

Employer **Bulletin**

from the Pension Corporation

To: College Pension Plan Employers

CC: Plan Member Partners

Date: October 31, 2004

Topic: Simplification of Pension Options

Background: The College Pension Board of Trustees recently passed a resolution to simplify pension options. The board limited the number of options to the ones most members select at retirement. This will make it easier for members to understand when planning their retirement. Changes to the options are effective for pensions commencing on and after January 1, 2005 and allow retiring College Plan members to choose from 11 possible options.

These options, all of which will be quoted on the member's Retirement Selection Statement, include: single life with a five, 10 or 15-year guarantee; single life with a five-year guarantee and a temporary annuity; 100 per cent or 60 per cent joint life with a five, 10 or 15-year guarantee; and joint life with a five-year guarantee and a temporary annuity.

The board approved this change to the available joint life pension options after considering statistics for the College Pension Plan, which showed that approximately 90 per cent of members selecting a joint life option chose either a 100 per cent or 60 per cent joint life pension.

This decision is intended to simplify communications with plan members and make it easier for both members and employers to understand pension options. Members will select from a defined list of options instead of choosing varying percentages based on the standard options.

As an employer, you play an important role with respect to counselling employees on their retirement options and plans. These changes need to be considered when counselling employees who are contemplating a retirement date on or after January 1, 2005.

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During the transition period from now until December 31, 2004, members can continue to select varying percentages of joint life pensions provided the pension effective date is before January 1, 2005. On and after January 1, 2005, only joint life pensions with a 100 per cent or 60 per cent option can be selected.

However, there may be employees who elected to participate in an early retirement incentive program. A small percentage of these employees may be affected where their retirement date is on or after January 1, 2005 if they based their decision to retire on a joint life option other than 100 per cent or 60 per cent. In these circumstances, the Pension Corporation will review the options quoted and honor the option selected, where appropriate.

The fact sheet, *Pension Options Available to Retiring Members* has been updated to reflect this change, and is available on the website at pensionsbc.ca

This change is effective for all pensions commencing on or after January 1, 2005 and is not intended to have a retroactive effect.

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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.