



Guide to Your Pension Options

The following information is provided to help you understand the different options available on your *Pension Option Statement*. Please review before choosing the option that best suits your personal situation.

Termination Benefit

You are eligible for a termination benefit from the Healthcare Employees' Pension Plan (HEPP) when:

- You have terminated your employment,
- You are not employed with another employer participating in HEPP,
- You are not re-employed with the same or another employer participating in HEPP within 31 days of your termination date, or
- You and your employer do not make contributions to HEPP for a continuous period of 24 calendar months. This does not include periods of approved unpaid leave of absence or periods while in receipt of disability benefits from a specified long term disability plan.

The Pension Formula

HEPP is a defined benefit plan. This means your pension is calculated using a formula. The two key components in the formula are your Highest Average Earnings and your total years of Credited Service.

The formula used to calculate your monthly pension is:

- 1.5% of your Highest Average Earnings up to the Year's Maximum Pensionable Earnings (YMPE), plus
- 2.0% of your Highest Average Earnings over the YMPE,
- Multiplied by your years of Credited Service, divided by 12.

Termination Options

Members who leave the Plan have the following options for the pension benefit:

1. Keep it in the Plan (deferred pension),
2. Take it out of the Plan as a commuted value transfer,
3. Transfer it to another participating employer, or
4. Transfer it to another plan.

You have a “one-time” window to transfer your pension benefit from the Plan.

In order to be eligible to transfer your benefit out of the Plan you must complete and return all required documentation within 180 days from the date your package was processed. Otherwise your benefit will be deemed deferred and you will only be eligible for a monthly pension benefit once you reach a retirement provision.

▲ You have a “one-time” window to transfer your pension benefit from the Plan.

1. Deferred Pension Benefit

Deferring your pension benefit means you are leaving your pension benefit in HEPP. As a deferred member:

- You may receive your deferred pension as an unreduced monthly retirement benefit at age 65 or you may receive a reduced monthly benefit as early as age 55.
- Your membership will be reinstated if you return to work within three years with an employer participating in HEPP, as long as you have deferred your entire pension benefit and you immediately rejoin the Plan. If you reinstate your membership, your previous period of employment service is combined with current employment service.
- You may be granted cost of living adjustments. They are provided on an ad-hoc basis with no guarantee of future increases.
- If you become totally and permanently disabled, you may request to receive a disability benefit equal to the monthly pension you deferred at termination. Your request must be approved by HEPP.

Early Retirement Reduction

If you defer your pension benefit you may choose to receive a reduced monthly pension as early as age 55. The amount your pension will be reduced depends on your employment history and whether you have credited service from a predecessor plan.

The predecessor plans include:

- The Pension Plan for Employees of Participating Health Care Organizations in Manitoba (**MHO**)
- The Retirement Plan for Employees of Health Sciences Centre, St. Boniface General Hospital, Manitoba Cancer Treatment and Research Foundation, Sanatorium Board of Manitoba, Seven Oaks General Hospital, The Grey Nuns of Manitoba Inc., Community Therapy Services Inc. (**STB**)
- The St. Boniface General Hospital/Unions Jointly Trusteed Pension Plan (**SBG**).

Effective January 1, 2018, termination benefits for members who leave the plan before they are eligible to retire are determined based on a minimum standard calculation.

HEPP/MHO/STB

- Total pension is actuarially reduced before age 65.

SBG

- Post 1998 pension is reduced by $\frac{1}{4}$ of 1% for every month before age 65.
- 1992-1998 pension is reduced by $\frac{1}{4}$ of 1% for every month before age 60 and a bridge benefit is payable until age 65.
- Pre 1992 pension is reduced by $\frac{1}{8}$ of 1% for every month before age 60.

Refer to our website at hebmanitoba.ca for information about terminations that occurred before 2018.



Joint Pension Entitlement

If you defer your pension benefit and you are single when you are eligible to begin receiving your benefit, you are eligible for Single Life options from the Plan.

