

CANADIAN FORCES NON-PUBLIC FUNDS

EMPLOYEES PENSION PLAN



Staff of the
Non-Public Funds
CANADIAN FORCES



Personnel des
fonds non publics
FORCES CANADIENNES

Effective 8 July 2019



Your Pension Plan was established on 1 January 1969 by Her Majesty in Right of Canada through the Minister of National Defence, pursuant to his authority and responsibility with respect to Staff of the Non-Public Funds, Canadian Forces, to provide retirement benefits to full-time employees. Since 1969, the Pension Plan has been amended 30 times to improve benefits to the employees and to ensure compliance with changing legislation and regulations. The Canadian Forces Non-Public Funds Employees Pension Plan is registered with and regulated by the Canada Revenue Agency and the Office of the Superintendent of Financial Institutions.

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This booklet has been prepared to help you better understand your Pension Plan. It does not create or confer any contractual or other rights. In the event of any variation between the information in this booklet and the official Pension Plan text, the latter will prevail.

Pension & Benefits
Staff of the Non-Public Funds, Canadian Forces
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TABLE OF CONTENTS

INTRODUCTION.....	5
HOW THE PENSION PLAN IS RUN	5
What is the Canadian Forces Non-Public Funds Employees Pension Plan?	5
How is the Pension Plan invested?.....	6
How do I receive information regarding my pension?	6
How do Pension Plan contributions work?	6
The Pension Formula.....	7
STARTING OUT.....	8
Am I automatically enrolled in the plan?.....	8
Who is not eligible to join the plan?.....	9
Can I opt out of the Pension Plan?	9
If I leave or retire and return, am I eligible for the Pension Plan?	9
WHILE YOU ARE WORKING.....	10
What is pensionable service?	10
Can I purchase unpaid leave?.....	10
Can I buy-back or amalgamate previous service?	11
Can I transfer pensionable service from another employer?.....	11
What happens to my pension if I terminate my employment?.....	12
What if I want to defer my pension?	12
What if I am disabled before I retire?	13
What are the death benefits?.....	14
APPROACHING RETIREMENT.....	15
When can I retire?.....	15
What is the Bridge Benefit? Am I eligible?	19
What if I retire before I'm 55?	19
What if I want to postpone my retirement pension benefit?.....	20
What are my Pension options?	20
GOVERNMENT BENEFITS	21
DEFINITIONS.....	22
CONTACT INFORMATION.....	24



INTRODUCTION

Your Canadian Forces Non-Public Funds Employees Pension Plan is designed to provide you with a source of income at retirement and is legislated by the federal Pension and Benefits Standards Act, 1985. When planning for your retirement, you should consider having several sources of retirement income. Your total retirement income may come from different sources, including:

- 1. Government Pension Benefits**
- 2. Canadian Forces Non-Public Funds Employees Pension Plan**
- 3. Personal Savings**

This booklet describes the main provisions of the Canadian Forces Non-Public Funds Employees Pension Plan (the Pension Plan) which was established on January 1, 1969. The Pension Plan has subsequently been amended to change interest rates, benefits, and to comply with changes in legislation.

This booklet does not provide information on how to accumulate personal savings for your retirement as this is a personal choice. However, two of the most popular methods are a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA). You are encouraged to obtain more information on RRSPs and TFSAs through your financial institution, financial planner, investment brokers, mutual fund companies, newspapers, books, seminars and libraries.

HOW THE PENSION PLAN IS RUN

WHAT IS THE CANADIAN FORCES NON-PUBLIC FUNDS EMPLOYEES PENSION PLAN?

The Canadian Forces Non-Public Funds Employees Pension Plan (the Pension Plan) is a defined benefit plan. This means your pension is based on a formula which includes the number of years you made contributions to the plan and the average of your three (3) highest paid consecutive years in the ten (10) years before your pensionable service ceases. It is not dependent on the investment returns of the plan fund.

The advantage of a defined benefit plan is that your pension is predictable and is not based entirely on economic conditions that existed during your working lifetime, nor at the time of your retirement.

The Staff of the Non-Public Funds, Canadian Forces acts as both the Plan Sponsor and the legal Plan Administrator of the Pension Plan.

As the Plan Sponsor, the Staff of the Non-Public Funds, Canadian Forces established the Pension Plan in accordance with the terms of the federal Pension Benefits Standards Act.

As the Plan Administrator, the Staff of the Non-Public Funds, Canadian Forces must also act as a “fiduciary.” A fiduciary is an individual or organization that holds assets for another party and has the legal authority and duty to make decisions regarding financial matters on behalf of that other party. As a fiduciary, the Staff of the Non-Public Funds, Canadian Forces is duty-bound to act in the interests of all Pension Plan members, pensioners, survivors, and beneficiaries.

To carry out its duties, the Staff of the Non-Public Funds, Canadian Forces acts through its Pension Board. The Pension Board, in turn, delegates specific Plan administration tasks to the Pension Investment Committee, the Chief Financial Officer, and the Vice-President, Human Resources. The Board also appoints various agents to manage the Fund administration and investment duties. The Pension Board is made up of representatives of the Employer, plan members, and retirees, with support from the Pension and Benefits Office.

HOW IS THE PENSION PLAN INVESTED?

The assets of the Pension Plan are held separate and apart from the assets of Non-Public Property. The Pension Fund is a trust, managed for the benefit of plan members, retirees and beneficiaries. All contributions made by members and the Employer go directly to the Pension Fund.

The Pension Fund is invested according to a well-diversified investment strategy approved by the Pension Board. Registered pension plans are required to develop a Statement of Investment Policy and Procedures for the Pension Fund to guide investment activities. This statement outlines investment objectives and performance expectations. Like many pension plans, the Staff of the Non-Public Funds, Canadian Forces hires professional investment managers to invest the fund assets.

