

# A Guide to Your Grow-in Termination Benefit Options

## For members age 55 to 64

### You have an important choice to make

Now that you're no longer contributing to the Public Service Pension Plan (PSPP), you have an important decision to make about your PSPP termination benefit options. Because you were involuntarily terminated and qualify for grow-in benefits (as outlined in your cover letter), you are eligible to grow into your earliest unreduced retirement date (EURD). Your termination benefit options reflect your eligibility to receive a pension on your EURD.

We have created this Guide to be read along with your personalized **Termination Information Package**. This Guide will provide you with information about the features and considerations for each of the grow-in termination benefit options available to you, to help you make an informed decision about your options.

Once you have gone through this Guide and your personalized Termination Information Package, please refer to your **OPB 1094 – Termination Elections Form** to make your election. You will have to return the completed Termination Elections Form to OPB by the due date stated on the form. **If we do not receive your completed Termination Elections Form by the due date, you will be set up on a deferred PSPP pension (Option 1) by default.**

At OPB, your pension is our promise. We know that understanding your termination benefit options may be complex and we're here to help. If you have any questions or require assistance with completing your Termination Elections Form, please contact us at 416-364-5035 or toll free at 1-800-668-6203.

### Option 1: Deferred Pension

A deferred pension is a pension that you will receive at a later date. The amount shown on your Termination Information Package is the gross monthly pension that's payable to you effective the 1st of the month following your earliest unreduced retirement date (EURD). Please refer to page 4 to learn how we calculate your pension. **If we do not receive your completed Termination Elections Form by the due date, you will be set up on a deferred pension (Option 1) by default.**

#### Retirement Compensation Arrangement (RCA) (if applicable)

The RCA provides supplementary benefits for those members whose accrued pension from the PSPP exceeds the maximum allowed under the federal *Income Tax Act* (ITA). If you are entitled to an RCA benefit based on the current ITA limits, this amount will be displayed in your deferred pension option. While the total amount of your pension will not change while you are a deferred member (except for inflation adjustments), the portion of your pension payable from the RCA will be recalculated at retirement based on the limits in place at that date.

#### Value-added benefits of a deferred PSPP pension

If you choose a deferred pension, you will receive a number of value-added benefits when you retire. Your PSPP pension:

- is payable for your lifetime.
- may include medical, dental, and basic life insurance coverage if you meet certain eligibility criteria. For more details on eligibility and benefits coverage, visit **OPB.ca**.
- includes survivor benefits for eligible survivors.
- is adjusted for inflation based on the Canadian Consumer Price Index to help you keep up with the cost-of-living.
- is invested by our team of knowledgeable and experienced investment professionals.

### You can retire with an early reduced pension

If you don't want to wait until your EURD to collect your deferred pension, you can begin collecting your pension as early as age 55; however, it will be permanently reduced by 5% per year (prorated for a partial year) for each year before you meet your EURD.

### If you rejoin the PSPP at a later date

If you elect a deferred pension and rejoin the PSPP at a later date, your membership in the PSPP will be automatically reinstated. This means your new membership when you rejoin will be combined with your old membership in the PSPP. Please note that if you receive a refund of excess contributions (see next page for details), you must pay back those contributions with interest or your credit associated with the refund will be prorated.

### (Option 1, continued)

When you subsequently terminate membership or retire, your combined membership periods will be used to calculate your pension and determine your eligibility for such things as insured benefits in retirement (if applicable).

### Refund of excess contributions, if applicable

If there is no refund owing to you, it will not appear on your Termination Information Package or Termination Elections Form. Your refund, if applicable, is the amount of your contributions plus interest that exceeds the amount required to fund 50% or 100% (depending on the type of contribution) of the commuted value (CV) of your pension. A CV is a dollar value that is placed on your pension. In simple terms, it's equal to the amount of money we would have to set aside today to pay your pension at retirement. The portion of your refund that may be transferred on a tax-exempt basis to a Registered Retirement Savings Plan is based on limits in the ITA and regulations.

### Survivor benefits

The type of survivor benefit(s) your survivors will receive depends on a number of factors, such as:

- whether you die before or after retirement
- your marital status on your termination date, retirement date, and date of death
- the years in which you earned pension credit

**If you die before you begin your pension**, your survivors will be entitled to the applicable pre-retirement survivor benefits.

