

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 HAPPENS TO MY EXISTING RRSP AND/OR PENSION PLAN?

This Pension Info is the fifth in a series of communications related to the introduction of the Municipal Pension Plan (MPP) in the community social services sector on March 31, 2010. Enrolment in the MPP will take place in the latter half of 2009 and these bulletins are intended to assist eligible employees to make an informed decision regarding whether to join the MPP.

As you are aware, enrolment in the MPP is optional for eligible employees of record at March 31, 2010. This Pension Info addresses the future of existing matching contribution RRSP and pension plans.

### What is a matching contribution RRSP?

All CSSEA member agencies currently provide a matching contribution RRSP. The terms of the plan provide for regular part-time and full-time employees to contribute 1%, 2% or 3% of straight time earnings to an RRSP account with the employer making a matching contribution. Some employers may have a more generous arrangement. All contributions to the RRSP are owned by the employee and are tax deductible. While no tax may be deducted at source, tax owed at the end of the year is based on an individual's personal tax circumstances.

### What will happen to the matching contribution RRSP when the MPP begins on March 31, 2010?

When the MPP begins, employer contributions to RRSPs will cease. All monies in an RRSP account, including all employer contributions, are owned by the employee who participated in the matching contribution plan. The employer may permit employees to continue to contribute to an RRSP through payroll deduction but the employer will no longer match employee contributions.

At March 31, 2010, employees will have the option of leaving monies with their current plan administrator (i.e. Manulife Financial or other administrator), transferring their RRSP account from the existing plan administrator to an RRSP administrator of their choice or withdrawing the monies from their RRSP; however, it should be noted that withdrawn monies are subject to income tax.

CSSEA strongly advises you to obtain an opinion from a financial planner regarding the choice that best fits your individual circumstances.

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## **What will happen to existing pension plans when the MPP begins on March 31, 2010?**

If your agency currently has the MPP or the Public Service Pension Plan in place, there will be no change in your plan on or after March 31, 2010.

If your agency has another pension plan in place other than the MPP or the Public Service Pension Plan, that plan will cease to operate on March 31, 2010. As the terms and conditions of each plan differ, CSSEA has requested your employer advise you of your options upon termination of such plans.

### **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) for copies of previous Pension Infos or the Municipal Pension Plan website at [www.mpp.pensionsbc.ca](http://www.mpp.pensionsbc.ca).

#### *Disclaimer*

The information provided is as complete and accurate as possible; however, in the event there is any conflict between the information provided and the terms and conditions of the MPP administered by the BC Pension Corp, the terms and conditions of the MPP will prevail.