All pensions and other benefits, such as bridge benefits, are paid from the Pension Fund. The Pension Plan financial statements are audited annually and an actuarial valuation of the Pension Plan is undertaken at least once every three (3) years. The actuarial valuation estimates the accrued liability of the Pension Plan for all members for service accrued to the date of the valuation, and compares this total liability to the Pension Fund’s assets. It also estimates the annual contributions required to be paid for future

service under the Pension Plan. Following a valuation, the employer contribution rate may be adjusted if required to meet the funding requirements of the Pension Plan.

HOW DO I RECEIVE INFORMATION REGARDING MY PENSION?

You and your Spouse, if applicable, will receive an annual statement from the Pension Administrator containing pension information as required by pension legislation. Such information includes the amount of your accrued pension, average earnings, total contributions and the funding status of the Pension Plan. If you have a current or future entitlement to a pension benefit, it is vital that your mailing address is kept current at all times to ensure that you receive important information on your pension entitlements.

You, or your Spouse, if applicable, may examine the Pension Plan text once a year at a place agreed to by Staff of the Non-Public Funds, Canadian Forces, or you may request in writing a photocopy for which a small fee may be charged.

HOW DO PENSION PLAN CONTRIBUTIONS WORK?

Employee Contributions

Once you join the Pension Plan, you are required to contribute 4.5% of your pensionable earnings, up to the Canada/Quebec Pension Plan Yearly Maximum Pension Earnings (YMPE), and 6% of pensionable earnings that are in excess of the YMPE. Once you have accumulated 35 years of pensionable service, your contributions to the Pension Plan will cease.

Employer Contributions

Your Employer makes all other contributions that are required in order to provide you with your promised pension benefits. Staff of the Non-Public Funds, Canadian Forces’ contributions are determined by the Pension Plan’s actuary, subject to Canada Revenue Agency approval, taking into consideration the applicable legislation, the accumulating benefits, and the Pension Plan’s funding status. Employer funding requirements are reviewed regularly.

THE PENSION FORMULA

The pension amount defined by the pension formula provides the normal form of pension (see “What are my pension options?”). The annual pension benefit to which you are entitled at Pensionable Age, up to the maximum limits as defined by the Income Tax Act, is calculated as follows:

For pensionable service earned on or after 08 July 2019:

$$\left[\begin{array}{c} \text{1.3\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings up to the} \\ \text{average YMPE} \end{array} + \begin{array}{c} \text{2\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings above the} \\ \text{average} \\ \text{YMPE} \end{array} \right] \times \begin{array}{c} \text{Years of} \\ \text{Pensionable} \\ \text{Service since} \\ \text{July 8, 2019} \end{array}$$

YMPE = Year’s Maximum Pensionable Earnings.

For pensionable service earned between January 1, 1997 and July 07, 2019:

$$+ \left[\begin{array}{c} \text{1.5\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings up to the} \\ \text{average YMPE} \end{array} + \begin{array}{c} \text{2\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings above the} \\ \text{average} \\ \text{YMPE} \end{array} \right] \times \begin{array}{c} \text{Years of} \\ \text{Pensionable} \\ \text{Service between} \\ \text{January 1, 1997} \\ \text{and July 7, 2019} \end{array}$$

For pensionable service earned before January 1, 1997

+ **THE GREATEST OF 1, 2 OR 3 BELOW:**

1. 40% of your total required contributions before January 1, 1997.

2.
$$\left[\begin{array}{c} \text{1.5\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings up to the} \\ \text{average YMPE} \end{array} + \begin{array}{c} \text{2\% of your} \\ \text{Highest Average} \\ \text{Pensionable} \\ \text{Earnings above the} \\ \text{average} \\ \text{YMPE} \end{array} \right] \times \begin{array}{c} \text{Years of} \\ \text{Pensionable} \\ \text{Service before} \\ \text{January 1, 1997} \end{array}$$

3.
$$\left[\begin{array}{c} \text{1.8\% of your} \\ \text{average annualized} \\ \text{earnings for} \\ \text{1994, 1995, 1996} \\ \text{up to \$34,900} \end{array} + \begin{array}{c} \text{2.4\% of your} \\ \text{average} \\ \text{annualized} \\ \text{earnings for 1994,} \\ \text{1995, 1996 above} \\ \text{\$34,900 but} \\ \text{below \$52,350} \end{array} + \begin{array}{c} \text{2\% of your} \\ \text{average} \\ \text{annualized} \\ \text{earnings for} \\ \text{1994, 1995,} \\ \text{1996 above} \\ \text{\$52,350} \end{array} \right] \times \begin{array}{c} \text{Years of} \\ \text{Pensionable} \\ \text{Service before} \\ \text{January 1, 1997} \end{array}$$

Should you retire on your Early Retirement Date, your annual pension benefit will be reduced accordingly. Your annual pension benefit is paid in equal monthly installments payable at the beginning of each month. If you are a part-time employee, your annual pension benefit will be calculated as a proportion of what a full-time member would earn.



STARTING OUT

To participate as a Member in the Pension Plan, you must be employed in either:

- An indeterminate full-time status;
- A temporary full-time or temporary part-time status and have met eligibility criteria; or,
- An indeterminate part-time status and have met eligibility criteria.

AM I AUTOMATICALLY ENROLLED IN THE PLAN?

Full-time employees:

Yes. You must join the Pension Plan from your date of hire as an indeterminate full-time employee. Once you join the Pension Plan, you may not withdraw from the Pension Plan as long as you remain employed by the Staff of the Non-Public Funds, Canadian Forces.

