



# MEPP MATTERS

MUNICIPAL EMPLOYEES' PENSION PLAN NEWSLETTER

## 95th Largest Pension Plan in Canada

Based on assets, the Municipal Employees' Pension Plan (MEPP) - your plan - is the 95<sup>th</sup> largest plan in Canada. That's 95<sup>th</sup> out of 15,000! (According to Statistics Canada there are about 15,000 registered pension plans in Canada.) Benefits Canada, a pension and benefits magazine, annually publishes a list of the largest 100 pension funds. MEPP moved up to 95<sup>th</sup> from last year's 99<sup>th</sup> position. Total reported assets for 2006 were \$1.38 billion, up from \$1.25 billion in 2005.

Saskatchewan is home to six of the 100 largest pension funds in Canada. MEPP is the sixth largest fund in Saskatchewan. Please see the brochure included with this newsletter for more MEPP highlights.

### Considering Retiring?

The earlier you start the retirement process, the more time you will have to consider your options. You might avoid delays if MEPP requires further information after receiving your pension application.

These steps may smooth the way:

1. **Contact MEPP and request a pension estimate about six months before the date you want to retire.** MEPP will send you an *Application for Pension Benefits* along with a pension estimate showing you all your options. Getting an estimate allows you to review all your options and make an informed decision.
2. **Let your employer know you plan to retire.** Your employer must be involved. MEPP must receive official notice of your retirement and your last pension contribution from your employer. MEPP cannot finalize your pension until the last contribution is received.
3. **Apply for pension.** Send any required documentation (indicated in your pension estimate) including your completed application, to MEPP. MEPP cannot start your pension until all paperwork is received.
4. **Receive your pension and enjoy your retirement.**

### New Investment Manager

The newest investment manager for MEPP is Pareto Investment Management Limited (Pareto). MEPP hired Pareto in November 2006. Pareto's primary goal is to manage the Plan's investment risk due to currency fluctuations; its secondary goal is to trade currencies to increase the Plan's earnings.

Pareto was founded in 1991. Their headquarters are in London, England, but they maintain a global client base. Pareto is one of the largest currency managers in the world with more than US \$46 billion under management.

For more information on MEPP's investment policies, please visit our website at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca).

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# Temporary Pension

When you retire, you can choose to receive a lifetime pension from MEPP or transfer the value of your pension out of the Plan. The value of your pension is the commuted value.

A temporary pension is a retirement option available to members who choose to transfer the value of their pension out of MEPP.

If you are eligible to retire when you terminate, MEPP will send you a retirement package with the commuted value (CV) of your pension and all your options. If you choose to transfer your CV out of MEPP, you must comply with the maximums allowed by the *Income Tax Act* (ITA) (Canada).

The ITA sets a maximum amount you can transfer tax deferred from the Plan. If your CV is higher than the ITA maximum, MEPP offers the option of converting that amount to a temporary pension or taking it as a single taxable payment. A temporary pension provides you with an immediate pension until the earlier of age 65, or the predetermined number of payments has been made.

An example: Joe is retiring and has chosen to transfer his commuted value out of MEPP; his CV is \$80,000 over the ITA maximum. Joe can convert the \$80,000 to a temporary pension or take it as a single taxable payment.

All payments you receive from a pension plan are taxable. Joe is able to defer tax by choosing the temporary pension, because he will pay tax only on the amounts he receives in each year. If he chooses to take the \$80,000 in a single payment, he will have to pay tax on the full amount at once.

To qualify for a temporary pension you must:

- be eligible for retirement, but less than 65 years of age;
- have a CV greater than the ITA maximum;
- transfer the ITA maximum out of MEPP; and
- be eligible to receive a minimum of 18 pension payments.

## MEPP for Laughs

The boss returned from lunch and called the whole staff in to listen to a couple of jokes. Everybody but one woman laughed heartily.

“What’s the matter?” grumbled the boss.  
“Haven’t you got a sense of humor?”

“I don’t have to laugh,” she replied. “I’m retiring Friday.”

## Change to Small Benefit Rule

As a MEPP member, you become vested after two years of employment with a MEPP employer. Vested means you are entitled to a pension benefit. It also means the value of your pension is locked-in and must be used for retirement. However, after termination some vested members may qualify to receive a payout of the value of their pensions under the small benefit rule.

If either the value of your pension or your annual pension is below a certain amount, the small benefit rule allows you to ‘unlock’ it. You have the option to transfer it to another registered account or take it as a single taxable payment.

You would qualify for a small benefit payment if:

- the value of your pension is less than \$8,740\*;
- your annual pension amount is less than \$1,748\* (monthly pension of \$145.67\*).

\*These amounts change annually. Please call MEPP for more information.

# Pensioners' Corner

## New Spouse as Joint Pensioner After Retirement

MEPP now allows you to name a new spouse as your joint pensioner after you have retired.