**If you die while you are receiving your pension**, your survivors will be entitled to the applicable post-retirement survivor benefits. To learn more about how pre-retirement and post-retirement survivor benefits apply to you, please read 'Designating or changing your beneficiaries' in the Current Members section of our website at **OPB.ca**

### Option 2: Transfer your pension to another registered pension plan through a Reciprocal Transfer Agreement (RTA)

You may be able to transfer your PSPP pension if you have recently started employment with a new employer with a registered pension plan as long as an RTA exists between the PSPP and the new plan and you apply within certain timelines. **If you think this may be an option for you, please contact us before completing your Termination Elections Form to discuss your options.**

- Check with the new pension plan administrator about the pension formula used to calculate your pension.
- Check with the new pension plan administrator to find out if the plan offers the following benefits and what the eligibility requirements are: early unreduced retirement, inflation protection, insured benefits in retirement, and survivor benefits.
- You may not be credited with the full amount of your PSPP pension credit in your new plan. Check with the new pension plan administrator to find out if you may be able to make a "top up" payment to receive the same amount of credit in the new plan as you had in the PSPP.
- If you are entitled to an RCA benefit based on the current ITA limits, you may be able to transfer that benefit to the new pension plan, if it also has an RCA that accepts RCA transfers. We recommend checking with the new pension plan administrator to see if you are able to transfer your RCA benefit.

You can learn more about transferring your PSPP pension under 'Growing your pension' in the Current Members section of our website, **OPB.ca**.

### Option 3: Immediate reduced pension

As a former member of the PSPP who is age 55 or older, you are eligible to receive an immediate reduced pension from the PSPP. The first amount shown on your Termination Information Package is the gross immediate reduced pension that's payable to you effective the 1st of the month following your termination date. **This amount is reduced by 5% per year (and prorated for a partial year) for each year before your earliest unreduced retirement date (EURD).** This reduction is permanent. The second amount shown is your gross pension payable from age 65 once adjusted for CPP integration. Please refer to page 4 to learn how we calculate your pension.

If you elect an immediate reduced pension after the due date, the amount shown on your Termination Information Package may be recalculated. Please note that your pension will not be paid retroactively from the effective date given; it will be paid the month following the date we receive your election and all required forms.

### (Option 3, continued)

#### Retirement Compensation Arrangement (RCA) (if applicable)

If you are entitled to an RCA benefit based on the current ITA limits this amount will be displayed in your immediate reduced pension option. Your RCA benefit will be recalculated at retirement based on the limits in place at that date.

#### Value-added benefits of an immediate reduced pension

With an immediate reduced pension, you will receive a number of value-added benefits when you retire. Your pension:

- is payable for your lifetime.
- may include medical, dental, and basic life insurance coverage if you meet certain eligibility criteria. For more details on eligibility and benefits coverage, visit **OPB.ca**.
- includes survivor benefits for eligible survivors.
- is adjusted for inflation based on the Canadian Consumer Price Index to help you keep up with the cost-of-living.

#### Survivor benefits

The type of survivor benefit(s) your survivors will receive depends on:

- whether you die before or after retirement
- your marital status on your retirement date (termination date) and date of death
- the years in which you earned pension credit

**If you die before you begin your pension**, your survivors will be entitled to the applicable pre-retirement survivor benefits.

**If you die while you are receiving your pension**, your survivors will be entitled to the applicable post-retirement survivor benefits.

Note: If you are entitled to an RCA benefit based on the current ITA limits, your Termination Information Package will display the combined survivor pension (if applicable) from both the PSPP and RCA.

To learn more about how pre-retirement and post-retirement survivor benefits apply to you, please log in to our secure online e-services, where you can also view and update your personal pension beneficiary information, and read 'Designating or changing your beneficiaries' in the Current Members section of our website at **OPB.ca**.

#### Post-retirement marriage or common-law relationship

If you marry, remarry or establish a new common-law relationship after your retirement date (termination date), a new spouse is not automatically entitled to a survivor pension. To provide a new spouse with this benefit, **you must apply**, you must not already have an eligible spouse (e.g., former spouse) or an eligible child, and **your request must be approved**. A former spouse may be eligible to receive a survivor pension if they were your spouse when you started your pension.

If this scenario applies to you, please contact us to go over your options and learn about timelines and the documents you need to complete and submit.

#### Quarterly employment earnings limit if you return to work

Your pension is not affected if you work for an employer that does not contribute to the PSPP.

