



# UBC Staff Pension Plan Guide



THE UNIVERSITY OF BRITISH COLUMBIA

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# Your Pension Plan

## INTRODUCTION

The Staff Pension Plan Guide provides an overview of the main features of your pension and how it fits into the big picture of retirement planning. The purpose of the Staff Pension Plan is to provide you with a stable retirement income for the lifetime of you and your spouse.

## WHAT IS THE STAFF PENSION PLAN (SPP)?

The University of British Columbia (UBC) SPP was established on January 1, 1972 and serves current and past staff employees and retirees, as well as employees of the University's related employers\*. The Plan is sponsored by the University and it provides retirement, termination and death benefits for members.

The SPP is a Target Benefit Plan with fixed contributions. Your pension, at retirement, is calculated according to a formula that uses your **pensionable service** and your **best average earnings** (salary). The Plan is financed by fixed contributions made by you and UBC. The Plan may be amended from time to time to keep the benefits in line with the Plan's ability to pay for them.

*\*For further information regarding the University's related employers and a summary of the rights and obligations of these employers, please refer to the Plan Text at [staff.pensions.ubc.ca/governance/policies-documents](http://staff.pensions.ubc.ca/governance/policies-documents).*

## YOUR RIGHTS AND RESPONSIBILITIES

Pension plans are highly regulated by federal and provincial legislation. The SPP is registered federally under the Income Tax Act (Registration No. 0572362) and provincially under the British Columbia Pension Benefits Standards Act (Registration No. P085439-1). As a member of a pension plan, you have certain legislated rights including the right to receive an annual statement from the Plan and a right to examine official Plan documents.

You also have obligations - most importantly, to inform yourself about your pension plan and the decisions you need to make as a member.

## USING THIS GUIDE

**Pension plans and the legislation that governs them are complex.** The information in this guide summarizes the main features of the Plan. This guide does not create or confer any rights to benefits. Not every detail can be contained in a summary booklet such as this. In the event of any discrepancy or misunderstanding, benefits will be administered according to the Plan Text and the applicable legislation. Such legislation includes the British Columbia Pension Benefits Standards Act (B.C. PBSA) and the Income Tax Act.

**Important Terms.** Throughout this guide, you will come across some frequently used terms or phrases. These terms will be highlighted in **orange** and definitions explaining these terms are provided in the *Important Terms* section of this guide.

**Examples.** The examples used in this guide are for illustrative purposes to help explain a pension concept or calculation. These examples should not be relied upon for decision-making purposes.

## PLAN GOVERNANCE

Governance of the UBC SPP refers to the structure in which the roles and responsibilities of governing parties are clearly defined so that clear and timely decisions are made in respect to the Plan. Good governance puts the best interest of the Plan's stakeholders first and ensures that **fiduciary duties** are met as well as ensuring the best practices and administration for all Plan members and their beneficiaries. This is important to ensure that members receive good value for their investment in the SPP in the form of a stable lifetime retirement pension.

## PLAN MANAGEMENT

The University has delegated the day-to-day administration of the Plan to the SPP Board and administration services are provided by the Pension Administration Office (in Human Resources). Amendments to the Plan Text are recommended by the SPP Board, reviewed by the University Administration and approved by the UBC Board of Governors. The SPP also employs several advisors and consultants to provide expertise and advice on specific areas.

## SPP BOARD

The SPP Board meets several times a year to discuss areas such as the Plan administration, operations, governance and investments, and works closely with the University and the Plan's advisors to ensure the Plan is sustainable for the long term. The Board is composed of nine Board members:

- Four Board members are elected by Plan members, serving four-year terms.
- Four Board members are appointed by the UBC Board of Governors, serving four-year terms.
- One Board member is appointed to the SPP Board by the UBC Board of Governors as an independent non-voting chair.

Every two years, there are elections held for two Plan members to serve on the SPP Board. The SPP Board has a significant role in the governance of your pension plan and welcomes your feedback. Should you have any questions or matters you would like to discuss with the Board, please contact a board member at [staff.pensions.ubc.ca/governance/board](http://staff.pensions.ubc.ca/governance/board).

## PLAN TEXT

The Plan Text is the official plan document and covers the features of the SPP in detail. This document is available on the Plan's website. Where there is any discrepancy between any of the Plan's communications (print and electronic) and the Plan Text, the Plan Text and legislation will prevail.

For more information on the Plan's governance, please visit the [Plan Governance](#) section of the Plan's website.

## ADDITIONAL INFORMATION

Looking for more information? The following are additional ways to learn more about the SPP.



If you see this icon INFO SHEET, this means there is an information sheet available that covers the topic in greater detail. We call these sheets "SPP Details." These information sheets are available on the Plan's website in the Forms and Resources section and at the Pension Administration Office.

## PLAN WEBSITE: STAFF.PENSIONS.UBC.CA

Our website is a great resource for learning more about the SPP and your pension benefits. These are some items that you will find on our website:

- **News & Events:** Here you will find the latest news about the Plan as well as recent and past newsletters.
- **Plan Governance:** You may view the official Plan Text on this page, in addition to financial statements, quarterly reports, annual reports and more.
- **myPension:** myPension is an online tool for members of the Plan to access their personal pension information, review their beneficiary (ies), update their Communication Preferences, and if applicable, calculate pension estimates to better understand their pension income for retirement planning. Members can access myPension by visiting our website and clicking the myPension login button. Further information about myPension is available at [staff.pensions.ubc.ca/about-mypension](http://staff.pensions.ubc.ca/about-mypension).
- **Workshops:** Check out our [Upcoming Pension Workshops](#) page found under the News & Events navigation tab. Attend a workshop to learn more about the Plan and have your questions answered.
- **Forms & Resources:** On this page, you'll find all the pension forms you will need as a member of the pension plan. You will also find the SPP Guide and Details Information Sheets, FAQs, and Important Terms.