The eligibility rules for full-time employees have changed somewhat over the years, as follows:

HIRED ON OR AFTER 1 JANUARY 2005	Must join the Pension Plan on the first day of full-time employment with the Staff of the Non-Public Funds, Canadian Forces.
HIRED BETWEEN 1 JANUARY 2004 AND 31 DECEMBER 2004 (INCLUSIVE)	Must have joined the Pension Plan on the first day of the month following date of hire with the Staff of the Non-Public Funds, Canadian Forces.
HIRED BETWEEN 1 JANUARY 2002 AND 31 DECEMBER 2003 (INCLUSIVE)	Could have joined the Pension Plan on the first day of the month following date of hire. Must have joined on the first day of the month following the completion of four years of full time continuous service with the Staff of the Non-Public Funds, Canadian Forces.
HIRED BETWEEN 1 JANUARY 1998 AND 31 DECEMBER 2001 (INCLUSIVE)	Could have joined the Pension Plan on the first day of the month following the completion of three (3) months of continuous service. Must have joined the Pension Plan upon completion of four (4) years of full time continuous service with the Staff of the Non-Public Funds, Canadian Forces.
HIRED PRIOR TO 1 JANUARY 1998	Could have joined the Pension Plan on the first day of the month following the completion of one (1) year of continuous service. Must have joined the Pension Plan upon completion of four (4) years of full time continuous service with the Staff of the Non-Public Funds, Canadian Forces.

Temporary full-time employees:

You must join the Pension Plan on the earlier of:

- The day you are hired in a temporary full-time position that is for a period of more than twenty-four (24) months; or,
- The day you complete twenty-four (24) months of continuous employment in your temporary full-time position.

Part-time employees:

You may voluntarily join the Pension Plan if:

- You complete twenty-four (24) months of continuous employment; and
- Your earnings exceed 35% of the Canada/Quebec Pension Plan Yearly Maximum Pensionable Earnings (YMPE) in two (2) consecutive calendar years; or
- You accept an offer of temporary full-time employment (including secondments or acting assignments/appointments) that results in you meeting pension eligibility as a temporary full-time employee (see eligibility for temporary employees).

Once you make the decision to join the Pension Plan, that decision is irreversible.

WHO IS NOT ELIGIBLE TO JOIN THE PLAN?**You are not eligible to join the Pension Plan if you are:**

- Employed on a temporary full-time or temporary part-time basis and have not met eligibility criteria;
- Employed on an indeterminate part-time basis and have not met eligibility criteria;
- A locally-engaged individual outside Canada;
- Employed on a casual basis;
- Paid only on a commission basis for the performance of your regular duties;
- Employed under a student employment program; or,
- A re-employed Staff of the Non-Public Funds, Canadian Forces retiree.

CAN I OPT OUT OF THE PENSION PLAN?

You may only opt out of joining the Pension Plan if you object to becoming a Member of the Pension Plan because of your religious beliefs.

IF I LEAVE OR RETIRE, AM I ELIGIBLE FOR THE PENSION PLAN?

If you are receiving a pension payment from the Pension Plan and have been re-employed by the Staff of the Non-Public Funds, Canadian Forces, you remain a retired member of the Pension Plan and continue to receive your pension. You are not eligible to re-join or contribute to the Pension Plan. Please note that retired members can only be rehired after a minimum three (3) month break in service between retirement and re-employment.

If you are a former Staff of the Non-Public Funds, Canadian Forces employee who has a deferred pension with the Pension Plan and have been re-employed by the Staff of the Non-Public Funds, Canadian Forces, you can re-join the Pension Plan once you meet eligibility requirements. For details on how your future deferred pension can impact your Plan membership, please contact your local Human Resources office.

Severance pay received by an employee on termination which is transferred to an RRSP as a retiring allowance may be re-characterized by the Canada Revenue Agency (CRA) as employment income if the employee is rehired by the Staff of the Non-Public Funds, Canadian Forces. It is the employee's responsibility to seek tax advice from a tax advisor and/or CRA.



WHILE YOU ARE WORKING

WHAT IS PENSIONABLE SERVICE?

Pensionable service is the period of service that is recognized by the Staff of the Non-Public Funds, Canadian Forces as pensionable within the Pension Plan provisions and during which you have been a member of and paid contributions to the Pension Plan. Since your pension benefit will be based on your pensionable service and highest average earnings, the accumulation of pensionable service is a crucial component of your future pension benefits.

You can accumulate up to a maximum of thirty-five (35) years of pensionable service, which may include the following types of service:

- Periods of continuous plan membership while you are receiving earnings from the Staff of the Non-Public Funds, Canadian Forces, including service as an employer-sponsored employee outside of Canada;
- Unpaid periods of absence during which you receive benefits from the Staff of the Non-Public Funds, Canadian Forces Long Term Disability plan and/or Government Employee's Compensation Act (e.g. benefits paid by WCB/WSIB/CSST), (See "What if I am disabled before I retire?");
- Periods of Maternity, Parental/Paternity and Compassionate Leave;
- Periods of temporary lay-off from employment with right to recall, which do not break continuous employment or plan membership;
- Any other period of paid or unpaid absence approved by the Staff of the Non-Public Funds, Canadian Forces, which does not break continuous employment or plan membership;
- Any period of past pensionable service with the Staff of the Non-Public Funds, Canadian Forces; and,
- A period of eligible past pensionable service transferred from a previous employer under the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, or under a pension plan that is registered under the Federal Pension Benefits Standards Act.

If you are a part-time employee, your pensionable service will be calculated as a proportion of the pensionable service that a full-time employee accumulates.

