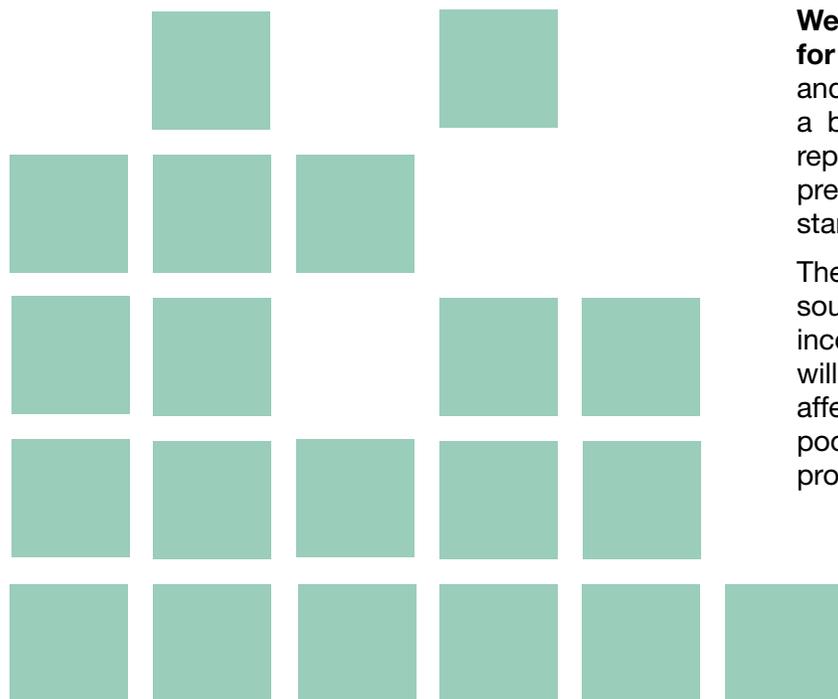


Information on the Municipal Pension Plan

For union members covered under the Community Social Services contract



We all need the security of a reliable income for our retirement years. Old Age Security (OAS) and Canada Pension Plan (CPP) benefits will form a basis of that income. But, they're unlikely to replace enough of the income we were earning pre-retirement. This could jeopardise our living standard.

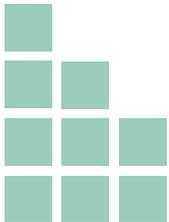
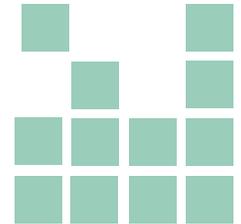
The Municipal Pension Plan (MPP) is another source of retirement income. The more retirement income one has, the better their standard of living will be. The MPP, like the OAS and CPP, isn't affected by investment markets. Pension plans pool risk. That means the pension corporation can provide a specific benefit amount without being concerned about the ups and downs of the markets.

Access to the MPP for community social service employees of CSSEA member agencies was a key accomplishment of the 2006 contract negotiations.



Too poor? I can't afford the monthly contribution. I need the money now

The cost is about seven cents per dollar you earn (6.99% to be exact). The deduction is an investment in your future; it helps to secure your future. By contributing now, your pension will grow larger. You'll have more money in your pocket each month after you retire. You can't afford to not participate. Other Canadians are clamouring to join such a plan. The value you receive from the MPP is far greater than the contribution you'll be making.

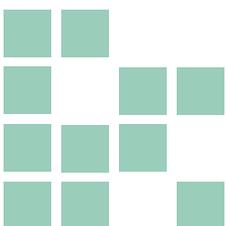
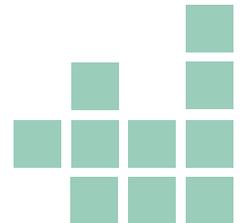


Too young?

The earlier you start contributing, the more pension income you'll receive each month after you retire. The difference between starting now and joining the pension ten years from now could mean hundreds of dollars more in your pocket every month after you retire. Your government pension plans (CPP and OAS) may not be enough to live on. You're never too young to start contributing.

Too old?