If you are married or have a common-law partner when you are eligible to begin receiving your benefit, you are eligible for Single Life or Joint and Survivor options. However, under HEPP, the minimum benefit provided to a spouse/common-law partner is 66 $\frac{2}{3}$ % of the Plan member's pension, unless you and your spouse/common-law partner waive this requirement. To do this, your spouse/common-law partner must complete and sign a Waiver Of 60% Joint Pension Entitlement For Pension Plan Or Locked-In Retirement Account form. This must be signed within 60 days before the start of the monthly pension benefit. **This form may be revoked in writing to HEPP at any time before the start of the monthly pension benefit.**





Pension legislation allows for a spouse/common-law partner to waive their entitlement to the pre-retirement survivor or death benefit provided that they receive the prescribed information and complete and return a *Waiver of Survivor or Death Benefit* form to the Plan.

If you are single at the time of death, your designated beneficiary receives the death benefit. The death benefit is paid to the estate when there is no spouse/common-law partner or designated beneficiary. In either case, the death benefit is payable as a taxable lump-sum of the commuted value. A beneficiary or estate may only receive voluntary and excess contributions as a taxable lump sum.

Death After Retirement

The pension benefit payable at your death if you are a retired member depends on the form of pension you chose at retirement.

- If you chose a Joint and Survivor form of pension and your spouse/common-law partner is alive at the time of your death, the monthly pension benefit will be paid to your spouse/common-law partner for their lifetime. This monthly payment may be reduced, depending on the form of pension you chose at retirement.
- If you chose a Joint and Survivor option and both you and your spouse/common-law partner die before the end of the guarantee period, then another beneficiary or your estate would receive the commuted value of the remaining monthly payments up to the end of the guarantee period.
- If you chose a Single Life option and the guarantee period has not ended, any remaining payments will be paid to the beneficiary in a lump sum equal to the commuted value of the remaining monthly payments.
- If you chose a Single Life option and the guarantee has ended, no further pension benefit is payable.

Death Before Retirement

If you have a spouse/common-law partner at the time of your death, they may transfer the death benefit amount to:

- Another Registered Pension Plan (RPP) if that plan permits the transfer,
- A Locked-In Retirement Account, or
- A life income fund (LIF).

In lieu of transferring the death benefit, your spouse/common-law partner may instead choose an immediate or deferred pension that is actuarially determined.

If your monthly pension is below 4% of the YMPE, or the commuted value is less than 20% of the YMPE, it is considered a small benefit and your spouse/common-law partner may:

- Transfer the death benefit to a Registered Retirement Savings Plan (RRSP), or
- Transfer the death benefit to another RPP, if that plan permits the transfer, or
- Receive the payment as a taxable lump-sum.

In addition, voluntary and excess contributions, if applicable, may be paid as a taxable lump sum, transferred to an RRSP or used to increase the pension paid to your spouse/common-law partner.

Cost of Living Allowances (COLAs)

If you choose a deferred monthly pension, the pension amount may increase by a cost of living allowance (COLA) if the COLA is granted by the Board of Trustees.

COLAs may be granted by the Board of Trustees on an ad hoc basis at 70% of the consumer price index (CPI) during the 12-month period ending as of the preceding June 30. Ad hoc means that COLAs are not guaranteed, and are granted only if HEPP is in a financial position to do so. COLAs are reviewed each fall and implemented on January 1, if approved.

2. Commuted Value Transfer

If eligible, you may decide to receive the commuted value of your pension benefit and any excess contributions, if applicable.

Committed Value

The commuted value is the present day dollar value of your lifetime monthly pension converted into a lump-sum amount. This benefit is locked-in and must eventually be used for retirement purposes.

The commuted value may be transferred to a Locked-in Retirement Account (LIRA) and is not subject to income tax. The financial institution to which you are transferring the benefit must be registered with the Superintendent.

