

PROVIDING  
FOR YOUR  
RETIREMENT

# PULP AND PAPER INDUSTRY PENSION PLAN

2019

Local 76 Unifor

# Objectives

- This is a basic outline of how your pension works.
- Enhance your basic knowledge of the Plan.
- Pensions are complex and it is important members receive accurate and up to date information.
- **Contact Morneau directly for specific information about your pension.**
- 1-888-384-7555 Toll Free (The Guys in the Lunch rooms get it wrong!)
- It is important that you update with the plan any changes whether it be your spouse, beneficiary, address change.
- If you have had a marriage breakdown or common law split, the plan must have a copy on file of your settlement **before** your pension can be paid out. **It will not be retroactive** do not wait until you are planning to retire.

# Plan Rules

## Plan Overview

- Plan started July 1, 1975
- Pre 1997 - Flat benefit Plan
- Post 1996 - Earnings based Plan
  - pension benefit and contributions are directly linked to earnings

# Plan Rules

## While Working

### Contributions

- Employer contributions
  - 10% of Earnings
- Employee contributions
  - 8% of Earnings
- To maximum of 2080 hours paid
  - 52 weeks x 40 hours = 2080 hours/year
  - Includes all work hours, vacation, stats, sick time and other paid leaves
  - Does not include call time

# Plan Rules

## While Working

### Credited Service

- Based on hours paid
- 1700 paid hours = 1 year

# Plan Rules

## While Working

### Hour Bank

- Hours worked in excess of 1,500 hours were banked
- Frozen at December 31, 1996
- Use of hour bank depends on circumstances. You must retire as an active member in order to have the hour bank applied.
- On retirement or death used to fill in gaps (of less than two years) prior to 1997 for calculating pension benefit

## Plan Rules

### Break In Service

- Less than 350 hours paid at the end of 2 Plan years
- Year ending December 31
- Become a Terminated Vested Participant (TVP)
  - For example
    - 350 hours paid in 2016
    - 100 hours paid in 2017
    - 0 hours paid in 2018
    - Members becomes a Terminated Vested (TVP) as at January 1 2019

## **Plan Rules**

### **Break In Service - Under 55**

- No future flat benefit increases
- No post-retirement increases
- Post 1992 death benefit only



## **Plan Rules**

### **Break In Service - Under 55**

#### **Two Options**

- Transfer the commuted value of pension into a locked-in RRSP; or
- Elect a deferred pension and retire as early as age 55 with an 18% reduction.

## **Plan Rules**

### **Break In Service - Under 55**

#### **What is a locked-in RRSP?**

- The commuted value is transferred to an approved locked-in, self directed RRSP and the money is locked-in until at least age 55.
- Once you reach age 55 you have the option of buying a lifetime annuity from an insurance company or transferring the money into a life income fund from which a minimum and a maximum can be withdrawn each month.

## **Plan Rules**

### **Break In Service - Under 55**

#### **Factors to Consider**

- Give up early retirement subsidy if transfer commuted value out.
- If you return to work covered by the Plan and leave your money in, pension is “bumped up” after 2 years of credited service.
- If you die prior to age 55, death benefit is only equal to value of pension earned after July 1, 1992.

## **Plan Rules**

### **Break In Service - Under 55**

#### **Early Retirement Subsidy Example\***

##### **Age 45, \$1000 per month pension**

- Commuted value payable from Plan (calculated as at age 65) = \$87,652
- Actual value including early retirement subsidy (calculated as at age 55) = \$154,639

\*Assuming an interest rate of 2.70% for the first 10 years, 4.10% thereafter

## **Plan Rules**

### **Break In Service - Under 55**

#### **Early Retirement Subsidy Example\***

#### **Age 50, \$1000 per month pension**

- Commuted value payable from Plan (calculated as at age 65) = \$106,559
- Actual value including early retirement subsidy (calculated as at age 55) = \$186,173

\*Assuming an interest rate of 2.70% for the first 10 years, 4.10% thereafter

## **Plan Rules**

### **Break In Service - 55 and Over**

- Flat benefit increases
- Post-retirement increases
- Full death benefit

## **Plan Rules**

### **Break In Service - 55 and Over**

#### **One Option**

- Retire as early as age 55 with an 18% reduction
- There is no option to transfer out the commuted value

