



December 2016

## Transition into retirement

Everyone transitions into retirement differently. This could mean reducing hours, changing jobs or both. Some members may want to access their PEPP accounts and also accept new positions in retirement. You, as an employer, have an important role in helping with the process and timing of this type of transition.

Legislation requires a member to be in a “retired” status before PEPP can convert the members funds to retirement income. If the member resumes working with a PEPP employer before transferring to a Variable Pension Benefit (VPB) account or another retirement option, their status becomes “active” and their account is locked-in until they “retire” again.

Example:

John Smith has chosen to retire with his current PEPP Employer A on January 2, 2017. He intends to access his PEPP funds through a VPB account. After his retirement date, John is planning on accepting a new part-time position with PEPP Employer B on January 6, 2017.

PEPP must receive and process John’s VPB Application form and the Employer A **Notice of Termination** form before processing his Enrolment form from Employer B. We cannot

complete the transfer to VPB and he will not have access to his PEPP money if he is enrolled and becomes active with a new PEPP employer before we process the VPB application. Non-PEPP employers do not impact the member’s retired status.

If members plan on accepting another position, after retiring, please have them contact PEPP. PEPP will work with them to ensure all forms are complete and the transfer processed within five business days. This will give the member a time line when to start the new position.

What to do:

- Inform PEPP of the member’s intention to retire and ensure the **Notice of Termination** form is submitted as soon as possible.
- Have the member contact PEPP to request a retirement quote and review their retirement options.
- PEPP will send the member a package that contains pension estimates and the required forms. The member completes and returns the application to PEPP prior to starting a new position (allow at least five business days).



The **Employer Bulletin** is published as a service for the employers of PEPP. For further information or clarification, contact PEPP’s Customer Focus Coordinators:

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## Member account adjustment form

### Monitor maximum contributions for the tax year

The September Employer Bulletin “Check your Contribution Limits” addressed contributions made in error or in excess.

This is a reminder that over-contributions can be corrected by using the **Member Account Adjustment Request** form located on the PEPP website under the *Employer* tab. When completing this form, please ensure that you are selecting the correct reason code from the drop down menu.

Requests for processing the return of contributions received in excess of the *Income Tax Act (Canada)*, may be charged an administration fee of \$60 an hour in half hour increments.

A complete listing of employer transaction fees can be found under the *Employer* tab on the PEPP website.

## Employees turning age 71

If you had members turn age 71 during the calendar year, please complete and submit the **Notice of Member Termination** form **no later than December 31, 2016**. This allows PEPP to provide the member with retirement options.

Please inform your payroll department to stop remitting contributions from that member. The member is not required to stop working, but they can no longer contribute to PEPP after December 31, 2016. Contributions that come in after January 1, 2017 will be returned to you to refund directly to the member. There may be a charge for processing these contributions as it is not allowable by the *Income Tax Act (Canada)*.



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