## ANNUAL MEMBER STATEMENT

**Active** and **Deferred members** of the SPP will receive an annual member statement, which provides a summary of information such as your contributions, benefits and personal pension data. Visit our the [Forms & Resources](#) section at the Plan's website for a "Guide to reading your SPP Annual Statement."

## WE ARE HERE TO HELP – CONTACT US

If you have any questions or require further information, please contact us at:

UBC Staff Pension Plan  
Pension Administration Office  
201 – 2389 Health Sciences Mall  
Vancouver, BC V6T 1Z3 Canada (Campus Mail Zone 3)

Telephone: 604-822-8100  
Fax: 604.822-9471  
Email: [spp@hr.ubc.ca](mailto:spp@hr.ubc.ca)

Margaret Leathley, Pension Administrator  
Pension Administration Office  
201 – 2389 Health Sciences Mall  
Vancouver, BC V6T 1Z3 Canada (Campus Mail Zone 3)  
Telephone: 604-822-8119  
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Visit [staff.pensions.ubc.ca/contact](http://staff.pensions.ubc.ca/contact) for contact information of our administrative staff and management, and [staff.pensions.ubc.ca/governance/board](http://staff.pensions.ubc.ca/governance/board) for contact information of our Board members.





# Getting Started

For some of us, retirement may be a long way off. For others, it may be just around the corner. No matter where you are in life, it is never too early or late to plan for your future. By joining the SPP today, you can begin to take advantage of its many benefits:

- The SPP is an easy and convenient way to save for your financial future – contributions are taken directly off your pay cheque.
- As income tax is calculated based on your income after contributions have been deducted, the SPP provides you with automatic tax savings each month.
- Pension benefits are calculated using a formula based on your salary and years of pensionable service. This means the earlier you enroll in the SPP, the more pensionable service you will have, which increases your pension.
- Whether you are a member for one or ten years, if you leave UBC before age 55, the minimum refund you will receive from the SPP is 1.5 times your contributions.\* This means for every \$1 you contribute, you receive a minimum of \$1.50 back. That's a 50% return on the money you put in the pension plan.

*\*All lump sum payments from the Plan are subject to B.C. Pension Benefits Standards Act regulation and you may be required to transfer a portion or the entire amount of your payment into a **Locked-in Arrangement**, which must be used to provide retirement income. Once you turn age 55, the lump sum option is no longer available unless you have a **small pension**.*

## ELIGIBILITY

Full-time and part-time salaried employees as well as CUPE 116 and CUPE 2950 hourly employees are required to join the SPP on the date that they are enrolled for basic life insurance.

The following appointments are **not eligible** for the Staff Pension Plan:

- Hourly appointments which are not eligible for the SPP
- Student appointments
- Faculty appointments
- Staff appointments hired on or after January 1, 2007, whose earnings exceed the limit for eligibility defined in the Staff Pension Plan. These employees will be enrolled UBC Faculty Pension Plan.

## CONTRIBUTING TO THE STAFF PENSION PLAN

Each month, you and the University will contribute to fund the pension plan as a whole.

### YOU CONTRIBUTE:

6.5% of your **pensionable earnings** (salary)

### THE UNIVERSITY CONTRIBUTES:

9.4% of your **pensionable earnings** (salary)

#### Examples:

If your salary is **\$42,000** per year, your monthly pensionable earnings are \$3500.

- Each month, you would contribute \$227.50 to fund the overall Plan, which will be deducted directly from your pay cheque. ( $\$3500 \times 6.5\% = \$227.50/\text{month}$ )
- The University would contribute \$329 each month to fund the overall Plan. This amount is shown on your pay cheque. ( $\$3500 \times 9.4\% = \$329/\text{month}$ )

If your salary is **\$60,000** per year, your monthly pensionable earnings are \$5000.

- Each month, you would contribute \$325 to fund the overall Plan, which will be deducted directly from your pay cheque. ( $\$5000 \times 6.5\% = \$325/\text{month}$ )
- The University would contribute \$470 each month to fund the overall Plan. This amount is shown on your pay cheque. ( $\$5000 \times 9.4\% = \$470/\text{month}$ )

You can view the details of your and the University's contributions on your payslip in Workday at [myworkday.ubc.ca](https://myworkday.ubc.ca). You need your Campus-Wide Login (CWL) to access Workday.



## NAMING A BENEFICIARY



Ensuring that you have the right beneficiary listed for your pension plan is one of the most important things you can do in planning your estate. Only a designated (or “named”) beneficiary under the Plan is eligible to receive a pre-retirement death benefit if you die before you retire. Since the benefit could be substantial, it is important that you consider your decision carefully.

### YOUR SPOUSE IS YOUR BENEFICIARY

Under the B.C. Pension Benefits Standards Act, your **spouse**, if you have one, must be named as your primary beneficiary, unless he or she signs a waiver of their survivor benefits. If you do not have a spouse (or if your spouse has waived his or her entitlement), you can elect one or more beneficiaries to receive your pension benefits from the SPP. A beneficiary can be one or more living individuals, a charitable entity, your estate, or any combination thereof. If you do not name a beneficiary, your estate automatically becomes your beneficiary.

For information regarding spousal waivers, please [contact](#) the Pension Administration Office.

### WHAT IS A SECONDARY BENEFICIARY?

A secondary beneficiary receives your pre-retirement death benefit should both you and your spouse die. If you do not have a spouse, a secondary beneficiary would receive your pre-retirement death benefit if both you and your primary beneficiary die.

### WHERE CAN I VIEW MY BENEFICIARIES?

All your beneficiaries can be viewed on myPension, which can be accessed using your Campus-Wide Login (CWL) ID from the front page of the Plan’s website.