## **Plan Rules**

### **Return to Work After Break In Service**

- Return to work after break in service
  - Work 3400 hours
  - All service is updated to current benefit rate



# Plan Rules

## Retirement

- Retirement Dates
  - Normal retirement
    - 1st day of month following 65th birthday
  - Early retirement
    - Age 60, regardless of service, or
    - Age 55, with at least 2 years of credited service or employment
  - Full pension at age 60, reduced between 55 and 60

## Plan Rules

**Early Retirement - Normal Factors with Trustee Consent, At each quarterly meeting Trustees decide to grant or not grant consent**

| <b>Age at Retirement</b> | <b>Amount of Monthly Pension</b> | <b>Reduction Factor Applicable</b> |
|--------------------------|----------------------------------|------------------------------------|
| 60-64                    | \$1,200                          | 0%                                 |
| 59                       | \$1,164                          | 3%                                 |
| 58                       | \$1,128                          | 6%                                 |
| 57                       | \$1,080                          | 10%                                |
| 56                       | \$1,032                          | 14%                                |
| 55                       | \$984                            | 18%                                |

**With Trustee Consent**

## Plan Rules

### Benefit Formula

- Effective January 1, 2019, for all active members monthly pension benefit equals:
    - \$63.30 per month for each year of credited service before 1997
- plus*
- 1.55 % of your post-1996 earnings for each year of service divided by 12

## Plan Rules

### Updated Credited Service

- Equal to:

$$\frac{\text{Total hours paid since January 1, 1997}}{1700}$$

to a maximum of your total years of active employment since January 1, 1997

# Plan Rules

## Updated Credited Service

|    | Year | Hours | Credited Service | Total Credited Service | Total Hours | Updated Credited Service (# hrs/1700) |
|----|------|-------|------------------|------------------------|-------------|---------------------------------------|
| 1  | 1997 | 1,500 | .9               | .9                     | 1,500       | .9                                    |
| 2  | 1998 | 2,050 | 1.0              | 1.9                    | 3,550       | 2.0                                   |
| 3  | 1999 | 1,800 | 1.0              | 2.9                    | 5,350       | 3.0                                   |
| 4  | 2000 | 1,500 | .9               | 3.8                    | 6,850       | 4.0                                   |
| 5  | 2001 | 1,400 | .8               | 4.6                    | 8,250       | 4.9                                   |
| 6  | 2002 | 2,080 | 1.0              | 5.6                    | 10,330      | 6.0                                   |
| 7  | 2003 | 1,200 | .7               | 6.3                    | 11,530      | 6.8                                   |
| 8  | 2004 | 2,080 | 1.0              | 7.3                    | 13,610      | 8.0                                   |
| 9  | 2005 | 1,700 | 1.0              | 8.3                    | 15,310      | 9.0                                   |
| 10 | 2006 | 1,700 | 1.0              | 9.3                    | 17,010      | 10.0                                  |
| 11 | 2007 | 1,800 | 1.0              | 10.3                   | 18,810      | 11.0                                  |
| 12 | 2008 | 2,080 | 1.0              | 11.3                   | 20,890      | 12.0                                  |
| 13 | 2009 | 2,080 | 1.0              | 12.3                   | 22,970      | 13.0                                  |
| 14 | 2010 | 1,300 | .8               | 13.1                   | 24,270      | 14.0                                  |

# Plan Rules

## Earnings Update at December 31, 2018

**Greatest of:**

Benefit earned to  
Dec. 31, 2017 +  
1.55% of 2018  
earnings

**or**

1.55% x total  
earnings for all  
the years after  
1996 to 2018

**or**

1.55% x average  
annualized  
earnings for 5  
plan years (2012-  
2017) x updated  
service to end of  
2018

## Plan Rules

### Plan Minimum

- Only applies to those in active employment on December 31, 1996 on retirement or death, not on termination
- Provides pension that will be greater of benefit under plan formula for post-1996 service or the Plan Minimum (currently \$63.30 per month/year of credited service)
- Plan Minimum is based on the current flat benefit rate for pre-1997 service