CAN I PURCHASE UNPAID LEAVE?

You can maximize your pensionable service by continuing to pay pension contributions during periods of unpaid leave. Both Member and Employer contributions are payable by you unless the Staff of the Non-Public Funds, Canadian Forces has adopted a policy or provision to share payment of the contributions.

The Income Tax Act imposes restrictions and conditions on the purchase of unpaid service. The Income Tax Act does not allow purchase of unpaid leave in excess of five (5) accumulated years of service, plus three (3) years for parenting leaves.

CAN I BUYBACK OR AMALGAMATE PREVIOUS SERVICE?

You may be able to increase your pensionable service by buying back a period of past pensionable service for which you transferred funds out of the Pension Plan. You may also increase your pensionable service by combining your current pensionable service with previous pensionable service, for which you left funds in the Pension Plan. In these cases, your cost to buy back pensionable service, or combine current and previous pensionable service, will be calculated on an actuarial basis. In most cases, the cost of service calculated on an actuarial basis will be significantly higher than that of a contribution-based costing.

Please note that this provision shall be allowed only during specified periods as determined and communicated from time to time by the Staff of the Non-Public Funds, Canadian Forces taking into account the funded status of the Pension Plan and other financial factors relevant to the Pension Plan.

CAN I TRANSFER PENSIONABLE SERVICE FROM ANOTHER EMPLOYER?

You will be allowed to transfer eligible prior pensionable service with a previous employer to the Pension Plan. Only pensionable service under the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, or under a pension plan registered under the Federal Pension Benefits Standards Act, from another employer immediately prior to your most recent date of membership in the Canadian Forces Non-Public Funds Employees Pension Plan, will be eligible for transfer.

If your previous employer's pension plan allows a transfer of pension funds:

- You must request the transfer within your previous employer's prescribed timelines for transfer but no later than one (1) year from the date you joined the Pension Plan.
- The contributions required to purchase a period of past pensionable service must be transferred in a lump sum payment directly from the registered pension plan of your prior employer.

Please note that the value of the Staff of the Non-Public Funds, Canadian Forces pensionable service purchased using transferred funds from your previous employer is calculated according to a prescribed formula. Therefore, the pension funds available from your previous employer may not be sufficient to purchase the equivalent years of pensionable service within the Pension Plan. In that case, you will be credited with the amount of Staff of the Non-Public Funds, Canadian Forces pensionable service that your available funds can purchase.

Contact your local Human Resources office for more information.

WHAT HAPPENS TO MY PENSION IF I TERMINATE MY EMPLOYMENT?

Pension benefits are immediately vested upon enrollment into the Pension Plan and calculations for pension benefits are required for all terminations. The value of your pension will always equal or exceed your total contributions with interest.

If you leave your employment prior to your Early Retirement Date, with two (2) or more years of membership in the Pension Plan, you may elect one of the following options:

- Leaving your pension benefits with the Pension Plan until retirement (deferred pension); or,
- Transferring the value of your pension benefit to a “locked-in” RRSP or life income fund; or,
- Transferring the value of your pension benefit on a “locked-in” basis to another registered pension plan; or,
- Using the Transfer Value of your pension to purchase an immediate or deferred life annuity from an insurance company.

A “locked-in” provision means that the benefit cannot be removed from the Pension Plan until retirement or an age specified in pension legislation. If you have been a Member for less than two (2) years, the options above are not required to be locked-in, or you may elect to receive a cash lump sum payment, less withholding tax.

If you leave your employment on or after your Early Retirement Date, you are considered to have retired from the organization and are eligible to receive an immediate monthly pension benefit or defer your pension payment to Pensionable Age.

Once the Pension and Benefits office has been advised of your termination, termination paperwork outlining your pension options will be sent to you within thirty (30) days by the Pension Administrator. After you receive this paperwork, you must make an election and return the required signed forms within ninety (90) days.

Mandatory Transfers

If the value of your pension is less than 20% of the YMPE in the year that you terminate, you do not have the option of leaving your pension with the Pension Plan.

In this event, your options would include:

- Receiving the value of your pension in a cash lump sum, less withholding tax; or,
- Transferring the value of your pension benefit to another registered pension plan; or,
- Transferring the value of your pension benefit to an RRSP; or,
- Using the Transfer Value of your pension to purchase an immediate or deferred life annuity.

Default Option

When you receive your termination options, you must make an election and return the required signed forms within ninety (90) days. If you do not return your signed election forms within ninety (90) days, the default option is to assume you have elected to leave your pension benefits with the Pension Plan until retirement (see “What if I want to defer my pension?” section).

Minimum Benefit

Under pension legislation, you cannot fund more than 50% of the Transfer Value of your pension benefits if you elect to receive an immediate pension upon retirement, or if your spouse elects to receive an immediate pension upon your death before retirement. In these situations, your contributions plus interest will be compared to the Transfer Value of your pension benefits. If your contributions plus interest total more than one-half of the Transfer Value of your pension benefits, then the excess contributions will be used to increase your monthly pension benefit. See *(Meet Robert) for an example*.

WHAT IF I WANT TO DEFER MY PENSION?

If you terminate your employment and leave the value of your earned pension in the Pension Plan, your entitlement to a monthly pension benefit has been deferred (postponed) to a later date. In this case, the value of your deferred pension is calculated as of the date your employment terminates and is payable on the first day of the month following your Pensionable Age.

If you have a deferred pension, you may choose to receive your monthly pension payments on the first day of the month following attainment of your Early Retirement Date. In this case, the amount of the deferred pension benefit will be reduced by an applicable percentage for each month that your retirement date precedes your Pensionable Age.