### REQUIRED PROOF OF AGE DOCUMENTS

Proof of Age is required for all Plan members and their spouses. A photocopy of one of the following documents will be accepted to verify the date of birth:

- BC Driver’s License and Services Card\* **(combined)**
- BC Photo ID Card\*
- BC Services Card\*
- Birth Certificate
- Canadian Citizenship Card **(issued prior to February 2012)**
- Driver’s License\* (regular or enhanced)
- Nexus\*
- Passport\*
- Permanent Resident Card\*
- Secure Certificate of Indian Status\*

**\* All asterisked documents must have a valid expiry date (not expired) at the time of submitting your documents.** These documents can be provided through Workday.



# Life Events

We recognize that changes happen in life and at work. When some events occur, you may need to make decisions and take action regarding your pension benefits. The following are some of these events and the actions you need to take.

## LEAVING UBC (OR THE PLAN) BEFORE RETIREMENT



Some SPP members will leave the Plan before retirement if they change employers, move to a new position at UBC (that is not eligible for the SPP) or relocate to a different country. Whatever the reason, there are decisions you will need to make about the benefits you have accrued with the SPP.

### IF YOU ARE UNDER AGE 55

As soon as you know that you are going to leave the SPP, please inform the Pension Administration Office. You will receive an information package in the mail approximately four to six weeks after the month in which you leave. The information package will include:

- your options for receiving your accrued Plan benefit,
- your calculated Plan benefit under each option, and
- the forms you need to complete to indicate your decision.

### YOUR OPTIONS

Most members under age 55 will have a choice between a **Monthly Lifetime Pension** or a **Lump Sum payment**. 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.

With the **Monthly Lifetime Pension (deferred pension)** option, your earned benefit remains in the Plan and you receive a deferred pension starting as early as age 55 (earliest retirement age).

The **Lump Sum option\*** means you receive a lump sum equal to the greater of the value of your deferred pension (**commuted value**) or a **minimum contribution refund** of 1.5 times your contributions plus interest. The interest applied to member contributions is a **Five-Year Bank Rate**.

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

*\* All lump sum payments from the Plan are subject to B.C. Pension Benefits Standards Act regulation and you may be required to transfer a portion or the entire amount of your payment into a **Locked-in Arrangement**, which must be used to provide retirement income. Once you turn age 55, the lump sum option is no longer available unless you have a **small pension**.*

See the **SPP Details** info sheet on **Leaving UBC (or the Plan) before Retirement** for more information and examples.

## IF YOU ARE AGE 55 AND OVER

Please [contact](#) the Pension Administration Office as soon as you know your retirement date (or the date you will leave UBC after age 55). If you have not received a Pension Illustration/Estimate of your retirement benefit at the time of your call, please inform us and we can send you an information package.

If you have not attended a Retirement Information Session, you may wish to set up one when you call so that a member of the SPP team can fully explain the options available to you at retirement.

## MOVING INTO A NEW POSITION OR CHANGING YOUR HOURS

Changing positions within UBC does not affect your enrolment in the Staff Pension Plan (SPP) unless your new position is:

- An Hourly appointment, which is not eligible for the SPP, or
- A Student appointment, or
- A Faculty appointment, or
- You were hired on or after January 1, 2007 and subsequently reach the high earnings threshold in the Staff Pension Plan.

In the latter two cases, you may be eligible to transfer to the UBC Faculty Pension Plan (FPP). If you are eligible to transfer/join the UBC FPP, the Pension Administration Office will send you information about your SPP entitlement.

To receive all final paperwork, please ensure that your address is current in Workday. If you do not receive your information package, please contact the Pension Administration Office.



## CHANGING YOUR BENEFICIARY



Changes in your life may occur that mean you may need to change your beneficiary on file. Visit the SPP website at [staff.pensions.ubc.ca](http://staff.pensions.ubc.ca) and select **Life Events > Designating your Beneficiary** for detailed information on how to change your beneficiary. Your beneficiary must be your spouse unless your spouse elects to waive their entitlement. The following are life changes that may require you to change your beneficiary:

### NEWLY MARRIED/COMMON-LAW SPOUSE

You may need to change your beneficiary if your marital status changes. The law requires your spouse to be the designated beneficiary of your pension benefit, unless your spouse waives this entitlement. For information regarding spousal waivers, please contact the Pension Administration Office.

### MARRIAGE SEPARATION/DIVORCE

If you are in the process of a separation or divorce, the Pension Administration Office requires specific document(s) pertaining to the division of your UBC SPP benefits with your former spouse. We will require a copy of your signed separation agreement as soon as it is available. Other documents may be required such as a copy of divorce papers and any B.C. Family Law Act forms relevant to your former spouse's entitlement to a portion of your pension (if applicable).

Going through a marriage breakdown can be a very stressful time and we strongly encourage you to contact our office if you have any questions around which documents are required. You can be assured of the strictest confidentiality in dealing with matters regarding your pension benefit and your separation.

### WELCOMING A NEW CHILD

If you have recently had or adopted a child, you may wish to make additions to your designated beneficiary or secondary beneficiaries. Visit the SPP website at [staff.pensions.ubc.ca](http://staff.pensions.ubc.ca) and select **Life Events > Designating your Beneficiary** for detailed information on how to change your beneficiary.

### DEATH OF A LOVED ONE

If your spouse dies, you will need to update your beneficiary information on file.  
In the event of death of your secondary beneficiary, you may also wish to update your information on file.

## IN THE EVENT OF YOUR DEATH

In the event of your death before or after retirement, there are some things that will happen in regards to your pension benefit:

### DEATH OF AN ACTIVE OR DEFERRED MEMBER BEFORE RETIREMENT

If you are an Active or Deferred member and die before retirement, your beneficiary or your representative needs to contact the Pension Administration Office. We will then send a letter to your beneficiary(ies) explaining which documents must be completed and returned by them before a death benefit can be paid from the Plan.

