



## Member Handbook

- Information about your pension plan
- Know your pension options
- Plan for your retirement



## Are you online?

Your pension information is just a click away at [www.mepp.ca](http://www.mepp.ca).

Go Green! Help the environment and eliminate paper waste by registering on



[mypensionplan.ca](http://mypensionplan.ca). We'll notify you by e-mail when your pension highlights (member annual statement) and other member publications are ready.

Each year you get your pension information by mail, but now you can access it when you need it. Sign up to [mypensionplan.ca](http://mypensionplan.ca) and get your pension information online, anytime. Registration is quick and easy.

On [mypensionplan.ca](http://mypensionplan.ca) you can:

- update your contact and **beneficiary** information;
- view your previous pension highlights (member annual statements);
- view your pension-related salary, service and contributions;
- calculate pension estimates using different ages and dates for retirement; and
- keep track of your pension income and prepare for retirement

To register go to [www.mepp.ca](http://www.mepp.ca) and click on **mypensionplan**

For registrations you will need either:

- your member identifier (this can be found on your pension highlights (member annual statement) or welcome letter);
- the last four digits of your Social Insurance Number; and
- your date of birth

or

- your first and last name;
- your date of birth;
- the last four digits of your Social Insurance Number;
- the name of your most recent employer; and
- the name of the Plan (i.e. MEPP)

All active and deferred members are eligible to register on [mypensionplan.ca](http://mypensionplan.ca).

We are committed to keeping your information confidential by using the highest level of security available.

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## Using this Handbook

This handbook provides a brief overview of your choices and benefits, and other information about the Plan. Please read it carefully so you can take full advantage of your membership in the Management Employees Pension Plan (MEPP). To make it easier to use this handbook, you will see the following throughout:

Words in **bold** are defined in the glossary.



Whenever there is a time-sensitive feature, this symbol will appear.



Whenever there is an information sheet (available at [www.mepp.ca](http://www.mepp.ca)) on one of the topics in this handbook, this symbol will appear.

*This handbook provides general information only. Should anything in this handbook conflict with the governing legislation, the legislation shall apply.*

## Welcome

The Management Employees Pension Plan (MEPP) was established in 1972 (as the Public Service Management Pension Plan) for management employees of the Government of Alberta and other public sector organizations.

If you have Closed Plan Service, visit [www.mepp.ca](http://www.mepp.ca) for information on how the Closed Plan and MEPP work together.

In 1993, new legislation was passed that divided the Public Service Management Pension Plan into two separate plans: the Public Service Management (Closed Membership) Pension Plan (the “**Closed Plan**”) and MEPP.

Members who, before August 1, 1992, left the Public Service Management Pension Plan, retired or had 35 years of **pensionable service**, became members of the **Closed Plan**. Active members on or after August 1, 1992 became members of MEPP.

*MEPP is a **defined benefit plan** which means you will receive a pension based on your **pensionable salary** and pensionable years of service.*

This type of plan has many advantages. It enables you to plan for your retirement because you can estimate your future pension income. The Plan assures you a specified lifetime income, regardless of market conditions and how long you live.

The Plan is financed by member and employer contributions and by investment earnings. MEPP is an important part of your preparation for a secure retirement income. Even if you are many years away from retiring, there may be choices available to you now that can enhance your future benefits.

## The Management Employees Pension Board

The Management Employees Pension (MEP) Board, with employee and government nominees and one non-voting member nominated by the Public Service Commissioner, oversees the management of the MEPP **fund**. The MEP Board:

- may advise the President of Treasury Board and Minister of Finance on any pension matter that is of interest to persons receiving, or entitled in the future to receive, benefits under MEPP;
- must be consulted before Plan rule changes can be put in place;
- arranges **actuarial valuations**;
- reviews investment performance; and
- recommends policy guidelines for the investment of the **fund** and the administration of the Plan.

You can contact the MEP Board by mail or e-mail at:

Mail: The Management Employees Pension Board  
5103 Windermere Blvd. SW  
Edmonton, AB T6W 0S9

E-mail: [board@mepp.ca](mailto:board@mepp.ca)

## **Plan Administration**

On behalf of the President of Treasury Board and Minister of Finance, Alberta Pensions Services Corporation (APS) is responsible for administering seven statutory pension plans, and two supplementary retirement plans, under the direction of four pension boards and the Government of Alberta. MEPP is one of these statutory pension plans.

