980, would they receive this balance paid out in cash?

If the lump sum value of the pension is less than the small benefit threshold, currently \$12,980, this benefit is required to be taken out of the Plan either as a cash payment, with tax withheld or by a tax-free transfer to your RRSP.

If leaving the Plan prior to age 55, are lump sum payments subject to an income tax penalty?

A lump sum payment that is made in cash is taxable. A lump sum payment that is transferred directly to an RRSP or to a Locked-In Retirement Account is not taxable on transfer. Tax is paid only when the money is withdrawn from the RRSP or LIRA at a later date.

I just updated my communication preference to receive information electronically. It only gave me the option of using my UBC email. What happens if I leave UBC?

If you leave UBC and you want to continue to receive electronic information from the Plan, we will request a new personal email address.

CONTRIBUTIONS / RRSPs

Where can I see my pension contributions?

You can view your Staff Pension Plan contributions on your payslips in Workday.

Is it possible to increase my monthly contributions, or are these fixed?

Employee contributions are a fixed 6.5% of pensionable earnings. There is no opportunity to increase your contributions.

If I leave UBC and move my pension into my RRSP, does it reduce my RRSP limit?

A transfer directly from the Plan to an RRSP does not reduce your RRSP contribution room.

Is an RRSP more beneficial than the SPP?

By participating in the Plan you not only benefit from experts who are managing the pension fund, but also from the contributions being made by UBC to the Plan. With an RRSP, you are responsible for the investment of your contributions. The combination of both the Plan and an RRSP is the best scenario – you can rely on the monthly pension from the Plan for your lifetime, and you can use the money accumulated in your RRSP to supplement your retirement income.

Since we're getting money taken from our pay cheques, does it mean that we may go lower in the tax bracket?

The fact that you are making pension contributions means that your total taxable income is less than if you were not making pension contributions.

How do I know what my RRSP room is – do I have to do a calculation?

The [Canada Revenue Agency \(CRA\)](#) determines your RRSP contribution room. If you joined the Plan in 2021, your 2021 T4 tax slip would have included your Pension Adjustment which the CRA uses to determine your RRSP room for 2022. The *Notice of Assessment* that you have received or will receive in 2022 will reflect your available RRSP contribution room for 2022. If you didn't join the SPP until 2022, your participation in the SPP won't impact your RRSP room until 2023.

TARGET BENEFIT PLAN DESIGN

What is the difference between *defined contribution* and *defined benefit*? Aren't the contributions in this Plan defined?

The SPP does have a pension formula that is defined, and it also has contributions that are defined. However it is not a *defined contribution* pension plan. In a defined contribution plan, each employee has an account to which employee and employer contributions are deposited. The employee chooses how to invest their account. At retirement, the employee uses the amount in their account to provide for their retirement. UBC Faculty members participate in a defined contribution plan.

A key feature of the UBC SPP's target benefit plan design is the pension promise and its funding policy. As both employee and employer contributions to the Plan are fixed, the Plan's funding policy states that the basic pension benefit and inflation adjustments (indexing) are subject to the Plan's ability to pay.

Can pension indexing impact me negatively, meaning that is it possible that due to the adjustments I would receive less than if I would having a fixed pension?

No, pension indexing cannot negatively impact your pension. If indexing needs to be reduced as a result of the financial position of the Plan, indexing would be reduced to 0%. (Please see below for more information about indexing, under **Retirement Benefits**.)

What happens in the event that the Plan can't afford to pay the monthly benefit?

The objective of the Pension Board is to ensure that the Plan is financially stable for the long term. If adjustments need to be made to support the funding of the Plan, future indexing to pensions in payment is the first benefit to be adjusted. The next benefit to be adjusted is the pension formula for benefits being earned by active plan members in the following year.

RETIREMENT BENEFITS

Can you explain further about how the pension is paid for life? At retirement, is the pension payment amount based on the different factors (years of service, pensionable earnings, etc.) and this amount paid for life?

The pension formula determines the amount of lifetime pension. The current benefit formula is 1.8% multiplied by years of pensionable service multiplied by best average pensionable earnings (BAE). This calculation is the annual amount of your pension, which we then divide by 12 to determine the monthly pension payment.



There are adjustments made to this calculation depending on the form of pension you elect.

Is it correct that if I have made contributions of \$25,000 while I was working at UBC and then I retire, I will receive a pension until my death, even when the \$25,000 is “exhausted”?