## DEATH OF A MEMBER AFTER RETIREMENT

If you or your spouse dies, your representative (Power of Attorney/Executor/Spouse) needs to [contact](#) the Pension Administration Office. A letter will be mailed to the spouse or Executor/Power of Attorney explaining the benefit that may be payable based on the option that you elected at retirement.

## CHANGING YOUR ADDRESS

If you are an Active member, you can change your address and other contact information, as well as make name changes, in Workday. All address changes made through Workday are automatically transferred to the Pension Administration Office provided that you are still working at UBC and are a member of the SPP.

If you are a Deferred or Retired member, please [contact](#) the Pension Administration Office with your name change or new contact information and we will update our records accordingly.

## TAKING A LEAVE OF ABSENCE



Depending on the type of leave (medical, maternity, parental, unpaid, layoff, etc.), you may choose during the leave to:

- Pay your contributions, or
- Pay both your contributions and the employer's contributions, or
- Opt not to make contributions - in turn affecting your pensionable service

The amount that you will contribute is determined by the type of leave you are taking. Two years is the maximum length you may contribute to the SPP while on leave.

By paying the contributions, you can maintain your pension while on unpaid leave for a maximum of two years, except for those that are on Disability Benefit Program (DBP)/Income Replacement Plan (IRP) as there is no maximum of years for Long Term Disability (LTD) plans. This may or may not be to your advantage.

It is recommended that you [contact](#) the Pension Administration Office for more information, if you are planning a leave, to discuss how your pension benefits will be affected.

## DISABILITY BENEFIT PROGRAM (DBP)/INCOME REPLACEMENT PLAN (IRP)

If you are an SPP member and are approved for the [Disability Benefit Program \(DBP\)/Income Replacement Plan \(IRP\)](#), you can continue to accrue pensionable service for as long as you are on DBP/IRP.

- If your DBP/IRP leave begins on or after July 1, 2009, you are responsible for paying both your portion of the contributions and the University's contributions for each month (or portion) you are on the leave or layoff.
- If your DBP/IRP leave began before July 1, 2009, you do not need to contribute while on DBP/IRP.

## MATERNITY/PARENTAL LEAVE OF ABSENCE

In order to maintain your pension benefits you will be responsible for making your required contributions for each month (or portion) you are on your leave. The University will continue to pay their portion while you are on leave only if you contribute the employee portion. If you do not receive an invoice, please [contact](#) the Leave of Absence team in Financial Services.

## RETURNING FROM A LEAVE OF ABSENCE OR LAYOFF

If you chose to suspend your pension during a leave of absence or layoff, Payroll will reinstate your benefits automatically and deductions will resume as normal.

It is important that you review your pay cheque to ensure your required pension contributions have been deducted. If the contributions have not been deducted, please [contact](#) the Pension Administration Office immediately.

For further information, visit the UBC HR website at [hr.ubc.ca](http://hr.ubc.ca) and select **Benefits > Benefit Plan Details > Vacation & Leaves > Benefits coverage while on a leave.**





# Retirement

Retiring is a big event in anyone's life. Your decision will be based on many factors, including the amount of retirement income you will have. You may elect to start your SPP pension as early as age 55 and as late as age 71.

The Pension Administration Office is here to help with any questions you may have regarding your options for receiving your pension benefit, time frames, paperwork and forms - please let us know how we can help you.

## COUNTDOWN TO RETIREMENT

The decision to retire will be based on your own personal situation - the best time will be unique to you. For example, some things you may consider are your health and financial situation. The following are a few examples of ways to help you start planning for your retirement:

### ATTEND A STAFF PENSION PLAN WORKSHOP

Visit the [Workshops](#) page on the Plan's website to register for an in-depth workshop on the SPP.

### WORK WITH A FINANCIAL AND RETIREMENT CONSULTANT

Many financial institutions offer financial and retirement consulting services to assist you with planning financially for retirement.

## GENERATE YOUR OWN PENSION ESTIMATES USING THE MYPENSION ESTIMATOR

The myPension estimator is a tool that provides you with an estimate of your pension benefit. It is a helpful tool for retirement planning; however, your actual pension can only be calculated on the information available at the date of your retirement.

## LEARN ABOUT THE UBC RETIREMENT AND SURVIVOR BENEFITS PROGRAM

UBC offers a [Retirement and Survivor Benefits \(RSB\) program](#) which provides continuation of group benefits to UBC community members who retire or leave the University for any reason after age 55.

## WORKING PAST AGE 65

If you decide to work past age 65, you have two options with regards to your pension:

1. You may continue making contributions and accrue your pension until age 71, at which point, you must elect to start your pension benefits. Or you may elect your pension at any time before age 71.
2. You may elect to stop making contributions and begin your pension at age 65 or the first of a later month.

If you choose Option 2, there will be changes to your medical, dental, and extended health benefits. For more information, please [contact](#) the Benefits team at UBC Human Resources.

Additional information about retiring from UBC can be found on the Human Resources website at [hr.ubc.ca](http://hr.ubc.ca) by selecting **Benefits > Life events and your benefits > Retiring**.

## THE RETIREMENT PROCESS

It is important that you notify the Pension Administration Office as early as possible of your retirement date. Your retirement date will be the 1st of the month following your last paid day at UBC. The SPP team is happy to assist you with any questions you may have regarding the time frames, paperwork, and your options for receiving your SPP benefit. The following describes some of the steps and decisions you will encounter on the road to retirement with the SPP:

## REQUEST AN ILLUSTRATION PACKAGE

When you are within a year of retirement, you are encouraged to contact the Pension Administration Office and request an illustration package. This package will be mailed to you within four to six weeks with an illustration of your retirement options. The benefit calculations are for illustration purposes only and your actual benefits will be calculated at your actual retirement date.

Members age 55 and over who are leaving UBC but are not retiring may also receive an illustration of their retirement options, as they are eligible to elect a retirement option at age 55. You may choose to defer your decision to a later date; however, once you turn age 71, you will be required to make an immediate decision in regards to your accrued benefits with the SPP.

