

**Shubhneet Ark**

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**Subject:** FW: College Pension Plan Employer Bulletin - Transferring Service

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**From:** Smith, Linda L PENC:EX [mailto:Linda.Smith@pensionsbc.ca]**Sent:** Thursday, October 14, 2004 1:50 PM**To:** Yvonne Nelson; Agnes Seto; Anna Wright - 00646; Dale Picketts - 00784; Dianne Hicks; Elaine Reimer; Jacquie Forsyth - 00744; Jan Hardy - 00636; Leah Garcia-Gray; Lorena Dabic; Lorna Boseley - 00784; Margo De Goede - 00642; Margo Kendal; Marie Glover; Mei Foo; Mirela Pop - 00738; Phyllis Taylor - 00714; Rosemary Small; Susan Brisbois - 00644; Sylvia Jones - 1504; Teena Wedemeyer; Terri Walker - 00992; Tosh Ikesaka - 00943; Virginia Cooper - 00717; Wayne Martin; Anne Pennant - 05061; Colleen Fostvelt; Connie Lazarowich; Denis Kielly; Dianne Hicks; Elaine Kahlke - 00644; Eugenie Wong; Greg Conner; Heather Stadel - MUC; Helen Franklin; Irene Bazell; Jennifer Holden; Ken Tourand; Lynn Joly; Marian Exmann; Mary Madsen; Pat Jacklin - 00636; Rob Henderson - 00643; Ross Mckinnon; Toni Buchanan; Valerie Cochran; Valerie Ninnis; rmoran@ciea.bc.ca; John Davison; JWILSON@capcollege.bc.ca; Roseanne Moran; bompas@ucfv.bc.ca; paul.martin@bcgeu.ca; Ritu Rikhi**Subject:** College Pension Plan Employer Bulletin - Transferring Service

To all College Pension Plan employers:

The following notice includes information about a new transfer agreement between the public sector pension plans of BC. The attached bulletin and *Transferring Service* fact sheet identifies differences between the new BC Public Sector Transfer Agreement and other agreements, and explains member eligibility and options.

The Public Sector Transfer Agreement came into effect April 1, 2004.

<<PF PSTA CPP 20040929 WEB.pdf>> <<CPP\_PB035\_transf\_service\_20041013.pdf>>

This notice is also available online in the Employer section of your plan website. If you have questions about the content of these notices, please contact your plan.

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# BC Pensionfacts

Transferring Service

College Pension Plan

**This fact sheet describes transfer information you should know if you have service in more than one BC public sector pension plan.**

If you have been a member of any of these pension plans:

- College Pension Plan (CPP)
- Municipal Pension Plan (MPP)
- Public Service Pension Plan (PSPP)
- Teachers' Pension Plan (TPP)
- Workers' Compensation Board Superannuation Plan (WCB)
- ICBC Pension Plan for Bargaining Unit Employees\*
- ICBC Pension Plan for Management and Confidential Employees\*

and are now a member of another of the plans on the list, you may be able to combine your service by transferring your previous service into your current plan (or the plan to which you last contributed).

There are also reciprocal transfer agreements between the College Pension Plan and other pension plans within BC and Canada. Please contact the plan for more information on these agreements.

Transferring your service is the only way you can combine service earned in all plans.

## Transfer Agreements

There are several pension transfer agreements in place between BC public sector pension plans. Which agreement you fall under depends on when you terminated employment from your exporting plan.

The exporting plan is the plan you are no longer a member of, and transfer the funds from. The importing plan is the plan you are a member of, and which you transfer the funds to.

1. Did you terminate employment from the exporting plan after March 31, 2004?
  - You fall under the BC Public Sector Transfer Agreement.
  - Under this agreement, pensionable service will be prorated based on the difference between the pension benefits payable from each plan.

To be eligible for this agreement, you must:

- terminate from the exporting plan after March 31, 2004,
- accumulate at least six months of contributory service in the importing plan after April 1, 2004, and
- have left your contributions on deposit in the exporting plan.



College  
Pension Plan

\* ICBC pension plans are not administered by the Pension Corporation. ICBC is only a member of the former Interplan Agreement. See 3 over.

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2. Did you terminate employment with the exporting plan between November 1, 2002, and March 31, 2004 and you are transferring between the College Pension Plan and MPP, TPP or PSPP?