APS provides responsive and focused member services on behalf of the Plan. APS operates the Member Services Centre, collects member and employer contributions, maintains members' accounts, calculates and pays plan benefits.

## **Services Provided to Members**

As a MEPP member, you are entitled to information on plan performance, your pension account activity, and your options as a plan member.

### **MEPP contact information**

If you have questions about the Plan, contact the Member Services Centre. Please have your member identifier ready when you call. Your member identifier can be found on your pension highlights (member annual statement) or on your welcome letter.

## **Publications**

In addition to plan publications such as annual report highlights and handbooks, you will also receive an annual statement (called pension highlights) detailing your pension contributions, service and accrued benefits.

## Website

The topics included in this handbook may also be found in greater detail on the MEPP website, located at [www.mepp.ca](http://www.mepp.ca). There you will find a variety of plan information, electronic publications and an online pension estimator.

## Information sessions and seminars

Group information seminars may be offered through your employer. One-on-one sessions may be available to you to discuss your retirement or termination options, or the purchase of a buyback. Register through [mypensionplan.ca](http://mypensionplan.ca), contact your employer for more information or call the Member Services Centre:

Toll-free: 1-877-889-MEPP (6377)

Mail: MEPP c/o  
Alberta Pensions Services Corporation (APS)  
5103 Windermere Blvd. SW  
Edmonton, AB T6W 0S9

# Joining the Pension Plan

## How do you become a member?

As a full-time (at least 30 hours per week), permanent employee, you are eligible to become a member of the Plan as soon as you start your employment in, or promotion to, a designated management position with the Government of Alberta or with another participating employer.

You may participate if your employer has a policy to enroll you if you:

- are employed on a full-time basis for a predetermined period and you are in a designated management position; or
- are employed on a part-time (at least 14 hours per week) permanent basis, and you are in a designated management position.

Positions in MEPP are designated through a Ministerial Order by the President of the Treasury Board and Minister of Finance.

## Contributions

Your contributions to MEPP are based on a percentage of your **pensionable salary** and are made through payroll deduction. Your employer also contributes to the Plan an amount based on a percentage of your **pensionable salary**. Both your contributions and your employer's go directly into the MEPP **fund**, which is invested in a **diversified portfolio** on behalf of all plan members.

Contribution rates are set by the Lieutenant Governor in Council and are subject to change.

Please visit [www.mepp.ca](http://www.mepp.ca) to view the most current contribution rates.

## Income tax treatment

For every year that you are active in MEPP, your employer will report a Pension Adjustment (PA) which represents the value allocated by the Canada Revenue Agency (CRA) to the increase in your MEPP benefit entitlement and will reduce your **Registered Retirement Savings Plan (RRSP)** contribution room. When CRA reviews your tax return, they will consider this PA in determining the amount of **RRSP** contribution room that will be available to you for the following year.

## Pensionable service

Your **pensionable service** refers to the service credited to you in MEPP. Your future pension payments will be based on your number of years of **pensionable service** and your **pensionable salary**.

The maximum **pensionable service** you can accumulate is 35 years. However, your **pensionable salary** for all years following the date you reach 35 years of service will be considered towards the calculation of your highest five years of salary (highest average salary).

You must be **vested** in MEPP in order to qualify to receive a pension from the Plan. To be **vested**, you must satisfy at least one of the following conditions:

- You have five years of **pensionable service**; or
- You have contributed to MEPP after December 31, 2003, and were at least age 65 when you ceased contributions.

Please see the section entitled **Combined pensionable service**, on page 14, for additional information.

You may be able to increase your future benefits by increasing your length of **pensionable service** through the following methods:

### **Prior service**

You may increase your length of **pensionable service**, which may increase your future pension benefit, by purchasing **prior service**. Your previous employment in Canada may qualify as **prior service**. However, you cannot purchase **prior service** if you are receiving a pension for that service. Your employer's human resources staff will be able to tell you which types of employment are eligible. Examples of eligible service may include:

- previous employment with your current employer;
- previous employment with another employer who participates in MEPP; or
- contributory service under another pension plan in some circumstances.

If you would like a Buyback Proposal to estimate the cost of purchasing **prior service**, contact your human resources office or see the online Buying Back Service Estimator at [www.mepp.ca](http://www.mepp.ca).