## SCHEDULE A RETIREMENT INFORMATION SESSION (RIS)

Also within a year of retirement, you are encouraged to schedule a Retirement Information Session at the Pension Administration Office to review your retirement options in more detail. If you have a spouse, you are encouraged to bring them with you so you both understand your options. To book an appointment, please [contact](#) the Member Services team at the Pension Administration Office.

## YOUR RETIREMENT PACKAGE

After you have selected a retirement date, you will be contacted by the Pension Administration Office once your pension benefit has been calculated and your retirement package is ready for signing. This typically occurs during the second week of your retirement. At that time, you may choose to sign your package in person (we will call you to make an appointment), you may ask to have it mailed to you by paper, or we can upload it to myPension where you can securely download it.

## RECEIVING YOUR PENSION PAYMENTS

If you have completed all related paperwork by the 15th of the month following your retirement date, your first pension payment will occur during the last week of that month and the next payment will occur on the first business day of the following month.

### Example:

Laura Doe elected a Monthly Lifetime Pension option and has a retirement date of September 1. If the Pension Administration Office receives Laura's completed and signed retirement package by September 15, her first pension payment will occur during the last week of September and her next payment will occur on October 1.

## RECEIVING YOUR LUMP SUM PAYMENT (IF ELIGIBLE)

If you qualify for a **lump sum option**, your payment will be issued the last business day of that month, providing we have received your signed retirement package by the 15th of that month. If you return your retirement package in the last half of the month, your payment will be available at the end of the following month.

### Example:

Roger Smith elected a Lump Sum option and returned his signed retirement package on September 13. Roger's payment will be available at the end of September. If Roger returned his signed retirement package on September 23, his payment will be available at the end of October.



## THE PENSION BENEFIT – “SPP BASIC BENEFIT”

When you retire, you are entitled to the value of your accrued pension benefit, calculated according to the pension formulas. If you retire before the normal retirement age of 65, the calculated pension may be reduced (see the [Retirement Ages](#) section for details).

If you have pre- and post-July 1, 2009 pensionable service, your pension benefit will be calculated using both the formulas below.

- For pensionable service earned before July 1, 2009, the formula used to calculate your annual lifetime pension benefit is:

$$\begin{array}{ccc} \text{2\% of your Best Average Pensionable Earnings*} & \times & \text{Your years of pensionable service} \\ & \text{Less} & \\ \text{0.7\% of your Best Average Pensionable Earnings up to the Average Year's Maximum Pensionable Earnings**} & \times & \text{Your years of pensionable service} \end{array}$$

- For pensionable service earned after June 30, 2009, the formula used to calculate your annual lifetime pension benefit is:

$$\begin{array}{ccc} \text{1.8\% of your Best Average Pensionable Earnings*} & \times & \text{Your years of pensionable service} \end{array}$$

The following terms are used in the calculations:

**\*Best Average Pensionable Earnings:** This is the average of your basic salary over any three, non-overlapping periods of twelve consecutive months of pensionable service which produce the highest figure. The three years do not need to be consecutive, and may not necessarily be the last three years of pensionable service.

**\*\*Average Year's Maximum Pensionable Earnings** means the average of the YMPE over the same periods of Pensionable Service as are used in determining Best Average Pensionable Earnings.

## RETIREMENT AGES



SPP Details  
Info Sheet

No matter what age you start your pension, your pension will be paid for your and your spouse's lifetime. The amount of your monthly pension payments may be adjusted if you retire early or after age 65 to account for the longer or shorter period over which you will receive pension payments. Therefore, it is important that you consider your age and as well as whether you are eligible for a bridge benefit when you are thinking about when to retire.

### NORMAL RETIREMENT: AGE 65

For pension purposes, normal retirement is based on the age of 65. This means that if you retire at or after age 65, your pension will not have an early retirement reduction factor applied.

### EARLY RETIREMENT: AGES 55 TO 64

If you do not qualify for Special Early Retirement (Bridge Benefit) and you retire early, your pension will be adjusted for each year that you retire before age 65 to account for the longer period you will be receiving a pension. An early retirement reduction factor of 4% for each year will be applied to any pensionable service accrued up to and including December 31, 2011. Effective January 1, 2012, an actuarially equivalent early retirement reduction factor will be applied to pensionable service accrued on and after January 1, 2012.

### SPECIAL EARLY RETIREMENT (BRIDGE BENEFIT): AGES 60 TO 64

You are eligible for Special Early Retirement if you:

- joined the SPP before January 1, 1992, and
- have at least 20 years of Plan membership at your retirement date.

If you are eligible based on the criteria above, you will be entitled to a **bridge benefit** in addition to your lifetime pension if you retire before age 65. This benefit is paid from your early retirement date to age 65. The bridge benefit is a temporary pension which is equal to the lesser of your Best Average Pensionable Earnings and the Average YMPE, multiplied by:

1. 0.7% multiplied by Pensionable Service after December 31, 1965 to June 30, 2009, plus
2. 0.2% multiplied by Pensionable Service on and after July 1, 2009.

If you retire at or after age 60, your early retirement pension will not be reduced. If you retire before age 60, however, your lifetime pension and bridge benefit will be reduced by 3% for each year that your early retirement date precedes age 60.

### DELAYED RETIREMENT UNTIL AGE 71

You may choose to delay starting your pension until age 71; however, you must start your pension by December 31 in the year you turn age 71.

## YOUR RETIREMENT OPTIONS



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

- **Monthly Lifetime Pension**

A Monthly Lifetime Pension calculated according to the pension formula. This pension benefit is payable for the lifetime of both you and your spouse (if you have a spouse).