MEET ROBERT



For example, Robert was a member of the pension plan from 2006 to 2016. When he retired and decided to receive an immediate pension, the Transfer Value of his pension benefits was calculated as \$100,000. According to the above minimum benefit rule, accrued contributions and interest could not be used to provide more than half this amount; that is, \$50,000. However, his contributions and interest totaled \$55,000; that is, \$5,000 more than 50% of the Transfer Value. Therefore, Robert's monthly pension benefit was increased by the amount that could be provided using the \$5,000 of excess contributions.

Removal of Deferred Pension

Once you have deferred your pension, you will only be allowed to transfer your deferred pension from the Pension Fund during specified periods as determined solely by Staff of the Non-Public Funds, Canadian Forces. During such specified periods, you may choose to transfer your deferred pension out of the Pension Fund prior to your Early Retirement Date. In this case, the Transfer Value of your pension benefit is re-calculated as of the date of your request and you may elect one of the following options:

- Transferring the value of your pension benefit to a "locked-in" RRSP or life income fund; or,
- Transferring the value of your pension benefit on a "locked-in" basis to another registered pension plan; or,
- Using the Transfer Value of your pension to purchase an immediate or deferred life annuity from an insurance company.

Your deferred pension cannot be transferred out of the Pension Fund after attaining your Early Retirement Date.

WHAT IF I AM DISABLED BEFORE I RETIRE?

If you become disabled and are receiving benefits from the Staff of the Non-Public Funds, Canadian Forces' Long Term Disability plan or workers' compensation, your pensionable service and pensionable earnings continue to accumulate based on the earnings you were receiving prior to your leave, however you are no longer required to make contributions to the Pension Plan.

If you recover from your disability and return to work, you must start contributing to the Pension Plan again.

If you stop receiving disability benefits and do not return to work, the status of your pension benefits will be based on your employment status.

If you reach age sixty-five (65) while on disability, your disability benefits will cease and you will begin to receive a pension benefit based on your total years of pensionable service, including pensionable service accrued during your period of disability.

If you die before retirement and while on disability, your Beneficiary is entitled to the same death benefit described under "What are the Death Benefits?".

WHAT ARE THE DEATH BENEFITS?

If you die before retirement while a Member of the Pension Plan or while a former Member entitled to a deferred pension, your Beneficiary is entitled to a death benefit. The amount and form of the death benefit depends upon your age, pensionable service and marital status as outlined below.

1. If you die prior to being eligible for Early Retirement

Your Spouse is entitled to a death benefit equal to the Transfer Value of your pension benefit, calculated as if your employment terminated on date of death. If, as a former Member, you are entitled to a deferred pension, your Spouse is entitled to a death benefit equal to the Transfer Value of your deferred pension.

- a. Your Spouse may elect to:
- Transfer the death benefit to a “locked-in” RRSP or life income fund; or,
 - Transfer the death benefit to his/her employer’s pension plan if that pension plan permits it and if the employer administers the funds as “locked-in”; or,
 - Use the death benefit to purchase an immediate or deferred life annuity from an insurance company.
- b. If you do not have a Spouse on the date of death, a death benefit equal to the value of your pension benefit is payable to your Beneficiary in a cash lump sum payment, less withholding tax.

2. If you die after being eligible for Early Retirement but before commencing a retirement pension.

- a. Your Spouse is entitled to a pension benefit payable for life in equal monthly installments. The pension benefit is calculated as if you retired on the date of your death and elected the automatic form of pension. If your Spouse does not wish to receive an immediate pension benefit, your Spouse may elect one of the options outlined in 1. a. above, or may elect to leave the benefit with the Pension Plan for future retirement.
- b. If you do not have a Spouse on the date of death, a death benefit equal to the value of your pension benefit is payable to your Beneficiary in a cash lump sum payment, less withholding tax.

Note: If the Transfer Value of any death benefit payable to your Spouse is less than 20% of the YMPE for the calendar year of your death, your Spouse must elect to:

- Receive the death benefit in a cash lump sum payment, less withholding taxes; or,
- Transfer the death benefit to another registered pension plan; or,
- Transfer the death benefit to a RRSP; or,
- Use the death benefit to purchase an immediate or deferred life annuity from an insurance company.

3. If you die after retirement, pension benefits are paid to your Spouse or Beneficiary according to the type of pension you chose at retirement.





APPROACHING RETIREMENT

For most people, approaching retirement can be a time of excitement but also apprehension since you will be making some very important decisions in your life. With the proper planning, you can enjoy a smooth transition into retirement. You should consult with anyone necessary to ensure you are comfortable with your retirement decision, starting with your Spouse or Partner, and possibly your local HR office, the Pension Administrator, and your Financial Advisor.

If you are interested in a pension estimate for planning purposes, you are encouraged to visit the pension estimator online.

While this estimate will not contain all the information of a formal pension estimate, it will provide you with the opportunity to review your current situation and project future pension benefits.

You are encouraged to visit www.cfmws.ca/pension to access a variety of retirement planning resources, such as detailed information, tools, checklists, and links to useful websites, which can assist in your planning process.

When retiring, we request that you provide the Staff of the Non-Public Funds, Canadian Forces with **four (4)** months notice, and one (1) month notice when resigning. Formal pension estimates from our Pension Administrator can be provided to you up to six (6) months prior to your anticipated retirement or termination date. In order to provide you with the most accurate estimates as possible, we are unable to provide pension estimates any further in advance.

WHEN CAN I RETIRE?

Your retirement date is the date you cease working and begin to draw a pension from the Pension Fund. The date on which you can retire and the amount of pension you are entitled to receive are determined by your age, years of pensionable service and your pensionable earnings. We request that you provide **four (4)** months notice when retiring to allow for processing and workforce planning.