## Transferring between pension plans

Visit [www.mepp.ca](http://www.mepp.ca) for a list of the pension plans that MEPP has transfer agreements with.

Members of MEPP with benefit entitlements in a different pension plan may be eligible to transfer those entitlements to MEPP through a **transfer agreement**. MEPP has transfer agreements with a number of provincial and federal public sector pension plans in Canada.

Each pension plan has its own benefit formula and contribution rates. If you transfer your **pensionable service** from your former pension plan into MEPP, the value of the benefit attached to that transferred-in service will be calculated according to the MEPP benefit provisions.

If you have service with another pension plan that does not have a **transfer agreement** with MEPP, please see the MEPP information sheet *Can't Transfer? Buy Prior Service*, for more information on buying all or a part of that service as **prior service** under MEPP.

## Leaves of absence

If you take leave without salary, you can add that period of leave to your **pensionable service**. You have the option of making pension contributions while on leave without salary, or waiting until you return to work to purchase that leave. If you take a leave with partial salary, you are still required to make pension contributions.

If your employer notifies MEPP that you have a leave of absence that can be purchased, you will be sent a Buyback Proposal. This Buyback Proposal will be sent to you early in the year and will inform you what is required to purchase the gap in your service. You must elect to purchase your leave of absence by the earlier of 90 days from the date you are sent your Buyback Proposal or May 1st of the year following your return to work. The election due date shown on your Buyback Proposal will be set based on these limits. Payment(s) must be made based on the schedule shown on your Buyback Proposal. If you miss this deadline, you can still purchase your leave without salary but it will be on an **actuarial reserve** basis, which is generally more expensive.



For the first year of leave that you purchase on a contributions basis, your employer pays the employer share of contributions. After the first year, you are responsible for paying both the employee and employer share of contributions.

The maximum leave without salary you can purchase is five years, plus up to three years of parenting leave provided the parenting leave occurred after June 30, 2002.

If your employment ends, you must apply to purchase a leave without salary within 30 days of your last day of work.

### **Combined pensionable service**

If you move between MEPP and the Public Service Pension Plan (PSPP) with no break in **pensionable service**, a **combined pensionable service** relationship is established.

**Combined pensionable service** can be a significant advantage in determining when you reach certain milestones affecting your pension. **Combined pensionable service** means that your **pensionable service** in both plans will be combined to determine:

- if you have enough **pensionable service** to qualify for a pension; and
- when you qualify for an unreduced pension.

Another significant advantage of **combined pensionable service** is your **pensionable salary** in MEPP will be taken into account in calculating your five highest consecutive years of **pensionable salary** in your PSPP pension entitlement up to the salary cap, if applicable. However, your service in PSPP will not be used in the benefit formula that determines your pension payments from MEPP.

Any **combined pensionable service** you have will also be included in determining when you reach the maximum service limit of 35 years.

*Note: The move between MEPP and PSPP must have occurred after 1993 for the service to qualify as **combined pensionable service**.*

## Leaving the Plan before Retirement

You will have several choices available to you when you leave your job or change to a non-participating position and stop participating in MEPP. Since pension benefits may be a major source of your retirement income, you should carefully consider each of the following options before making a decision.

*Note: The word “service” throughout the remainder of this handbook refers to “**pensionable service**.”*

### With fewer than five years of service



If you have fewer than five years of service (including any **combined pensionable service**), you are not eligible to receive a pension. You can do any one of the following:

- leave your contributions with MEPP, where they will earn interest, until you decide which option you want. If you join MEPP again, your new service will be connected to the service you left in MEPP.
- transfer your pension entitlements to your new pension plan, if a **transfer agreement** exists, or use your entitlement to purchase **prior service** with your new pension plan, if allowed.
- have your contributions (not your employer’s), with interest, transferred to an **RRSP**. You will not be taxed until you withdraw these funds from your **RRSP**.
- take a refund of your contributions (not your employer’s), with interest. You will be taxed on the refunded amount.

*Note: If you are 65 years of age or older when you end your employment or change employment status so you no longer contribute to MEPP, you are eligible to receive a pension even if you don’t have five years of service.*



If you end your employment or change employment status and no longer contribute to MEPP, you will automatically receive a Termination Statement. You must make a choice before the due date on your Termination Statement. If APS does not receive your choice within this time frame, your contributions, with interest, will automatically be sent to you by cheque. You will be taxed on the refunded amount.