It's never too late to contribute to the pension plan. It's a valuable asset, even if your pension is based only on a few years of service. After two years of contributions, you are 'vested'. That means the money is locked in and you're guaranteed a paycheque for life after you retire. Membership in the MPP also means you'll have access to reasonably priced health care premiums.

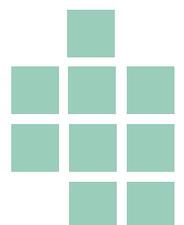


Planning to change jobs or careers?

The money you contribute to the MPP is yours. If you leave your employer after you're vested, you'll have the option of leaving the money in the MPP and drawing your pension at a later date, or moving it to a locked-in retirement account (LIRA). Also, it may be portable, meaning you can move your pension to your new employer's pension plan.

Too smart? I can make better investment choices for my future

You cannot predict what your financial future holds. Better to be safe than sorry when it comes to retirement planning. This defined benefit plan offers a predictable percentage of income replacement, something you won't get from any other sources. Remember a pension is a paycheque for life. An RRSP can run out of money.



Frequently asked questions

When do I have to make the decision to enrol?

Your employer will determine your eligibility. If you have income from more than one employer, you should make sure your CSS employer(s) knows the source and amount of income. Eligible employees will receive information from their employer. You will then have 90 days to decide whether to enrol. If you're eligible and you want to enrol you can do so as of April 1, 2010. If you're not eligible to enrol, familiarize yourself with the eligibility provisions to find out why. We recommend all eligible employees enrol.

My employer says I shouldn't enrol. What should I do?

If you're eligible, you should enrol. The only individuals who shouldn't enrol are those who have already decided to terminate their employment.

Is the employer's contribution taxable?

Pension contributions are not taxable to the employer or the employee.

Can I take money out of the plan?

You can take the money out for up to two years after you enrol. After that, you become 'vested'. That means the money is locked-in until you decide to retire.

Can I roll my RRSP into the MPP?

Yes, you can use money in an RRSP account to purchase years of past service. The plan permits this under certain rules. If you're interested in making the purchase, the pension corporation will generate a list of purchase options for you to consider. Purchases using RRSP funds can be made with a tax free transfer.

I'm a part-time worker. When can I enrol?

If you're a part time or casual employee you can enrol if you have worked continuously for two years (as long as you've not had breaks that exceed 26 weeks) and you've earned at least 35% of the year's maximum pensionable earnings (YMPE). For 2008, the YMPE was \$44,900, In 2009, it was \$46,300. In 2010, the amount is \$47,200.

Is the MPP safe?

Yes, the MPP is governed by a board of trustees.

The board must meet certain conditions to ensure the benefit is secure. The MPP is more than seventy years old. It has a great record of member benefit security.

Can I enrol in the MPP and continue to contribute to an RRSP?

Yes. You will be able to contribute to your own RRSP. Your pension is valued each year and the Canada Revenue Agency will issue you a notice of assessment after you file your income tax return. The assessment will tell you how much you can contribute to your RRSP.

What happens to my pension if I become disabled or ill?

Members who become disabled and qualify for LTD benefits continue to accrue pensionable service. But contributions are waived for the employee and employer. Illness provisions may vary, but pension service can be bought back for periods of short term illness.

What if I take a leave of absence or go on maternity leave?

You can buy back the period of time you were on leave.

My spouse has a good pension. Why do I need one?

It's always a good idea for individuals to accrue their own entitlement to a pension benefit.

What's it going to cost me to contribute to the plan per pay cheque? I earn an annual salary of \$35,000.

6.99% of \$35,000 is a total contribution of \$2446 per year. That breaks down to approximately \$94 per biweekly pay cheque. Employer contributions vary depending on a complicated formula for each employer but must always be greater than your own contribution.

MPP – A paycheque for life

All information contained in this bulletin is subject to the rules of the Municipal Pension Plan. If a conflict arises MPP rules prevail. The MPP website is the most reliable source of information.

For more information go to the MPP website at mpp.pensionsbc.ca



Health Sciences Association
The union of caring professionals
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