- **Monthly Lifetime Pension with Lump Sum**

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

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 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 AND GUARANTEE PERIODS

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 normal calculation of pension benefits is based on a Single Life pension with a 10-year guarantee period. If you choose a pension option that is different from the normal calculation then the amount of your monthly pension payments will 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 shorter or longer guarantee periods. You will need to make decisions about the form of pension and the guarantee period:

1. **Form of Monthly Lifetime Pension:** The SPP offers forms of pension options under two categories: a **Joint and Last Survivor Monthly Lifetime Pension** and a **Single Life Annuity Monthly Lifetime Pension**. The following section describes the different forms of pension based on whether you have a spouse or not:

## YOU HAVE A SPOUSE

If you have a spouse, pension legislation requires that at least 60% of your pension continues to your spouse if you die first, unless your spouse signs a waiver of this survivor benefit. 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:

<b>Joint and Survivor Monthly Lifetime Pension Option:</b>	<b>Example:</b>
	John Doe is a retired member of the SPP and he is married to Jane Doe. John and Jane have a child named Wendy. Wendy is John's designated beneficiary in the event of both his and Jane's death.
1. <b>Continuing in full on death of Member or Spouse</b>	<p>If either John or Jane die, 100% of the pension benefit will be paid to:</p> <ul style="list-style-type: none"><li>▪ Jane for her lifetime, if she is the survivor.</li><li>▪ John for his lifetime, if he is the survivor.</li><li>▪ Wendy (if both John and Jane die) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum.</li></ul>
2. <b>Reducing to 60% on death of Member</b>	<p>If John dies before Jane, 60% of his pension benefit will be paid to:</p> <ul style="list-style-type: none"><li>▪ Jane for her lifetime as the survivor.</li><li>▪ Wendy (when Jane dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum.</li></ul> <p>If Jane dies before John, 100% of the pension will continue to be paid to:</p> <ul style="list-style-type: none"><li>▪ John for his lifetime</li><li>▪ Wendy (when John also dies) for the remaining balance of the guarantee period (if any) in monthly payments or a lump sum.</li></ul>

## YOU DO NOT HAVE A SPOUSE

If you do not have a spouse, you will receive a Single Life Annuity Pension.

<b>Monthly Lifetime Pension Option:</b>	<b>Example:</b>
	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.
<b>Single Life</b>	Martin will receive a pension paid for his lifetime and may choose a guarantee period of 5, 10, or 15 years. If he dies before the guarantee period ends, the remaining payments monthly payments or a lump sum will be paid to Martha as his designated beneficiary.



2. **Guarantee period:** The guarantee period pertains to the payment of your pension benefits to a designated beneficiary in the event of your and your spouse's deaths (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, should both you and your spouse die.

#### **Example:**

John Doe is a member of the Staff Pension Plan and he is married to Jane Doe. John selected a pension option from the Plan with a guarantee period of 15 years. John has also designated their daughter, Wendy, as their beneficiary in the event of his and his wife's deaths.

After 8 years of retirement, John and Jane have an unfortunate accident and die. Wendy, as the designated beneficiary, will receive the remaining pension payments as per the guarantee period. As eight years of payments have already been paid, Wendy may choose to receive the remaining seven years of monthly payments, or altogether in a lump sum payment.

#### **Example:**

If John and Jane never had their unfortunate accident and died after enjoying 21 years of retirement, the guarantee period would have ended and Wendy would not receive any payments upon the death of her parents.

See the **SPP Details** info sheet on **SPP Retirement Options** for more information and detailed examples.

## INCREASE YOUR PENSIONABLE SERVICE: BUYING BACK PAST SERVICE



You may buy back past service if you were eligible to join the Plan but did not enrol. You may also qualify if you were a member of the Plan and there was a period when you were on an unpaid leave of absence and you did not make both employee and employer contributions. Buying back past service allows you to contribute for eligible service that you missed; therefore, increasing your pensionable service and increasing your pension at retirement. The cost of buying back is equal to the increase in value of your pension. The following is the eligibility criteria for buying back past service:

- You must elect a Monthly Lifetime Pension Option from the Plan.
- You can only buy back past service for a period of continuous employment that occurred before July 1, 2009. There cannot be any breaks in your employment.

Details and examples are available on our **SPP Details** info sheet on **Buying Back Past Service**.

## COST OF LIVING ADJUSTMENTS (COLA)

After you begin receiving your pension, a COLA (**indexing**) may be applied to your pension payments subject to the Plan's ability to finance it. This is also known as an inflation adjustment. Plan benefits may be adjusted upwards or downwards if the Plan's financial health falls outside limits defined in the Plan's funding policy.

The COLA represents the percentage change in the Consumer Price Index (CPI) for Canada over the previous year (October to October). The SPP's method of calculating the COLA matches the method and timing of the Canada Pension Plan (CPP) indexing.

Visit the COLA page on the Plan's website at [staff.pensions.ubc.ca](http://staff.pensions.ubc.ca) for past COLA percentages and the current percentage being paid to SPP retirees.

## DEATH BENEFITS AFTER RETIREMENT

If you die after your pension payments have started, any death benefit payable will be determined by the form of monthly lifetime pension option and guarantee period you elected at the time of retirement.

## NOTIFYING THE PENSION ADMINISTRATION OFFICE

If you or your spouse dies, your representative (Power of Attorney/Executor/Spouse) needs to contact our office. A letter will be mailed to the spouse or Executor/Power of Attorney explaining the benefit that may be payable based on the option that you elected at retirement as well as a request for any required documentation.



# Beyond Retirement

What is next after retirement? Retirement may be a big change in life for some. Things such as your daily routine may change or the network of people you see every day may change. Luckily, there are many ways you can stay connected with UBC. There are also many resources through the greater community and online to help support your transition into retirement.