## With five or more years of service

After five years of service (including any **combined pensionable service**) you become **vested** and eligible to receive a pension at retirement.

If you are under 55, you have the following options:

- leave your contributions with MEPP where they will earn interest until you decide which option you want. If you start contributing to the Plan again, your new service will be connected to the service you left in MEPP.
- choose a **deferred pension** to start any time between age 55 and the end of the year during which you turn 71 years of age. This option may be of greater value to you than a refund.
- transfer your pension entitlements to your new pension plan, if a **transfer agreement** exists.
- take a refund of your contributions (not your employer's), with interest, for service up to December 31, 1991. For service after that date, the **commuted value** of your pension will be transferred to a **Locked-In Retirement Account (LIRA)** of your choice and you will be able to transfer or receive any **excess contributions**. You will not be taxed on the amount transferred to a **LIRA** until you withdraw those funds from the **LIRA**. You will be taxed on any **excess contributions** you receive.

If you are 55 or older, you may:

- receive an immediate monthly pension. (If you choose to receive your pension before you turn 60, or before your age and years of service add up to 80, you will receive a reduced pension. See the section entitled Reduced pension on page 18.)
- defer your pension until any time up to the end of the year during which you turn age 71.



If you are not entitled to an unreduced pension you can transfer your pension entitlements to another plan if a **transfer agreement** exists.

## Making your decision

Once you make your election and the payment is made or payments begin, you cannot change your election. If you die before making your choice, your **pension partner** (unless he or she has signed a **pre-retirement death waiver**) or estate will be entitled to certain benefits.

You may wish to make your decision based on how close you are in age to qualifying for a pension. It may be helpful to speak to someone in the financial or retirement planning industry before making your decision.

# Retirement Benefits

## When can you retire?

### Unreduced pension

You can retire with an unreduced pension when:



- you are at least 55 years of age; and
- your years of service (including any **combined pensionable service (CPS)**) plus your age equal 80 or more.

You must start your pension by December 31 of the year you turn 71. You can also retire with an unreduced pension starting at age 60 if you have at least five years of service, including any **CPS**.

For example, if you are 55 with 25 years of service (including any **CPS**), you are eligible to retire on an unreduced pension ( $55 + 25 = 80$ ). The same would apply to a 56-year-old with 24 years of service, a 57 year-old with 23 years of service, and so on.

If you are eligible for an unreduced pension and postpone your pension until after age 65, the amount of the pension will increase over and above cost-of-living adjustments (please see the section entitled Cost-of-living Adjustments). This is because the pension may be paid for a shorter period of time.

### Reduced pension

You can retire any time after you reach age 55 if you have at least five years of service (including any **CPS**).

Your pension will be reduced by 3% for each year you retire early. This reduction will be based on the number of years your age is short of 60, or on the number by which your age plus years of service is short of 80, whichever gives you the higher pension. This reduction only applies to pension benefits for service after December 31, 1991. The maximum pension reduction is 30%. The reduction will be prorated for partial years.

*Note: Please send your pension application to APS, through your employer, no more than three months prior to your retirement date.*

## How your pension is calculated

Your pension is based on your length of **pensionable service**, the average of your five highest consecutive years of **pensionable salary** and the legislated benefit rate of 2%.

If you have **CPS**, your PSPP salary may be used to determine your five highest consecutive years of **pensionable salary** for calculating both MEPP and PSPP pensions. However, a separate pension calculation would be done by PSPP for your PSPP service.

Visit [www.mepp.ca](http://www.mepp.ca) to calculate your pension using the Pension Estimator.

MEPP has a salary cap on post-1991 service, as required by federal tax rules; the salary cap increases annually. This may affect the amount you contribute and the pension benefit you receive. Please visit [www.mepp.ca](http://www.mepp.ca) to find the most recent salary cap.

Members who earn more than the salary cap can only contribute to MEPP on salary up to the salary cap. If the employer is eligible, members who earn more than the salary cap will contribute to the Supplementary Retirement Plan for Public Service Managers (SRP).