# Plan Rules

## Forms of Pension

- **Normal Form**
  - Life, guaranteed 10 years
- **Optional Forms**
  - Life only
  - Life, guaranteed 5, 10 or 15 years
  - Joint and survivor - 100%, 75%, 60%



## Plan Rules

### Forms of Pension

- Joint Pensioner (spouse)
  - Can't change joint pensioner after pension in payment (death, divorce)
  - Pension amount based on dates of birth of participant and joint pensioner

## Plan Rules

### Joint Survivor

- Mandatory joint survivor 60% form of pension if you have a spouse (as per BC pension legislation)
  - Unless written waiver signed by spouse
- Spouse defined as:
  - The person you are married to and not living separate and apart for the 2 year period immediately prior to your retirement; or
  - The person you have lived with in a marriage like relationship for a period of not less than 2 years immediately prior to your retirement

# Plan Rules

## Forms of Pension

- Designated Beneficiary
  - Life, 5 years guarantee
  - Life, 10 year guarantee
  - Life, 15 year guarantee
  - No restriction on who you designate
  - Can change beneficiary during guarantee period
    - Important if beneficiary dies before you
  - No designated beneficiary paid to estate

## Plan Rules

### Integration Option (level Income)

- Available to participants who retire prior to age 65; purpose is to provide a “level” income
- Amount of monthly pension is higher before age 65, and lower after age 65
- Decrease coincides with normal commencement of Old Age Security (OAS) benefit (i.e. age 65)
- Amount of OAS benefit will depend on actual qualification; part or all of your OAS may be subject to “clawback”
  - Maximum OAS in 2018 is \$570.00

## Plan Rules

### Return to Work After Pension Begins

- Pension *not* suspended
- Employee and employer required to make contributions
- Once a year receive a refund of employee contributions with interest
- Amount of pension not affected

## Plan Rules

### Post - Retirement Increases

- Increases are subject to Plan's ability to pay
- Must be pre-funded
- Ad hoc basis
  - Formula:
    - Amount of pension increase
    - Inflation > 2%
      - 50% of (BC CPI - 1%)
    - Inflation < 2%
      - 25% of BC CPI

## **Plan Rules**

### **Total and Permanent Disability before January 1, 2014**

#### **In order to qualify for a Disability Pension, a Member must:**

- Under age 60
- Submit medical evidence of the commencement of total and permanent disability
- Be in receipt of a disability pension under the Canada Pension Plan
- Have received some sick pay or other disability benefit under the Collective Agreement but are no longer receiving any
- Not engaged in nor intending to engage in litigation seeking any payment of any for of disability benefit or damages from a third party including an insurer

## **Plan Rules**

### **Total and Permanent Disability after January 1, 2014**

#### **In order to qualify for a Disability Pension, a Member must:**

- Submit Medical evidence of the commencement of the total and permanent disability
- Continue to have the status of an active employee status under a Collective Agreement
- Apply to the Trustees for a disability benefit before the date of the Member's break in service
- On date of application, has received payment of disability benefits under any of the following:
  - Short term disability group plan
  - Long term disability group plan
  - Any provision for payment for time loss due to illness or injuries under any contract of employment, or Workers Compensation Act
  - A provision under the Employment Insurance Act



## **Plan Rules**

### **Death Before Retirement Before Age 55**

#### **For Active Participants**

- 60% of the value of accrued pension
  - Payable to spouse or former spouse as monthly pension or transfer to locked-in RRSP/LIF
  - Payable to beneficiary or estate as lump sum

#### **For Terminated Vested Participants**

- 60% of the value of accrued pension earned after June 30, 1992

## **Plan Rules**

### **Death Before Retirement After Age 55**

#### **If designated beneficiary is participant's spouse or designated former spouse, the benefit is**

- 100% of the pension that would have been payable to the participant if he retired and elected a J&S 100% pension

#### **If designated beneficiary is other than spouse or designated former spouse, the benefit is:**

- A 15 year pension equal to the pension the participant would have received if he retired and elected 15 year guarantee option

## **Plan Rules**

### **Death Before Retirement After Age 55**

#### **For Active Participants**

- If no spouse or no designated beneficiary the death benefit is 60% of value of pension you earned at date of death
- Payable as lump sum to estate

#### **For Terminated Vested Participants**

- If no spouse or no designated beneficiary the death benefit is 60% of value of pension you earned after June 30, 1992
- Payable as lump sum to estate

## Plan Rules

### Beneficiary Designation - WESA

- effective March 31, 2014 the new **Wills, Estates and Succession Act (the "Act")** came into force.