## STAY CONNECTED WITH UBC

Being a part of the UBC community means that no matter where you are in life, you are always welcome. Take advantage of the attractions and facilities that both the Vancouver and Okanagan campuses have to offer, like museums, fitness facilities, campus tours, and gems like the UBC Botanical Garden and Nitobe Memorial Garden. Some UBC attractions and facilities have discounts for seniors. You can also decide to pursue a variety of enriching courses and academic pursuits through UBC Extended Learning.

## COMMUNITY AND ONLINE RESOURCES

Visit the Plan's website for a list of web links to various online and community resources such as the BC Seniors Guide, Canadian Association of Retired Persons (CARP), and BC Seniors Housing.



MY  
FUTURE

# Pensions 101

Employer pension plans work alongside personal savings and government pension plans to help you create a financially secure retirement. Together, these three sources are sometimes referred to as the three legs of the retirement income stool.

## EMPLOYER PENSION PLANS

In Canada, employers are not required to sponsor a pension plan for their employees, and only about 39% of workers in Canada are covered by an employer-sponsored pension plan. As a UBC employee, you are part of the 39% who have access to this important source of retirement income.

## GOVERNMENT PENSION PLANS

The Canada Pension Plan (CPP) and Old Age Security (OAS) are the two major sources of retirement income from the Canadian Government.

### CANADA PENSION PLAN (CPP)

Since 1966, employees have contributed to the CPP and are entitled to pension payments at age 65. You can begin receiving CPP payments any time after age 60 without a requirement to stop working or significantly curtail work. If you are under age 65 and start your CPP pension, you and UBC will continue to contribute to CPP to grow your pension benefit while you are receiving benefits. If you continue to work past age 65, you may choose to continue making contributions to CPP or to cease making contributions. If you continue to make contributions, UBC will also continue to contribute to CPP.

Your CPP retirement income depends on how long you contributed and how much you earned during those contribution years. If your earnings were lower in some years of your career, or you did not work in some years, you will receive less.

For more information regarding the CPP, please visit the CPP section of the Service Canada website at [servicecanada.gc.ca](https://www.servicecanada.gc.ca).



## OLD AGE SECURITY (OAS)

Generally, you must be 65 and a resident of Canada for at least 10 years after your 18th birthday to receive OAS in Canada. The amount of OAS you receive depends on the number of years you lived in Canada after you turn 18. Generally, you receive a full pension if you live in Canada for at least 40 years after 18. If you live in Canada for less time, you may qualify for a partial pension.

For more information regarding OAS, please visit the OAS section of the Service Canada website at [servicecanada.gc.ca](https://servicecanada.gc.ca).

## PERSONAL SAVINGS

We are all responsible for making sure we have sufficient income in retirement and that includes our personal savings. To provide an incentive for us to save, the government allows us to shelter a certain percentage of our income each year.

Registered Retirement Savings Programs (RRSPs), Tax-Free Savings Accounts (TFSAs) and other methods of personal savings can be opened at any financial institution and are great ways to save for your retirement while reducing your income tax.

## TAXES

Contributions to registered pension plans such as the SPP are not taxed. The amount of your income that's taxable is reduced each month by the amount you contribute to the SPP. In essence, you receive a tax-refund each month, rather than waiting until you file your income tax return. You do not pay tax on the University's contributions.

The Canada Revenue Agency (CRA) restricts the amount of income that can be sheltered from taxation each year in registered vehicles such as pension plans and RRSPs.

The CRA uses a formula to estimate the value of your earned pension each year, and this value, called the Pension Adjustment (PA) is deducted from your overall RRSP contribution room. Be sure to review the Notice of Assessment you receive from the CRA after you file your income tax each year to see your RRSP room (Box 52 of T4 Slip).

For more information on PAs and RRSPs, visit the RRSP page at [staff.pensions.ubc.ca](https://staff.pensions.ubc.ca).

# Important Terms

**ACCRUED PENSION BENEFIT** is the amount of pension you have earned based on your salary and years of pensionable service.

**ACTIVE MEMBERS** are UBC employees who are making contributions to the Staff Pension Plan (SPP).

## Example:

Jane is a full-time salaried employee and she makes contributions to the SPP each month. Jane is an Active member of the SPP.

Michael is a CUPE 116 hourly employee and joined the Plan when he became eligible. He currently makes contributions to the Plan. Michael is an Active member of the SPP.

**AVERAGE YEAR'S MAXIMUM PENSIONABLE EARNINGS** means the average of the YMPE over the same periods of Pensionable Service as are used in determining Best Average Pensionable Earnings.

**BEST AVERAGE PENSIONABLE EARNINGS** (also **BEST AVERAGE EARNINGS - BAE**) means the average of your basic salary over any three, non-overlapping periods of twelve consecutive months of pensionable service which produce the highest figure. The three years do not need to be consecutive, and may not necessarily be your last three years of pensionable service. If you have less than three years of service, then the average is calculated using all your pensionable service.

**BRIDGE BENEFIT** means a temporary pension,

- a. which is payable, regardless of whether the Member survives to age 65, from Pension Commencement Date to age 65, or the date the Member would have attained age 65 if the Member died before attaining age 65, and
- b. which is equal to the lesser of Best Average Pensionable Earnings and Average YMPE, multiplied by:
  - i. 0.7% multiplied by Pensionable Service after December 31, 1965 and before July 1, 2009, plus
  - ii. 0.2% multiplied by Pensionable Service on and after July 1, 2009.

**COMMUTED VALUE** is the lump sum present value of the pension benefits to which a person is entitled under the Plan. The value is calculated in accordance with the Canadian Institute of Actuaries' commuted value standards for Target Benefit Plans.

**CONTINUOUS EMPLOYMENT** means your period of continuous employment as a staff employee with UBC, including:

- leaves of absence with pay and benefits,
- absences during which you are receiving monthly disability income from the University's Income Replacement Plan (IRP), the Canada Pension Plan or Workers' Compensation,
- leaves of absence without pay and benefits, and
- legal strikes and layoffs, and other labour interruptions.