When benefits are calculated, salary above the salary cap will not be used to calculate the MEPP benefit. If you earn more than the salary cap, please see the section of this handbook entitled SRP for Public Service Managers as it may apply to you.

## Pension options



When you retire, you can choose from a selection of pension options including guaranteed term or joint life options. All pensions are based on a base form (normal form) and will be adjusted to take into account factors such as the length of any guaranteed period and the provision of **pension partner** survivor benefits. Depending on whether or not you have a **pension partner** at pension commencement, your pension options will vary.

### Single Lifetime Guaranteed Term Pensions

A Single Lifetime Guaranteed Term pension is paid to you for as long as you live. If you die before the end of the guaranteed period, payments will continue to your designated **beneficiary** for the amount of time remaining in the guaranteed period. Your **beneficiary** may apply to have the remainder paid out as a one-time payment.

Below is a list of the Single Lifetime Guaranteed Term options:

- Single Lifetime Guaranteed at Least 5 Years
- Single Lifetime Guaranteed at Least 10 Years
- Single Lifetime Guaranteed at Least 15 Years

### Joint Lifetime Options

*(available to members with a **pension partner**)*

A Joint Lifetime pension is paid as long as either you or your **pension partner** continues to live.

### Joint Lifetime Guaranteed at Least 10 Years

A Joint Lifetime Guaranteed at Least 10 Years pension is payable for the lives of you and your **pension partner**. On the death of either you or your pension partner, the same monthly pension is paid to the survivor for his or her life.

The same monthly payment is paid as long as either you or your pension partner is alive.

If both you and your **pension partner** die within 10 years from the date your pension begins, a benefit is paid to your designated **beneficiary** for the rest of the 10 year period.

## Joint Lifetime with Reduced Survivor Benefit Guaranteed at Least 10 Years

A Joint Lifetime with Reduced Survivor Benefit Guaranteed at Least 10 Years pension will be paid to you for your lifetime. If you die before your **pension partner**, pension benefits are paid to your **pension partner** as long as he or she lives.

If you die before the end of the 10 year guaranteed term, monthly payments will continue to your **pension partner**. At the end of the term, the monthly payments paid to your **pension partner** will be reduced.

If you die after the end of the 10 year term, the monthly payments paid to your **pension partner** will be immediately reduced:

- *for service before 1992:* 75% of the pension you received prior to your death; and
- *for service after 1991:* 66 and 2/3% of the pension you received prior to your death.

If both you and your **pension partner** die within 10 years from the date your pension begins, a benefit is paid to your designated **beneficiary** for the rest of the 10 year period.

## Joint Lifetime with Reduced Survivor Benefit

This pension option is the normal form for members who have a **pension partner** at the time of retirement.

A Joint Lifetime with Reduced Survivor Benefit pension will be paid to you for your lifetime. If you die before your **pension partner**, pension benefits are paid to your **pension partner** as long as he or she lives.

- *for service before 1992:* 75% of the pension you received prior to your death; and
- *for service after 1991:* 66 and 2/3% of the pension you received prior to your death.

If your **pension partner** dies first, your pension is not reduced.

## Member Profile

*Member profiles are about individuals who demonstrate a real-life value in participating in a defined pension plan, such as MEPP.*

### More Freedom—More Choices

For Randy James, MEPP means more freedom to pursue his retirement goals. As a 30-plus year employee of the Government of Alberta, Randy appreciates the certainty offered in a **defined benefit plan**. “I know what my base salary (pension) is and what is required beyond that to live the lifestyle we want to live.”

Married with two adult children, the James’ are an active family, committed to living a balanced life. He’s a fifth degree black belt in karate, teaching martial arts to kids, youth and adults. In his day job, he’s a manager with the Ministry of Jobs, Skills, Training and Labour. He designed a one day personal safety workshop to help frontline government staff manage aggressive clients. Randy’s employer offers him the ability to present this course throughout the province.

For young managers who question the value of a **defined benefit plan**, Randy says it’s like a long-term investment. “The benefits at the end outweigh the monthly contribution,” he says. “It’s not like you’re burning your pay cheque at the end of the month. There are some tangible benefits at the end.”

Having certainty around his retirement income means Randy is free to focus on those tangible benefits. When he retires he wants to continue his martial arts instruction and his workshops on personal safety—he might even take up golf.