Your Normal Retirement Date is the first day of the month following your 65th birthday; however, you may be eligible for an earlier pension if you meet certain criteria, or you may choose to retire at a later date. Pensionable Age means the earliest age at which you may begin to receive a Pension Benefit without the consent of the Employer and without reduction by reason of early retirement.

Summary of Retirement Date Options

If your pensionable service is earned from July 8, 2019 onwards, then your pensionable age is age 65.

This means:

YOU CAN RETIRE....	AND RECEIVE...
On the first day of the month following your 65 th birthday.	An immediate unreduced pension.
On the first day of the month following your 55 th birthday.	An immediate pension reduced by 5/12 per cent for each month (5% per year) preceding age 65.



If your pensionable service started prior to July 8, 2019, then your total pensionable service earned before and after July 8, 2019 is used to determine your retirement date; however, you may have two (2) different pensionable ages for the purpose of calculating your pension benefit. This means:

IF YOU ARE...	YOU CAN RETIRE....	AND RECEIVE...
At least sixty-five (65) years of age and have less than ten (10) years of pensionable service*	On the first day of the month following your 65 th birthday.	An immediate unreduced pension.
At least sixty (60) years of age and have ten (10) or more years of pensionable service*	On the first day of the month following your 60 th birthday.	<p>An immediate pension.</p> <ul style="list-style-type: none"> • For your service prior to July 8, 2019, the pension is unreduced. • For your service on or after July 8, 2019, the pension is reduced by 5/12 per cent for each month (5% per year) preceding age 65.
At least fifty-five (55) years of age and have less than ten (10) years of pensionable service*	On the first day of the month following your 55 th birthday.	<p>An immediate pension.</p> <ul style="list-style-type: none"> • For your service prior to July 8, 2019, the pension is reduced by 1/4 per cent for each month (3% per year) preceding age 65. • For your service on or after July 8, 2019, the pension is reduced by 5/12 per cent for each month (5% per year) preceding age 65. <p>Or, alternatively, you may elect to defer your pension.</p>
At least fifty (50) years of age and have ten (10) or more years of pensionable service*	On the first day of the month following your 50 th birthday.	<p>An immediate pension.</p> <ul style="list-style-type: none"> • For your service prior to July 8, 2019, the pension is reduced by 1/4 per cent for each month (3% per year) preceding age 60. • For your service on or after July 8, 2019, the pension is reduced by 5/12 per cent for each month (5% per year) preceding age 65. <p>Or, alternatively, you may elect to defer your pension.</p>

* Please note that pensionable service includes service earned both before and after July 8, 2019.

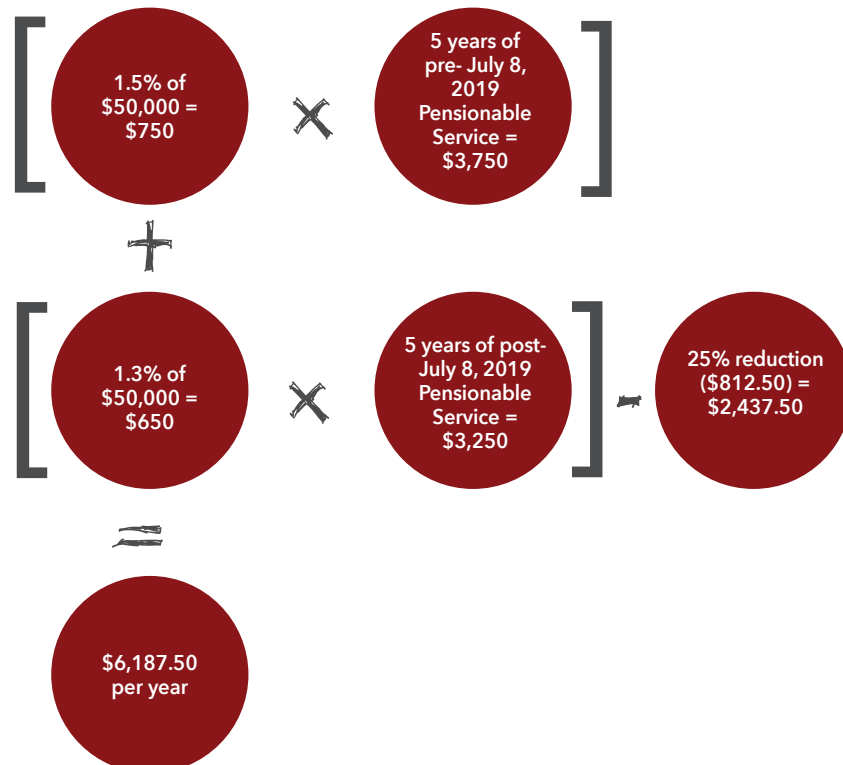


MEET JANE

For example, Jane has a total of ten (10) years of pensionable service. She earned five (5) years of pensionable service before July 8, 2019 and earned five (5) years of pensionable service after July 8, 2019. Jane wants to retire at age sixty (60).

- Based on Jane’s total 10 years of pensionable service, she can retire at age 60.
- Jane’s pension benefit for her 5 years of pensionable service before July 8, 2019 will not be reduced. This is because her pensionable age for this period of service is age 60.
- Jane’s pension benefit for her 5 years of pensionable service after July 8, 2019 will be reduced by 25 per cent. This reduction is because her pensionable age for this period of service is age 65. Therefore, if Jane retires at age 60, then the benefit has to be reduced by 5% per year (or 5/12 per month) which equals a 25% reduction.