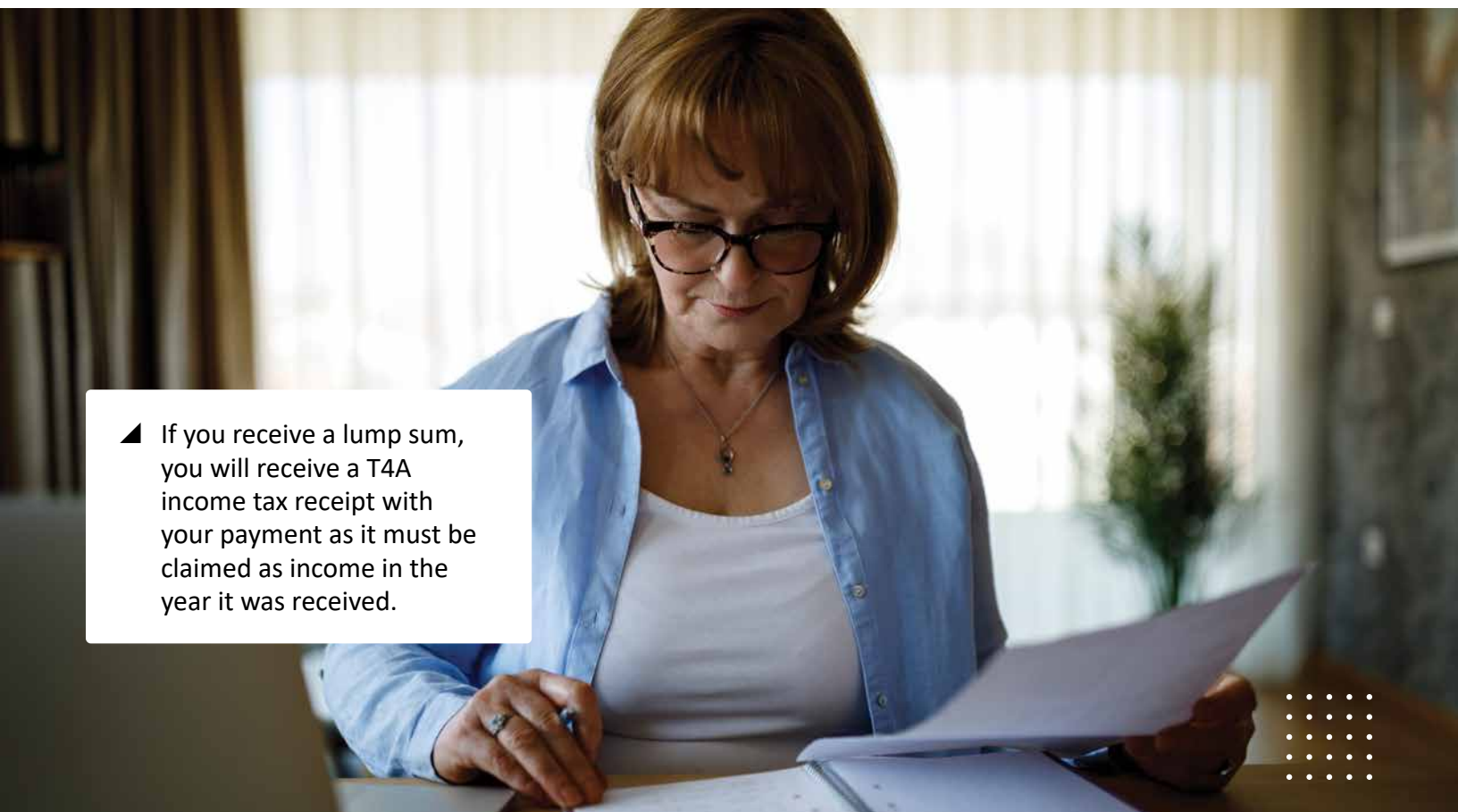
Excess Contributions

Excess contributions are your contributions made in excess of 50% of the commuted value of your pension benefit.

Excess contributions may be transferred to an RRSP, or received as a lump sum. No income tax is deducted when the funds are transferred to an RRSP.

Income tax is deducted if the funds are taken as a lump sum or if money is withdrawn from the RRSP at a later date. Income tax is deducted from source as follows:

- 10% on amounts up to and including \$5,000.
- 20% on amounts from \$5,000 to \$15,000.
- 30% on amounts over \$15,000.



▲ If you receive a lump sum, you will receive a T4A income tax receipt with your payment as it must be claimed as income in the year it was received.

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Contact your financial institution for more information on transferring benefits to an RRSP and to obtain the forms necessary to transfer the funds.