Randy knows participating in MEPP means he can retire earlier than many people he knows. “I have friends and relatives who don’t have a pension plan,” he says. “The length of work time in terms of age for them is much longer. They don’t have that certainty.”

Randy recognizes he’s fortunate. Knowing what his retirement income will be means he’s free to pursue the activities he enjoys and maintain the balanced life he and his family value.

## Pension partner protection



If you have a **pension partner** when you begin your pension, you must choose a joint life pension with your **pension partner** as your **nominee**, which guarantees an income for that individual in the event of your death. By doing this, your **pension partner** will be guaranteed a pension for life.

Your **pension partner** can choose to sign a **pension partner** waiver form giving up their right that requires you to select a joint life pension, meaning your **pension partner** gives up his or her entitlement. If your **pension partner** signs a waiver form giving up his or her rights to the survivor benefit, you can choose one of the Single Lifetime Guaranteed Term pension options.

It is important to understand who qualifies as a **pension partner**, how he or she can waive his or her rights to this **pension partner** protection, and other factors that might affect your choice. Please contact the Member Services Centre or visit [www.mepp.ca](http://www.mepp.ca) for further details.

*Note: If there is a **Matrimonial Property Order (MPO)** filed with APS the order must be followed. For more information, visit the section entitled “Marital breakdown” on page 25.*

## Coordinating your pension

Coordination is a feature offered to eligible members who retire before age 65. Coordination lets you increase your monthly payment temporarily from the time you retire until you turn 65. At age 65, the increase to your monthly payment stops *and a permanent reduction to your monthly pension payment begins. The reduction will continue as long as you live and may add up to more than the increase you received before 65.*

To use coordination effectively, you should have enough additional income at age 65 to compensate for the permanent, possibly significant, reduction to your pension income. There is more information about coordination at [www.mepp.ca](http://www.mepp.ca).

If you are near retirement, you are advised to seek independent financial advice to make the choice best suited to your financial circumstances.

## After Retirement

### Working as a pensioner



As a working pensioner, you will continue to receive your pension from MEPP if you start working for any employer. However, if you work for any employer under MEPP or PSPP, you will not be permitted to contribute to MEPP or PSPP.



Let your employer know if you are receiving a pension from MEPP or PSPP so contributions are not deducted from your pay. If you work for an employer under another pension plan, you may be required to contribute to their plan.

### Cost-of-living adjustments (COLA)

Every year after you begin to receive your pension, you will get a cost-of-living adjustment of 60% of the increase in **Alberta's Consumer Price Index (ACPI)** on the basic pension. This is a significant feature of your pension plan.

COLA increases are calculated by taking the average of the **ACPI** during a 12-month period (November to October), and comparing it to the immediate previous year's 12-month average.

Note: the **ACPI** is a weighted average of the cost of a basket of goods and services that are normally purchased by Alberta households.

COLA will also be applied to a **deferred pension** for the years when your contributions are left in the Plan. For additional information, including how COLA is calculated, please visit [www.mepp.ca](http://www.mepp.ca).

## Other Plan Information

### Death before retirement



It is your **pension partner's** right to be paid a lifetime pension benefit if you die. However, pension rules allow your **pension partner** to waive his or her right to the death benefit that would be paid to him or her if you die before you retire by signing a waiver form.

If your **pension partner** completes the waiver and you die before retirement, your death benefit will be paid to your designated **beneficiary**.

Only your **pension partner** can revoke the waiver and the revocation of this waiver must be received before you die. To be valid, the revocation of the waiver must be made in writing and must fully describe the document that is to be revoked.

If you die with fewer than five years of MEPP **pensionable service**, your **pension partner** or **beneficiary** will receive a one-time payment of your member contributions and interest.

If you die with five or more years of MEPP **pensionable service**, your **pension partner** can choose either an immediate pension or a one-time payment. A one-time payment must be transferred to your **pension partner's LIRA**. Beneficiaries other than a **pension partner** will receive a one-time payment. This one-time payment cannot be transferred to a **LIRA**, and must be taken as a cash payment (with income tax withheld).

## Disability benefits

Please contact your employer for information on disability benefits.

## Marital breakdown

If you are currently undergoing a marital breakdown, your pension benefits may be subject to division and distribution between you and your soon to be ex-spouse.