Your pension may be affected if you become employed or engaged in any capacity with an employer who contributes to the PSPP. Keep in mind the following:

**If you rejoin the PSPP** — If your position requires you to rejoin the PSPP or you choose to rejoin the PSPP:

- your pension payments will stop
- you will resume making contributions and building pension credit
- you will be required to pay back any pension payments you receive for the month in which you return to work

When you subsequently end your employment, your pension will be recalculated taking into account this additional period of membership.

**If you do NOT rejoin the PSPP** — If you are employed or engaged in any capacity by an employer who participates in the PSPP and you do not rejoin the PSPP, **the PSPP sets limits on the amount that you can earn before your pension will have been overpaid**.

If your gross earnings exceed the amount shown on your Termination Information Package in any calendar quarter you will have to repay the overpayment to the PSPP. Quarterly earnings must be reported promptly to OPB. Please ensure that your employer notifies OPB of your quarterly earnings.

Note: If you are entitled to an RCA benefit based on the current ITA limits, your Termination Information Package will display the combined survivor pension (if applicable) from both the PSPP and RCA.

If you are considering returning to work after retirement, contact OPB to discuss if and how this may affect your pension. You can also view a list of PSPP employers on our website, **OPB.ca**.

### (Option 3, continued)

#### Refund of excess contributions, if applicable

If there is no refund owing to you, it will not appear on your Termination Information Package or Termination Elections Form. Your refund, if applicable, is the amount of your contributions plus interest that exceeds the amount required to fund 50% or 100% (depending on the type of contribution) of the commuted value (CV) of your pension. A CV is a dollar value that is placed on your pension. In simple terms, it's equal to the amount of money we would have to set aside today to pay your pension at retirement. The portion of your refund that may be transferred on a tax-exempt basis to a Registered Retirement Savings Plan is based on limits in the ITA and regulations.

#### You will receive annual cost-of-living adjustments

To protect your pension against inflation, a cost-of-living adjustment (COLA), based on the Canadian Consumer Price Index, will be added to your total pension on January 1st of each year. The maximum COLA for any given year is an increase of 8%. If the COLA is greater than 8% in a year, the excess is carried over to a future year when COLA is less than 8%.

#### e-services

You can access e-services, on our secure online member portal, at any time to view your Annual Pension Statement and update your personal information and pension beneficiary designations.

**To sign up for e-services**, please visit our website **OPB.ca**. Click 'e-services' at the top-right corner of our home page. Then, click 'Register' and follow the steps to create your account. You'll need your OPB client number to register.

Once registered, you can **sign up for e-alerts** for updates about new tools and services and other important information from OPB.

Note: All reasonable steps have been taken to ensure that this Guide is accurate. If there is any difference between the information provided in this Guide and the official Plan documents, the official Plan documents will govern.

Before making any decisions affecting your pension, please contact OPB to verify your rights, responsibilities and entitlements under the Plan.

#### How we calculate your PSPP pension

The PSPP is a defined benefit pension plan, so your pension is based on a pre-set formula.

##### Basic pension formula at EURD (before age 65)

The annual basic pension formula we use to calculate your pension before age 65 is:

**Before age 65**

**Average annual salary**

**Multiplied by 2%**

**Multiplied by your pension credit**

Your pension before age 65 includes an early retirement bridge benefit. The early retirement bridge benefit is intended to supplement your retirement income until age 65 when you are eligible to receive an unreduced CPP pension. In the month following your 65th birthday, your PSPP pension will be adjusted for CPP integration using the Pension formula from age 65 (shown below).

**Note:** If you choose to start your pension before your EURD, your pension will be permanently reduced by 5% per year (prorated for a partial year) for each year before your EURD when your pension starts.

##### Pension formula from age 65

At age 65, your pension is adjusted for integration with the Canada Pension Plan (CPP) from that point on. It is calculated using the formula shown above, **minus** the following:

**From age 65**

**The lesser of your average annual salary and the average YMPE\***

**Multiplied by 0.7%**

**Multiplied by your pension credit (max. 35 years)**

**\*The Year's Maximum Pensionable Earnings (YMPE) is set by the federal government each year to determine contributions and benefits under the CPP.** In this formula, we use the average YMPE based on the YMPE in the year you terminated employment and in the preceding two years.

For more information about how your pension will be adjusted for CPP integration, please refer to our booklet, "CPP Integration and Your PSPP Pension", available on our website.