

Pension Info is intended to keep employees apprised of developments with regard to the sectoral pension plan to be introduced in March 2010.

THE MUNICIPAL PENSION PLAN: WHAT IS THE COST TO ME?

This Pension Info is the fourth in a series of communications designed to inform employees of the details of the Municipal Pension Plan so you can make an educated decision to enrol or not enrol in the pension plan when it is introduced March 31, 2010. This edition provides information regarding the cost of participation in the plan.

The Municipal Pension Plan is a defined benefit plan with contributions made by both the employee and the employer. Should you enrol in the plan, your first contributions will be made on your paycheque following April 1, 2010.

What is my contribution rate in the Municipal Pension Plan?

The current employee contribution rates are not expected to change before the start of the Municipal Pension Plan in April 2010.

On earnings up to the Year's Maximum Pensionable Earnings (YMPE)* - Employee contribution rate = 6.99% of earnings.

On earnings over the YMPE* - Employee contribution rate = 8.49% of earnings.

*YMPE – For 2008 \$44,900.

Are my pension contributions subject to income tax?

Your contributions and the contributions made by your employer on your behalf are not subject to income tax. This helps offset the cost impact of joining the plan.

Your participation in the plan does, however, reduce your capacity to make tax-deductible contributions to a private RRSP. Each year the Municipal Pension Plan will send you a pension adjustment statement showing the value of your pension benefit earned during the year for income tax purposes. The Canada Revenue Agency uses this amount, along with information from your previous year's tax return, to calculate your individual RRSP contribution limit for the following year. If this is a concern, you need to consult with your financial advisor for an estimate of the impact on your ability to make RRSP contributions.

How do I contribute to the Municipal Pension Plan?

You contribute to the Municipal Pension Plan through automatic payroll deductions.

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What happens if I terminate my employment in the sector?

If you terminate your employment within the community social services sector, you have several options.

If you are not vested (i.e. have less than two years of contributory service), you may apply for a refund of the contributions you have made to the plan, plus appropriate interest

- or -

Leave your contributions on deposit. If you become employed again with a Municipal Pension Plan employer, you will be able to resume contributions and earn a pension under the plan.

If you are vested and have earned the right to a pension, you can leave your money in the plan and collect a pension when you reach the minimum retirement age of 55

- or -

Withdraw the current value of your pension earned up to the date of termination and transfer the commuted value amount into a self-directed locked-in RRSP.

If you join another sector that has a pension plan such as one administered by the BC Pension Corporation, you may be able to transfer your pension plan credits to your new plan.

For further information

Visit the CSSEA website at [www.cssea.bc.ca/About CSSEA/Pension Plan Update](http://www.cssea.bc.ca/About%20CSSEA/Pension%20Plan%20Update) or the Municipal Pension Plan website at www.mpp.pensionsbc.ca.