At retirement, the amount that you have contributed is not used to determine your monthly pension. The pension formula, which uses your pensionable service and best average earnings, determines the pension that is paid for your lifetime.

What does indexing mean exactly? How does it benefit me?

Indexing refers to the increases that are made to pensions once they are in payment. The pensions in payment have been increased on January 1st since the inception of the Plan. Until 2012, the amount of the increase was 100% of the change in the [Consumer Price Index \(CPI\)](#). Since 2012, the increase has been 50% of the change in the CPI. So if your pension was \$1,000 when you retired on January 1st, and if 50% of the change in the CPI was 1%, your pension would be increased to \$1,010 on the following January 1st.

When receiving a lifetime pension, does it matter where I'm living? Am I required to be living in Canada?

No, your pension will be paid to you wherever you reside in the world.

Are pension benefits taxable?

Yes, monthly pension benefits are subject to tax. The amount of pension that is determined using the pension formula is the amount before tax has been withheld.

myPension SECURE WEBSITE

How do we find what our monthly entitlement would be if we retired today?

[myPension](#) can be used to produce estimates of your pension assuming you remain an active member of the Plan until the retirement date you enter into the tool. If you are currently over age 55, you can put today's date into the tool to estimate your currently monthly pension entitlement. You can also contact the Pension Administration Office to request a pension estimate.

Does the pension calculator show estimates only for this pension plan, or does it include other pensions?

The [myPension](#) website shows the estimated pension you might earn under the SPP. Other pensions are not included.

INVESTMENTS

Can we see what the pension funds are invested in?

The Plan's [annual reports](#) include a section written by [UBC Investment Management Trust \(IMANT\)](#) which describes how the funds are invested. UBC IMANT selects appropriate investment strategies and external investment managers for each asset class the pension fund is invested in. It is a manager-of-managers approach that is considered to be best practice and the most cost-effective method of investing the portfolio. The external investment managers, not IMANT, select the actual investments. Each of the investment managers is expected to be transparent and to provide informative and timely reporting.

Given the size of the portfolio and the number of underlying external managers (i.e. over 40 managers), it would be difficult to provide a listing of all the underlying investments and the information would be out of date, so there is no real value in doing so.

Do you know whether any amounts are invested in anything that has interest in the tobacco industry?

UBC IMANT follows the criteria set out in the Plan's Statement of Investment Policy and Procedures which includes reference to Environmental, Social and Governance (ESG) factors. One of the Board's priorities for the next year is to increase the ESG transparency of the portfolio. We will be providing more information regarding the Plan's investments.

What if the Plan invests in something that is against my religious or moral stance? Can I opt out of those?

No, since the investments are made at the total fund level, there is no mechanism for an individual plan member to direct how their own contributions are invested. Investment direction is not possible in a target benefit pension plan.

MISCELLANEOUS

Why did the Plan become mandatory in 2020?

The Plan has always been mandatory – but before April 1, 2020, each eligible employee could defer joining for up to three years. UBC wants to ensure that all eligible employees are able to earn the largest possible pension, and that is achieved by requiring enrolment when first eligible.

Is it possible to opt out of the Plan?

No, if you are in an eligible position at UBC, you must join the Plan and you cannot opt out.

How does the pension work during maternity leave?

The type of leave determines how much you have to contribute to the Plan. If you want to continue to earn pension benefits while you are on maternity leave, you make your contributions to the Plan and UBC will also make its contributions on your behalf.

If I leave UBC before age 55 and choose to leave my contributions in the Plan, but then I pass away before age 55, what happens to my pension?

Your beneficiary would receive the value of your pension. The amount of the lump sum is the same amount as if you had terminated your employment. If your beneficiary is your spouse, they will have the option to receive a monthly pension for their lifetime instead of a lump sum.

If my spouse does not work for UBC, how does the spousal benefit work? Would I be required to contribute double the amount since the pension is paid for both my lifetime and my spouse's lifetime?

No, you contribute 6.5% of your pensionable earnings. Your pension at retirement will be adjusted to reflect the fact that your pension will be paid to you for your lifetime, and then on your death, to your spouse for their lifetime.

This content has been compiled by the UBC Pension Administration Office. If there is any inconsistency between the contents of this communication and the pension plan documents or legislation, the plan documents and legislation will prevail. Updated April 12, 2022.

If you have further questions about the UBC Staff Pension Plan, reach out to us at spp@hr.ubc.ca, or visit the website at staff.pensions.ubc.ca.