With a joint pension your spouse is entitled to a survivor benefit in the event of your death following retirement. Previously, your spouse at retirement was the only person entitled to this survivor benefit.

With the change you may now name a new spouse as a joint pensioner if:

- you did not have a spouse at retirement;
- you dissolved your spousal relationship after retirement and your spouse at retirement waives all entitlement to the survivor benefit; or
- your spouse at retirement is deceased.

Before you can name a new spouse as joint pensioner, your remaining pension must be re-calculated and new pension payments determined. This calculation is done by an actuary. The fee for the calculation is \$600.

Once the calculation has been performed, MEPP will provide you with your options. You may then choose whether or not you wish to name a new spouse as joint pensioner. In most situations, your monthly pension payments will decrease when you name a new joint pensioner.

To name a new spouse as joint pensioner you must:

- apply to MEPP in writing to initiate the calculation;
- provide medical evidence of good health;
- send all required documentation; and
- include a cheque for \$600 payable to MEPP to cover the cost of the calculation.

Your spouse is the person married to you or if you are not legally married but in a common-law relationship where you and your common-law spouse:

- have been cohabiting for at least one year; or
- are the natural or adoptive parents of the same child.

Please contact MEPP if you would like more information on naming a new spouse as joint pensioner.

## About Pension Income Splitting

Beginning with the 2007 tax year, Canadian residents may split eligible pension income with their resident spouse or common-law partner.

Pension income splitting is for tax purposes only. Your full pension will continue to be paid to you and only you.

Pension income splitting is handled by Canada Revenue Agency (CRA), not your pension plan.

For more information please contact CRA at 1-800-267-6999 or 1-800-959-8281.

## MEPP Presentations

MEPP presentations include information on many topics, including participating in the plan, termination, pension calculations, eligibility for retirement and other plan provisions.

If there are 20 (or more) members in your area interested in attending a presentation about the Plan, MEPP would be happy to oblige.

To arrange for a MEPP presentation call 1-877-506-6377.

# Check out our website

Visit us at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca) under MEPP.

We have revised the content and updated the look of our MEPP Focus Sheets. They are now called MEPP In-Depth sheets. The sheets are grouped into these categories to make the information easier to find:

- While Working and Contributing;
- Disability;
- Terminating Before You Retire;
- Retiring; and
- Calculating Your Pension

Another exciting upgrade to the website is that we have designed many MEPP forms to be fillable online. You can open up the form, complete any fillable fields using your computer, then print it out, sign it and send it in!

The 2006 MEPP Annual Report has been posted to the website. This report provides information on the Plan's investments, investment objectives and fund performance.

Please review the MEPP 2006 Highlights - a four-page summary of the 2006 Annual Report. The MEPP Highlights is posted to the website and we have included a copy for you along with this newsletter.

## Dear MEPP

*MEPP Matters* is looking for questions from members. If there is anything that you want to know about MEPP, please send your questions to *Dear MEPP*. Here is a question MEPP received recently:

**Dear MEPP:** What is the difference between a temporary pension and a lifetime pension?

**Dear MEPP Member:** A lifetime pension as the name implies, will pay you a monthly pension for your lifetime. If you qualify for and choose a joint pension, a percentage of your lifetime pension will be paid to your spouse as a survivor benefit for his/her lifetime as well. MEPP pays a lifetime pension to you if you choose to leave the value of your pension in MEPP.

The temporary pension is paid for a specific number of payments regardless of how long you live. Once the specified number of payments has been made, the temporary pension ends. A temporary pension must end before you turn age 65.



## Missing Members Where are You?

Missing members are people we have not heard from in some time and who are no longer at the address last entered in our files. They are all entitled to benefits that they have not claimed.

If you know of anyone who could be a "missing member" or who has not received this newsletter, please ask the member to contact us and provide us with his or her correct address.

You may address any inquiry or complaint regarding the administration of the Municipal Employees' Pension Plan to the Public Employees Benefits Agency (PEBA) at:

1000 - 1801 Hamilton Street  
REGINA SK S4P 4W3

Hours: Monday to Friday 8:00 a.m. to 5:00 p.m.

Phone: Toll-free 1-877-506-6377 - In Regina 787-2684

E-mail: [mepp@peba.gov.sk.ca](mailto:mepp@peba.gov.sk.ca)

Fax: 1-306-787-8822

PEBA will respond to all pension-related inquiries or complaints. If a complaint cannot be resolved, PEBA will provide you with details of the procedure for having your complaint heard by the Municipal Employees' Pension Plan Commission.

*MEPP Matters* is published as a service to the members of the Municipal Employees' Pension Plan (MEPP). This newsletter provides general information about MEPP and its operation. It does not replace or supersede the legislation governing the Plan. The articles contained in this newsletter have been carefully compiled from sources believed to be reliable, but their accuracy cannot be guaranteed. Suggestions are welcome.