The Act allows plan members to:

- designate multiple or alternate beneficiaries;
- designated an irrevocable or revocable beneficiary
- make a beneficiary designation in a will (such designation must relate expressly to the pension plan)
- A power of attorney may alter a beneficiary designation if expressly authorized to do so by the court and the designation is not made in a will;

## Plan Rules

### Beneficiary Designation – WESA (cont'd)

#### How WESA effects Plan members:

- Existing beneficiary designation will remain valid
- If a member has a spouse, they are automatically the beneficiary unless they have waived their rights to any death benefits.
- If the member does not have a spouse and have not completed a *Beneficiary Designation* form, the estate is the beneficiary by default.
- There are limits to whom can be named as a beneficiary.
  - If there is a spouse, they are automatically the beneficiary unless they have waived their rights to the pension benefits.
- If the member has outlined their pension benefits within their will, the Plan name must be specified along with how the benefits are to be divided amongst beneficiaries.

## Plan Rules

### The Retirement Process Applying for Pension

- The Member, HR representative or local pension committee member must notify the Administrator of the Member's intent to retire at least one month prior to retirement date, **3 months is recommended**.
- Notification may be done over the phone (1-888-384-7555), via email ([pulp@morneaushepell.com](mailto:pulp@morneaushepell.com)), fax (855-425-9046) or by mail
- Packages will be sent either directly to the member or to the HR department
- Bridging is not part of the Pension Plan the packages do not include any Bridging calculations. The company looks after Bridging and sends you a separate cheque. Bridging is based on your years of credited Pension service, \$20 times years of pension credit E.g. 40 years x 20 = \$800

## The Retirement Process Required Documents

- Written application must be filed with the Administrator at least one month prior to retirement date, but **3** months is recommended
- Satisfactory proof of age must be supplied for you and your spouse:
  - Copy of birth certificate
  - Copy of baptismal certificate
  - Copy of passport in current name
  - Copy of citizenship document
  - Copy of Drivers Licence
  - Copy of Provincial health Card with Birth date
  - Copy of Nexus Card

NOTE : ONLY ONE OF THE ABOVE IS NEEDED FOR EACH OF YOU!!!

## The Retirement Process Required Documents (cont'd)

- Election form
- Declaration of Marital Status
- Declaration by Participant
- Spousal Waiver (if applicable)
- Federal and Provincial TD1 forms
- Direct Deposit form
- All forms must be completed before pension can be paid. Any delay in returning forms will cause your pension to start at a later date. **It will not be retroactive.** You should be applying for your pension at least **3** months in advance of your retirement date to ensure all your paper work is done in time.



# Pension Division under Family Law Act

## Family Law Act - Effective March 18, 2013

- Changes include:
  - Members may now designate a beneficiary for the member's share of benefits after division
  - The fee for registering a former spouse as a Limited Member of the Plan is now \$750
  - Form P9 – Agreement to have benefits Divided Under Part 6 may be used if there is no Separation Agreement or Court Order
  - A Limited Member may elect to receive a pension as soon as the member is eligible to retire from the Plan
  - Limited Members may now choose the same optional forms of pension as the member

## Plan Member Web Site

- Location: [www.pulpandpaperpension.hroffice.com](http://www.pulpandpaperpension.hroffice.com)
- Newsletters
- Pension Model- Doesn't calculate Marriage break up, Bridging! or Break in Service.
- Plan Summary
- Glossary
- Forms Library
- Useful Links
- About the Trust
- Your Privacy

# Pensioner Audit Letter

- Every two years the Plan sends letters to all Pensioners to verify if they are still alive.
- It is important that you answer the letter, and have it witnessed. The plan will send this letter 3 times if you have not answered by the third letter your pension will be suspended until you contact the plan and return the letter signed and witnessed.
- Also make sure your family is aware of this letter so if you are unable to answer yourself (sickness, Alzheimer's?) your Power of Attorney can reply for you.
- If you move inform the plan of your new address as soon as possible.