Maximum Transfer Limit

The *Income Tax Act* restricts the pension benefit amount that may be transferred to an RRSP. If your pension benefit exceeds the maximum transfer amount, the excess amount must be taken as a taxable lump sum unless you complete the *Transfer of Taxable Amount Declaration*.

You will receive a T4A income tax receipt for this amount as it must be claimed as income in the year it was received, even if transferred to an RRSP.

3. Transfer to a Participating Employer

Your membership in HEPP will be reinstated if you are re-employed with the same or another employer participating in the Plan within 31 days of your termination date. If this situation applies to you, you are not eligible for a termination benefit and must begin participating in the Plan immediately. You must complete your Plan enrolment at this time to ensure that your personal information is current and for employment verification purposes.

4. Transfer to Another Plan

You may be able transfer your pension benefit to another Registered Pension Plan (RPP) as a reciprocal or commuted value transfer.

If you choose this option on your *Pension Option Statement* we will contact you for more information to process the transfer.

Reciprocal Transfer to Another Plan

HEB Manitoba has reciprocal transfer agreements with several RPPs. The value available for a reciprocal transfer is generally based on an actuarially determined amount. This type of agreement allows you to transfer your credited service and employment service to the other plan.

Visit our website at hebmanitoba.ca for a current list of reciprocating plans.

Commuted Value Transfer to Another Plan

This allows you to transfer the lump sum equivalent of your pension benefit to another RPP, provided they are willing to accept the transfer of funds and there is no reciprocal transfer agreement in place. Unlike a reciprocal transfer, a commuted value transfer is not necessarily based on your credited service or employment service.

Other HEPP Documents

Members and other eligible persons may contact HEB Manitoba in writing to request a copy of the following documents:

- Annual financial statements.
- Statement of investment policies and procedures.
- Any documents required to be filed with the commission or superintendent, including the annual information return and actuarial valuation report and cost certificate.
- HEPP Plan Text and the plan texts for the predecessor plans (**MHO**, **STB** and **SBG**) that merged to establish HEPP.



Terms and Definitions

Credited Service

The years and partial years you contributed to HEPP or were in receipt of benefits from a specified long term disability plan. The maximum total Credited Service in any given year is one year. Credited Service is used to determine your pension benefit.

Enrolment Date

The date you started contributing to HEPP, a predecessor plan or a date related to employment service with another registered pension plan for members who transfer in credited service.

Eligible Service

The uninterrupted period of employment from your first date of hire by one or more participating employers. Service is used to determine your pension eligibility and includes eligible periods of paid and unpaid leaves of absence, sick leave when in receipt of benefits from a specified long term disability plan, and service transferred in from another registered pension plan.

Highest Average Earnings

To determine your Highest Average Earnings we use the highest five years of annualized earnings from the last 11 years in the Plan (“5 Year Average”). If you have not completed five years of participation, your actual annualized earnings will be used to determine the average.

Default Form of Pension

The default form of pension payable under HEPP is equal to the Single Life Five Year Guaranteed pension amount.

Normal Retirement Date

The first day of the month coincident with, or next following, the date on which you attain age 65.

Required Contributions

The contributions you are required to make to HEPP based on a percentage of your earnings as set out in the HEPP Plan Text, as a member of the Plan. The balance of required contributions includes contributions made by members of a predecessor plan, or another registered pension plan, and transferred into HEPP.

Year’s Maximum Pensionable Earnings (YMPE)

The maximum annual earnings limit for contributions to the Canada Pension Plan (CPP).

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This guide does not create any rights to benefits. In the event of any error or omission in this guide, the legal requirements of the Plan and applicable pension legislation will govern.

Healthcare Employees’ Pension Plan Canada Revenue Agency Registration Number: 0345793



More Information

You can get more information in the following ways:

hebmanitoba.ca

Visit hebmanitoba.ca for information about your benefits and to access the member portal.

Member Portal

Log in to the member portal at hebmanitoba.ca. You can use the tools on the member portal to:

- See coverage and premium details for your HEB Manitoba benefits
- Update your personal information
- Report life events to keep your coverage up to date
- View your Annual Statements and other HEB Manitoba documents
- Communicate with us on a secure platform
- Estimate your future pension amount
- And more...

Email

info@hebmanitoba.ca

Please do not include personal information in your email.

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