If Jane’s highest average pensionable earnings are \$50,000, her pension is calculated as:



WHAT IS BRIDGE BENEFIT? AM I ELIGIBLE?

In addition to your annual pension benefit, you are eligible to receive a bridge benefit if you retire prior to your Normal Retirement Date and meet eligibility criteria.

The bridge benefit is an additional monthly benefit payable from your eligible payment age to the month after you reach age sixty-five (65) inclusive or the month following your date of death, inclusive. Bridge benefits are payable to the Member only; if you die before age sixty-five (65) while in receipt of a bridge benefit, no bridge benefits are paid to your Spouse or your Beneficiary.

You will receive a bridge benefit if you meet the following age and pensionable service eligibility requirements:

RETIREMENT AGE	COMPLETED YEARS OF PENSIONABLE SERVICE	PAYABLE FROM AGE
50 - 54*	10	60
55	10	55
56	9	56
57	8	57
58	7	58
59	6	59
60	5	60
61	5	61
62	5	62
63	5	63
64	5	64

* Only applies if any portion of pensionable service has been earned before July 8, 2019.

The bridge benefit is equal to \$15.00 per month multiplied by your full and partial years of eligible pensionable service, to a maximum of \$300 per month (the maximum will be reached with twenty (20) years of pensionable service).

WHAT IF I RETIRE BEFORE I'M 55?

For Pensionable Service prior to July 8, 2019:

If you retire prior to age fifty-five (55) with less than 10 years of Pensionable Service you are not eligible to receive a bridge benefit.

If you retire between age fifty (50) and age fifty-five (55) with at least 10 years of total Pensionable Service earned both before and after July 8, 2019, you are entitled to receive the following bridge benefit:

- A bridge calculated based on Pensionable Service prior to July 8, 2019 instead of the total period of Pensionable Service. The benefit is paid from the first day of the month following age sixty (60), and ceases effective the month you reach age sixty-five (65). If you die before age sixty-five (65), the bridge benefit stops being paid in the month following your death.

For Pensionable Service on and after July 8, 2019:

If you retire prior to age fifty-five (55), you are not eligible to receive a bridge benefit.

WHAT IF I WANT TO POSTPONE MY RETIREMENT PENSION BENEFIT?

If you postpone your retirement benefits until after your Normal Retirement Date, the pension at actual retirement is calculated in the same manner as a normal retirement pension, but is based on your additional years of pensionable service and pensionable earnings to a maximum of thirty-five (35) years in the Pension Plan.

Your postponed retirement date is determined as the earlier of the following two dates:

- First day of the month following termination of employment;
- 1 December of the calendar year in which you attain or will attain age seventy-one (71).

In accordance with the Income Tax Act, your pension benefit must start being paid to you no later than December 1 of the calendar year in which you attain or will attain age seventy-one (71). If you wish to continue working beyond the age of seventy-one (71), payment of your monthly pension benefit must commence but, in this case, you are not required to terminate your employment in order to begin receiving your monthly pension benefit.

WHAT ARE MY PENSION OPTIONS?

The form of pension benefit payable to you depends on your marital status at the time of your retirement.

Normal Form of Pension - Life with 15 Year Guarantee

The normal form of the lifetime pension is a benefit payable in equal monthly installments for your lifetime and guaranteed to be paid for a period of not less than 180 months. If you die before receiving 180 monthly payments, your Beneficiary is entitled to receive the value of the remaining balance of the 180 payments in a lump sum. If you die after receiving 180 monthly payments, your last payment shall be the payment for the month in which your death occurs.

If you do not designate a Beneficiary, or if your Beneficiary dies before you, any benefits payable to your Beneficiary will be paid to your estate in a lump sum, less applicable withholding tax.

This form of pension is the default option for retiring Members unless you have a legal Spouse at retirement.

Automatic Form for Member with Spouse - Joint and Survivor

If you have a legal Spouse at retirement, your pension benefit must be paid as a joint pension to you and your Spouse unless your Spouse signs a waiver form one (1) month prior to retirement. Your pension benefit is payable in monthly installments for your lifetime and payable after your death to your Spouse for their lifetime. The automatic Joint and Survivor pension reduces to 60% after your death or you may elect a Joint and Survivor pension that remains at 100%. Since both the normal form of pension and the Joint and Survivor pension benefits must have the same value, the amount of the Joint and Survivor pension is adjusted accordingly, depending on the option you choose.

Once the Pension and Benefits office has been advised of your request for retirement, retirement paperwork outlining your pension options will be sent to you within thirty (30) days by the Pension Administrator. After you receive this paperwork, you must make an election and return the required signed forms within ninety (90) days.

Default Option

If you do not return your signed election forms, the default option is to assume you have elected Life with Fifteen (15) Year Guarantee for single Members, or a Joint and Survivor pension with 60% payable to the surviving Spouse for Members with an eligible Spouse.



GOVERNMENT BENEFITS

In addition to your Pension Plan benefits, you may also be entitled to payments from the Canada or Quebec Pension Plan (C/QPP) when you retire, and Old Age Security (OAS) and Guaranteed Income Supplement (GIS) payments when you reach age sixty-five (65). Payments from these plans are not automatic - you must apply for benefits.

Benefits payable under the C/QPP are based on your eligible salary and the number of years you contributed to the plan. Benefits are normally payable from age sixty-five (65) and are approximately 25% of your eligible salary as defined by the C/QPP programs. You may apply for these benefits as early as age sixty (60) with a reduction, or later than age sixty-five (65) with an increased benefit.

Benefits payable under the OAS plan are based on your age and your years of residency in Canada since the age of eighteen (18). Employees with less than forty (40) years of residency in Canada after age eighteen (18) are eligible for a partial OAS pension. Old Age Security payments are reduced if your retirement income is higher than a certain amount established each year by the government.