- You fall under the Bilateral Transfer Agreements with CPP and MPP, TPP and PSPP.
- Under this agreement, pensionable service will be prorated based on the difference between the pension formula in each plan.

To be eligible for this agreement, you must:

- have terminated from the exporting plan between November 1, 2002 and March 31, 2004,
- have at least six months of contributory service in the importing plan, and
- have left your contributions on deposit in the exporting plan.

3. Did you terminate employment with the exporting plan before November 1, 2002, and you are transferring service into or out of the College Pension Plan?

- You may be eligible under the Interplan Pension Transfer Agreement.
- Under this agreement, equivalent pensionable service is transferred, regardless of the difference in the pension benefits provided by each plan, subject to Canada Revenue Agency approval.

To be eligible for this agreement, you must, at October 31, 2002:

- Be or have been an active or deferred member of the importing plan,

- have at least six months of contributory service in the importing plan,
- have terminated employment in the exporting plan, and
- have left your contributions on deposit in the exporting plan.
- For transfers that involve service in MPP, TPP and PSPP, see the *Pensionfacts, Transferring Service*, for the applicable plan.
- Members wishing to transfer service into or out of one of ICBC's plans must have their application to transfer completed and filed with ICBC by the following dates:

- March 29, 2005 for the OPEIU/ICBC Pension Plan; and
- March 11, 2005 for the ICBC Pension Plan for Management and Confidential Employees.

If you do not fall into any of these categories, but you have service in more than one plan, please contact the College Pension Plan.

### Eligibility

You may be able to transfer service if you:

- have service in another plan
- are currently contributing to one plan and have contributions in at least one other plan, or
- are not currently contributing to any of the plans, but have left your contributions on deposit in two or more plans.

In order to transfer service you must have left your contributions on deposit, or reinstated service in the pension plans.

You must apply by the later of:

- 12 months following the date you accumulated six months of contributory service in the importing plan, or
- 12 months from the date written notification of the terms of the agreement was provided by either the importing or exporting plan.

If you do not apply to transfer your service by these deadlines, you will lose your opportunity to transfer that service forever.

### Shortfalls

When you transfer service into a pension plan that has a higher pension benefit than the plan you're leaving, you will not get credited with as much service in the importing plan. A shortfall will be created because of the difference between the value of the service you earned in the exporting plan and the value that the equivalent amount of service would cost to "buy" in the importing plan.

The shortfall is the amount of money required to pay for the difference between the full service in the exporting plan and the proportional service credited to the importing plan under the transfer agreement. You will have the option to pay for the shortfall and receive full service. Shortfalls must be paid for within 12 months from the date of the transfer.

Shortfalls do not occur on a transfer under the Interplan Agreement, but may occur on a transfer under the Bi-lateral Transfer Agreement or the BC Public Sector Agreement.

## If you Choose to Transfer

If you transfer your service, your eventual pension will be calculated using:

- the combined eligible service from all plans (pro-rated),
- your five-year highest average salary (HAS) from your current plan, and
- the retirement age specified by your current plan.

However, if you moved from one plan to another before October 1, 1999, and kept your contributions on deposit in each plan, your highest average salary will be based on your highest average salary earned under any of the plans to which you contributed.

Transfers cannot be reversed.

The pension plans will eventually contact all plan members with membership in more than one public sector pension plan (as listed above); however, because of the volume of applications received, priority will be given to those retiring or terminating employment.

You must also complete any purchases or reinstatements of service before you leave your current job. Because the rules are different in each pension plan, you should review the fact sheets, *Purchase of Service*, *Leave of Absence*, or *Reinstatement of a Refund*, as appropriate, for your current plan.

## Tax Implications

Each year since 1990, your employer has reported a Pension Adjustment (PA) to the Canada Revenue Agency (CRA). This is the deemed value of the lifetime retirement benefit you earn in the plan each year. PA's are calculated using the CRA formula, and usually reduce the amount you can contribute to your RRSP the following year. There may be tax implications from your transfer. Please see the fact sheet on *Pension Adjustments* for more information.

### If You Choose Not to Transfer

If you choose not to transfer your service and contributions, you will eventually receive a separate pension benefit from each of the plans in which you have pensionable service. In this case, the benefits earned in former plans will not affect benefits earned in your current plan.

