

Employer **Bulletin**

from the Pension Corporation

To: All employers in the College, Municipal, Public Service and Teachers' pension plans

Date: June 2003

Topic: Changes to the Interplan Pension Transfer Agreement

You may have heard that the College Pension Plan has withdrawn from the Interplan Pension Transfer Agreement (IPTA). The Municipal, Public Service and Teachers' pension plans have also given notice that they will be withdrawing from the IPTA effective March 31, 2004. A new agreement to replace the IPTA is under negotiation and is expected to be effective April 1, 2004.

College Pension Plan—withdrawal from IPTA and bilateral agreements

The College Pension Plan has been negotiating three separate bilateral agreements with the Municipal, Public Service and Teachers' pension plans to replace the IPTA and maintain members' rights to transfer pension credits between these plans.

The terms of the bilateral agreements are similar to IPTA, with one major change: service will be pro-rated based on each plan's formula. Pro-rating service will mean that a shortfall is created when a plan member transfers service from a plan with a lower lifetime formula to a plan with a higher lifetime formula. Members will have the opportunity to pay for the shortfall, subject to CCRA approval, within deadlines set by the plan.

We will notify employers once the bilateral agreements are signed, which is expected to happen soon.

Over...

There will be grand-parenting provisions under the bilateral agreements that will allow any members who were eligible under the terms of IPTA on October 31, 2002 to transfer under the IPTA, with a full service transfer, subject to Canada Customs and Revenue Agency (CCRA) approval. Members who met these criteria on October 31, 2002 are eligible for grandparenting:

- active or deferred member of the importing plan
- had at least six months of contributory service in the importing plan, and
- terminated employment in the exporting plan.

If CCRA approval is not granted for full service transfer to College, then the member will be eligible under the terms of the new bilateral agreements.

PSPP, MPP and TPP—withdrawal from IPTA and replacement agreement

Recently, the Municipal, Public Service and Teachers' plans also gave notice that they will stop participating in the IPTA as of March 31, 2004. All four plans are negotiating a replacement agreement to be in place April 1, 2004.

The terms of the new agreement will be similar to the IPTA, except that service will be pro-rated based on each plan's formula. This means that if a member moves to a plan with a better lifetime formula (e.g., Public Service to College, or Teachers' to Public Service), his or her full service will not be transferred. Instead, the service credited to the member in the importing plan will be in proportion to the differences between the plan formulas. Shortfall will be created in some cases, and members will have the opportunity to purchase the shortfall.

What this means to employers and members

Members can still make transfers under the current terms of the IPTA until the changes are finalized, with the exceptions noted above. In the College plan, effective November 1, 2002, service will be pro-rated if the member is not eligible under the grandparenting provisions. For the Municipal, Public Service and Teachers' plans, the transfers will start to happen on a pro-rated basis with an expected effective date of April 1, 2004. It is anticipated that members will be grandparented under the replacement agreement if they terminate employment in the exporting plan before April 1, 2004.

Existing communications materials will be updated to reflect the changes when the agreements are finalized.

Why the changes are being made

When the IPTA was negotiated, all of the BC public sector plans had a 1.3% lifetime pension formula and 0.7% bridge benefit pension formula, except College, which had a 1.35/0.65% formula. Since then, the College plan has moved to a 1.7/0.3% formula and the Public Service plan has moved to a 1.35/0.65% formula. The pension boards wish to have the benefit differences between the plans reflected in the service transferred under the negotiated transfer agreement.

If you or your members have questions

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This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.