



*January 22, 2009*

## ***Pension Information – Purchase of Past Service***

On April 1, 2010, Community Social Services (CSS) employees will have access to the Municipal Pension Plan (MPP). This right is outlined in Memorandum of Agreement #17 (MOA #17) of the collective agreement(s).

Item 3 of MOA #17 says that employees will not be permitted to purchase past service in the MPP. This agreement between the Community Social Services Employers' Association (CSSEA) and the Community Social Services Bargaining Association (CSSBA) conflicts with the Municipal Pension Plan Rules which are not subject to change except by the MPP Trustees.

**This means that CSS workers will have the opportunity to purchase past service after they enrol in the MPP.**

Purchase of **past** service means paying for periods of previous employment that are eligible to be counted as service with the MPP. CSS employees may be able to purchase periods of eligible employment that exist prior to April 1, 2010. Because the amount of the pension increases with service time, purchasing past service will increase the monthly pension amount payable to an employee.

Purchases of past service tend to be expensive. This is due, in part, because employers are not obligated to contribute toward the purchase of Past Service.

The BC Pension Corporation, CSSEA and the CSSBA all recommend that members consult with an independent certified Financial Planner regarding the costs and benefits of purchasing service before deciding to do so. An estimate can be sought from BC Pension Corporation to assist you in your deliberations but only after you have enrolled in the in the MPP. An example of approximate costs to purchase one year of service is summarized in the grid below (please note that the salary used is assumed not to change between time of purchase and age 60):

For a person earning \$36,000 annual salary and employed full-time, planning to retire at age 60:

<b>Age at April 1, 2010</b>	<b>Cost of one year Past Service</b>	<b>Break Even</b>
25	\$5,900	2.0 years
35	\$6,400	4.0 years
45	\$7,300	7.0 years
55	\$8,600	13.0 years