



Municipal  
Employees'  
Pension  
Plan

# IT PAYS TO BELONG



New to the Municipal Employees' Pension Plan (MEPP)? Have the opportunity to join the Plan? Here are some things you should know - about pensions in general and MEPP specifically.

MEPP is a defined benefit pension plan serving members since 1973. Today, MEPP is a healthy, well-managed plan.

## RETIREMENT INCOME SOURCES

Canadians have three basic sources of retirement income: Employment pensions, government programs and personal savings. Less than half of Canadians are members of an employer-sponsored pension plan. By joining MEPP, you earn a pension on top of the government sources (Canada Pension Plan and Old Age Security) and personal savings like Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSAs).

## TAX SAVINGS

Being a MEPP member means your taxable income on each paycheque drops immediately by the amount you contribute to the Plan. This is different from RRSPs, in which your taxable income is not reduced until tax time.

## CONTRIBUTIONS

Contributions to MEPP come off each paycheque, so saving for retirement is easy. As a member of MEPP, you don't shoulder the burden of saving for your retirement yourself. Your employer contributes an equal amount every time you get paid.

### CONTRIBUTIONS

#### *Contribution Rates at January 1, 2014*

General Members 8.15%

Designated Members 11.35%

Your employer contributes at the same rate.

#### *Example*

Let's say you are a general member and your monthly salary is \$2,000, each month you and your employer each contribute:

$$0.0815 \text{ (your rate)} \times 2000 \text{ (your salary)} = \$163.00$$

## AS YOUR PENSION GROWS

### THE FIRST TWO YEARS

If you terminate within the first two years of your employment with a MEPP employer, you are entitled to your contributions, and any accumulated interest. MEPP will write you outlining your options.

### AFTER TWO YEARS

Once you have been employed with a MEPP employer for more than two years, you are entitled to receive a pension from the Plan, and your funds must be used to provide you with retirement income. If you terminate, MEPP will send you a letter explaining what options are available.

MEPP also has benefits available for terminal illness and disability. If you die before retirement, your beneficiary will receive a death benefit from MEPP.

## A LIFETIME PENSION BENEFIT

When you retire and become a MEPP pensioner, you will receive a pension from MEPP for the rest of your life. You cannot outlive your pension. If you have a spouse at retirement, MEPP will provide your spouse a survivor benefit for their lifetime if you die. Should you retire before age 65, MEPP provides a bridge benefit, a payment you receive only until you are 65.

### PENSION CALCULATION

Let's say you are a general member with a Highest Average Salary\* (HAS) of \$2,000 a month (\$24,000 a year) with 20 years of service at age 60.

#### *Pension:*

The formula for the pension is  
 $1.5\% \times \text{HAS} \times \text{Years of Service}$ ,  
so you would receive:

$0.015 \times 24,000 \times 20 = \$7,200$  a year or  
\$600 a month for your lifetime

#### **PLUS**

#### *Bridge:*

The formula for the bridge benefit is  
 $0.5\% \times \text{HAS} \times \text{Years of Service}$ ,  
so you would receive:

$0.005 \times 24,000 \times 20 = \$2,400$  a year or  
\$200 a month until age 65

\*Your HAS is the average of your highest three years of pensionable salary.

## WANT TO KNOW MORE?

There are many ways to answer your questions, and experience MEPP's dedicated customer service.

- Phone or e-mail our staff with questions or to schedule an appointment for a personal consultation.
- Visit our website, perhaps to review the MEPP Member Booklet, where you will find more information about the Plan.
- After your first year of Plan membership, you can access *MORE*, MEPP's online retirement planner.
- Attend a Ready, Set, MEPP presentation to learn the basics about MEPP.
- Spend a day at a Retire*WithEase* workshop to learn about retirement planning.

### HERE TO SERVE

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