#### **DEFERRED MEMBERS:**

- are no longer employed at UBC and no longer make contributions to the Plan, and have not yet elected an option from the Plan or (if age 55 and over) have decided to delay starting their pension.
- may still be employed at the University in an ineligible position and no longer make contributions to the Plan, and have not yet elected an option from the Plan or (if age 55 or over) have decided to delay starting their pension.

#### **Examples:**

Wendy left UBC at age 38 to start a different job. Wendy is no longer making contributions to the Plan and has not made a decision about what to do with her money that is still in the Plan. Wendy is a Deferred member of the SPP.

Margherita moved from a full-time salaried position to an Hourly position (which is ineligible for the SPP). As Margherita's job position is no longer eligible, she will no longer make contributions to the Plan each month. Margherita is age 56 and has decided to start her pension at a later date. Margherita is a Deferred member of the SPP.

**DEFERRED PENSION** means a pension payable at a later date.

**ESTATE** means the money and property a person owns at death.

**FIDUCIARY DUTIES** in the form of a fiduciary is essentially someone who holds something (e.g. property or money) in trust for someone else and acts in the person's best interests. In pension plans, the parties involved in sponsoring and managing a pension plan act as fiduciaries for plan members and their beneficiaries. This means that they must act in the best interest of all plan members and beneficiaries.

**FIVE-YEAR BANK RATE** means the average of the yields of a five-year personal fixed term chartered bank deposit rates. The specific rate the SPP uses is a CANSIM rate (V122515) and is called the five-year personal fixed term deposit rate.

**INDEXING** refers to either Pre-Retirement Indexing (Deferred members) or Post-Retirement Indexing (Retirees). It is the amount of inflation adjustment applied to a member's Plan benefit subject to the Plan's ability to finance it. Plan benefits may be adjusted upwards or downwards if the Plan's financial health falls outside limits defined in the Plan's funding policy.

**LOCKED-IN** means that funds must be used to provide a stream of income for life in an approved financial vehicle such as a life annuity or Life Income Fund (LIF). It does not mean that the funds must stay in the Plan.

**LOCKED-IN ARRANGEMENT** means a retirement savings vehicle permitted by Applicable Legislation and includes another registered pension plan, a "Locked-in retirement account," a "life income fund" or "retirement income arrangement" as defined under the BC Pension Benefits Standards Act and Regulation.

**MINIMUM CONTRIBUTION REFUND** (also **MINIMUM REFUND** or **CONTRIBUTION REFUND**) is the minimum amount the Plan provides to members when they leave the Plan. Contribution refunds are calculated at a minimum of 1.5 times the member's contributions plus interest.

Members who have made contributions before and after July 1, 2009 will have their minimum contribution refund calculated using both the formulas below:

- Contributions before July 1, 2009 are calculated at 2 times the member's contributions plus interest.
- Contributions on and after July 1, 2009 are calculated at 1.5 times the member's contributions plus interest.

Interest on contributions is based on a five-year bank rate and is compounded annually and credited to the employee contributions.



**PENSIONABLE EARNINGS** (sometimes referred to as SALARY) means regular compensation, before deductions for pension and benefit plans:

- a. including any or all of the following:
  - i. such compensation received during a Leave Of Absence with pay,
  - ii. Deemed Compensation,
  - iii. earnings with another employer where there is a reciprocal agreement specifying that such earnings will qualify as Pensionable Earnings under this Plan, and
- b. excluding:
  - i. lump sum payments such as signing bonuses and vacation pay paid out on Termination Of Employment, and
  - ii. extra amounts such as those payable for overtime.

**PENSIONABLE SERVICE** means the periods of continuous service in which required contributions were made. This includes:

- Buy-back service, and
- Adjustments for periods of part-time employment and additional service, and
- Leaves without pay in which you decided to make contributions.

**RETIREEES** are members currently receiving pension payments from the SPP.

**Example:**

Mitchell retired in 2002 and is receiving monthly lifetime pension payments. Mitchell is a retired member of the SPP.

Lucy was a member of the SPP and retired in 1998. Lucy's spouse, Barry, is her primary beneficiary. In 2010, Lucy died and Barry continues to receive her pension benefit. Barry is now considered a "Retired" member of the SPP as he is receiving Lucy's pension benefit for the remainder of his life.

**RETIREMENT DATE** means the first of the month immediately following the member's retirement.

**SMALL PENSION** (also referred to as Small Benefit for members under age 55)

If the commuted value of your pension is less than or equal to 20% of the Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) for the calendar year in which the commuted value is determined, then your plan benefit is considered a small pension or small benefit. You must receive this benefit as a lump sum payment.

**SPOUSE**, for the purpose of the pension plan, means a person, regardless of gender, who at the relevant date is:

- married to the Member, and has not been living separate and apart from the Member for a continuous period longer than 2 years; or
- living with the Member in a marriage-like relationship for a period of at least 2 years immediately preceding the relevant date.

**WITHHOLDING TAXES**, means the income withholding tax that is applied to all Lump Sum Cash disbursements. The following is a table of withholding taxes in Canada (with the exception of Quebec).

Amount	% Tax Withheld
\$0-\$5,000	10%
\$5,001-\$15,000	20%
\$15,001+	30%

Cash transfers to a foreign address may be subject to a different withholding tax rate. If this applies to you, please contact the Pension Administration Office for more information.

**Note:** The “% Tax Withheld” is an estimate of the income tax to be paid. The actual tax payable will be determined when you file your tax return and you should plan accordingly.

**YEAR'S BASIC EXEMPTION (YBE)** is the amount (\$3500) determined by the federal government that Canada Pension Plan (CPP) is not charged against.

**YEAR'S MAXIMUM PENSIONABLE EARNINGS (YMPE)** is a figure that is set each year by the federal government which determines the maximum amount on which to base contributions to the Canada Pension Plan.

# Notes

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