Benefits payable under the GIS provide additional funds, in addition to the OAS pension, to lower-income seniors living in Canada. To be eligible for the GIS benefit, you must be receiving the OAS pension and meet the income requirements set out by the government.

FOR MORE INFORMATION ON THESE PLANS:

CPP & OAS/GIS website - www.servicecanada.gc.ca

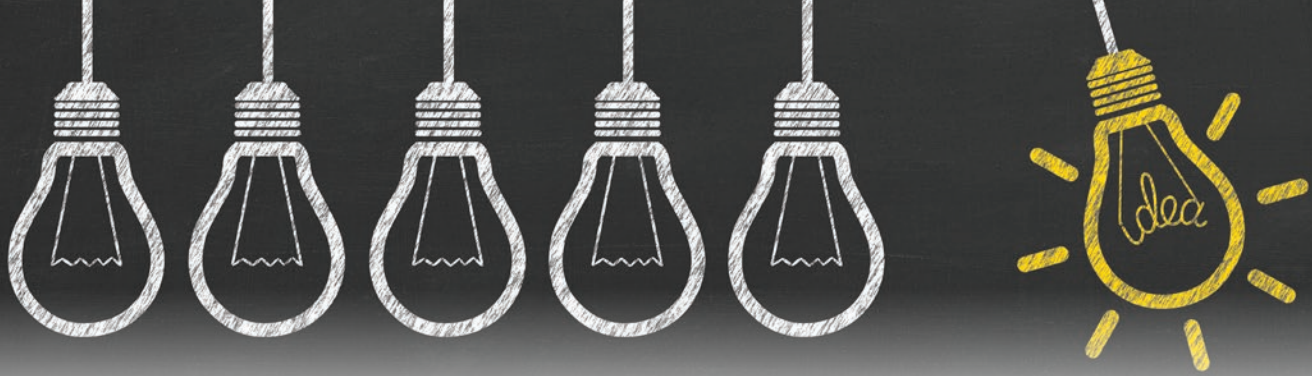
QPP website - www.rrq.gouv.qc.ca

CPP & OAS/GIS -

Service in English 1-800-277-9914

Service in French 1-800-277-9915

QPP 1-800-463-5185



DEFINITIONS

The Pension Plan text is the legal document which details the provisions of the Pension Plan. The following terms are used in the pension booklet and are important in the calculation of your pension.

Average Year's Maximum Pensionable Earnings (AYMPE):

The calculated average of the YMPE in the year pensionable service ceases and the two (2) preceding years.

Beneficiary:

The individual designated to receive any benefits payable under the Pension Plan on the death of the Member. In accordance with federal law, your spouse or common-law partner is automatically the Beneficiary of any death benefits.

Deferred Pension:

Earned pension benefits that have been left in the Pension Plan when the Member terminates employment.

Early Retirement Date:

The first day of the month following the date on which the Member's continuous employment ceases where such date is within ten (10) years of Pensionable Age but prior to attaining Pensionable Age.

Highest Average Pensionable Earnings:

Means your average earnings as a Member during the three (3) highest-paid consecutive years in the ten (10) years before your pensionable service ceases. If you have less than three (3) years of Pensionable Earnings, then the actual average of pensionable earnings received will be used.

Member:

An employee who has fulfilled the eligibility requirements and who has completed the necessary enrolment forms. A Member shall cease to be a Member on termination of employment, retirement or death.

Normal Retirement Date:

The first day of the month following the Member's 65th birthday.

Pensionable Age:

The earliest age at which a Member or former Member may begin to receive a pension benefit without reduction.

Pensionable Earnings:

Base salary or wages, excluding bonuses, special remuneration and gratuities, but including overtime pay, performance/incentive pay, acting pay, vacation payouts, commissions, and pay during working notice period, which has been earned or deemed to be earned during periods of pensionable service.

Pensionable Service:

Any period of service, recognized by the Staff of the Non-Public Funds, Canadian Forces as pensionable within the Pension Plan provisions, during which you have been a Member of and paid contributions to the Pension Plan, to a maximum of thirty-five (35) years. Pensionable service for part-time employees will be prorated to hours worked.

Spouse:

A person who has resided with the Member or former Member in a conjugal relationship, for a continuous period of one (1) year or more; or a person who is legally married to the Member or former Member or who is party to a void or, in Quebec, null marriage with the Member or former Member.

Transfer Value:

The lump sum amount, including bridge benefits where applicable, which is the actuarial present value of the benefits to which you have or may have a future entitlement to, calculated using rates of interest, actuarial tables and other assumptions, subject to the Pension Benefits Standards Act and the Income Tax Act.

Year's Maximum Pensionable Earnings (YMPE):

The maximum earnings set each year by the Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) on which you are required to make CPP/QPP contributions. The YMPE also determines the earnings amount that is used for calculating the Staff of the Non-Public Funds, Canadian Forces pension contributions each year.

CONTACT INFORMATION

For general information regarding the Pension Plan, pension benefits, contributions, etc. please contact your local Human Resources office. Your local Human Resources office will also be able to initiate a pension estimate from our Pension Administrator on your behalf.

If you disagree with a decision affecting your pension entitlement or rights under the Pension Plan, a review of your situation can be arranged by contacting your local Human Resources office.

For information regarding your annual pension statement or pension options after retiring or terminating, please contact our Pension Administrator, Coughlin and Associates at:

Local Tel: 613-231-2266 | Toll Free: 1-888-613-1234 | Email: nfpension@coughlin.ca

General Information: www.cfmws.ca/pension | Email: pensionplan@cfmws.com