### Applying to Transfer Service

Contact the plan for more information on transferring your service. You have the opportunity to request a statement of your options from your former plan.

## Questions



### Is it always to my advantage to combine my service and contributions?

No. Many factors may affect your decision. In order to make an informed choice, we suggest you consult with an independent financial advisor.

### I have membership in three plans covered by transfer agreements. Am I required to transfer them all to my current plan?

No, you are not required to transfer them all to your current plan. You may transfer all eligible service in one or more of your inactive plans into your current plan. You cannot transfer part of your eligible service from an inactive plan into your current plan and leave the rest in the inactive plan.

### I have voluntary contributions. What happens to them under the transfer agreements?

Voluntary contributions cannot be transferred. If you choose to transfer under the agreement, any voluntary contributions, with interest, will be refunded to you at the time of the transfer. This lump sum can be paid in cash, with income tax withheld, or transferred directly to your RRSP.

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## Contact Information

### College Pension Plan

**Phone:**

Victoria 250 953-4324  
Toll-free in BC 1 888 440-0111

**Fax:**

250 953-0412

**E-mail:**

CPP@pensionsbc.ca

**Address:**

College Pension Plan  
PO Box 9460  
Victoria BC V8W 9V8

**Web:**

pensionsbc.ca

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*Pensionfacts* is published for the College Pension Plan by the Pension Corporation to provide pension information to a variety of audiences. If you wish to receive *Pensionfacts* or have comments, please contact us:

Pensionfacts  
PO Box 9460  
Victoria BC V8W 9V8

Fax 250 356-9591

In this fact sheet, “we” and “us” mean the College Pension Plan, and “you” means the plan member. 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.

# *Employer* **Bulletin**

from the Pension Corporation

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**To:** All employers in the College Pension Plan

**From:** Karen Harper, Chief Knowledge Officer

**Date:** October 1, 2004

**Topic:** New pension transfer agreement between the public sector pension plans of BC

As of April 1, 2004, there is a new transfer agreement between the public sector pension plans of BC called the BC Public Sector Transfer Agreement. The parties to this new agreement are the College, Municipal, Public Service, Teachers' and Workers' Compensation Board pension plans.

The difference with this new agreement is that transferred service will now be prorated based on the difference between the pension benefits payable from each plan. When a plan member transfers service into a pension plan that has a higher pension benefit than the plan the member is leaving, the member will not get credited with as much service in the new plan. A shortfall will be created because of the difference between the value of the service the plan member earned in the exporting plan and the value that the equivalent amount of service would cost to "buy" in the importing plan.

A shortfall is the amount of money required to pay for the difference between the full service in the exporting plan and the amount transferred to the importing plan under the transfer agreement. The plan member will have the option to pay for the shortfall and receive full service. Shortfalls must be paid for within 12 months from the date of the transfer.

To be eligible for the new agreement, plan members must have:

- Terminated employment with the exporting plan on or after April 1, 2004,
- Become a contributor to the importing plan and accumulated at least six months of contributory service in the importing plan, and
- Not received a benefit from the exporting plan.

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Plan members must apply to transfer by the later of:

- 12 months following the date the person accumulates six months of contributory service in the importing plan, or
- 12 months from the date written notification of the terms of this agreement was provided by either the importing or exporting plan.

Any plan members who were eligible under either the original Interplan Agreement or the bi-lateral agreements with the College plan, and who terminate employment from the exporting plan before April 1, 2004 will remain eligible under the terms of the original Interplan Agreement or the bi-lateral agreements, as the case may be. Members who are not eligible for grandparenting under the Interplan Transfer Agreement because they cannot accumulate six months of new service by March 31, 2004, or members who terminated from the exporting plan before April 1, 2004 and join the importing plan after April 1, 2004, will default to the eligibility criteria under the new Public Sector Transfer Agreement.

For more information on the new transfer agreement and grandparenting, see the new *Transferring Service Pensionfacts*. You can also contact the College Pension Plan at:

**Phone:**

Victoria	250 953-4324
Toll-free in BC	1 888 440-0111
Toll-free in North America	1 800 663 8823

**Fax:**

250 953-0412

**E-mail:**

CPP@pensionsbc.ca

**Web site:**

pensions.bc.ca

**Address:**

PO Box 9460  
Victoria, BC V8W 9V8

## PENSION CORPORATION



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