For pension benefits to be divided and distributed, a court-certified copy of a **Matrimonial Property Order (MPO)** must be obtained and filed with APS. You should consult your legal counsel about obtaining and filing an **MPO** and the division and distribution of your pension benefits.

Under the Matrimonial Property Act, an **MPO** can only be obtained in respect of a legal marriage. In certain circumstances, the regulations governing MEPP allow for the division and distribution of your pension benefits by making a one-time payment to the non-member ex-spouse without having to wait for the member to become eligible for a benefit. If you are a MEPP member going through a marital breakdown, your legal counsel should take

these regulations into account when working on your matrimonial property settlement.

For details on how marital breakdown can affect your pension, please visit the MEPP website at [www.mepp.ca](http://www.mepp.ca) or the APS website at [www.apsc.ca](http://www.apsc.ca).

### Administrative review process



If you disagree with a decision made by APS about your MEPP benefits, you can request APS to provide a full explanation. If you are not satisfied with the response to your initial inquiry, you can request an administrative review. This request should be made in writing within 30 days from the date you received a written response to your initial inquiry.



If, after the administrative review, you feel your rights have not been recognized, you can request an appeal of the administrative review to the MEP Board. While the Board can make a final decision, it can only provide benefits based on the legislation. A request for an appeal must be made in writing within 60 days of the administrative review.

## Supplementary Retirement Plan (SRP) for Public Service Managers

### Introduction

In July 1999, the Government of Alberta implemented a supplementary retirement plan for MEPP. The SRP and MEPP are two distinct plans, each with its own separate funding, investment, accounting, pension benefits and entitlements.

The SRP is funded as a Retirement Compensation Arrangement which, under federal tax rules, is an approved means of providing a supplementary pension on salary above the salary cap.

## Membership

All Alberta government employees who are part of MEPP and earn more than the salary cap as determined each year under the federal *Income Tax Act* are members of the SRP effective July 1, 1999 or the date of participation in MEPP, if later.

Agencies, boards and commissions associated with the Government of Alberta have the option of participating in the SRP if:

- their employees are contributing members of MEPP; and
- their application is approved by the President of Treasury Board and Minister of Finance.

If your employer joined the SRP after its inception on July 1, 1999, your membership in the SRP will commence on the date your employer began participating in the SRP or the date you qualify for participation in the SRP, whichever is later.

## Participating employers

A list of employers that are eligible to provide membership in the SRP is available on [www.mepp.ca](http://www.mepp.ca).

## Contributions

Contributions to the SRP are made only on annual **pensionable salary** that exceeds the salary cap. As a member who earns more than the salary cap, you contribute to the SRP **fund** at the same employee contribution rate as you do for MEPP. Your employer matches your SRP contribution and makes additional contributions towards funding the SRP based on **actuarial valuations**.

- The SRP contribution rate for employers and employees is subject to periodic review.
- Your SRP employee contributions are income tax deductible, as are your MEPP contributions.

## Benefits

The SRP is a **defined benefit plan**, which, like MEPP, means you will receive a pension based on your **pensionable salary** and years of **pensionable service**. The SRP pays a 2% pension based on:

- your years of MEPP **pensionable service** earned since your employer joined the SRP (excluding **prior service** other than the first year of a leave of absence, if purchased while on leave); and
- the portion of your five highest consecutive years of **pensionable salary** (highest average salary) that exceeds your five highest consecutive years of **pensionable salary** as capped by federal income tax rules (highest average capped salary).

For more information on the current salary cap or contribution rate, please visit [www.mepp.ca](http://www.mepp.ca).

The maximum **pensionable service** you can accrue under the SRP is 35 years. After achieving 35 years of service (including any **combined pensionable service**) in MEPP, you can no longer contribute to either MEPP or the SRP. However, your **pensionable salary** for all years following the date you reach 35 years of service will be considered towards the calculation of your highest five years of salary (highest average salary).

*Note: If you contribute to the SRP, but at retirement your highest average salary is less than your highest average capped salary, SRP does not pay a pension benefit. Your SRP contributions and interest will be returned to you.*

## Member information

As an SRP member, you are eligible to receive a pension at retirement if you have five years of service (including any **combined pensionable service**) under MEPP. As a result, even small amounts of service under SRP can qualify for a pension.

If at termination\* of employment you do not have five years of service (including any **combined pensionable service** in MEPP), you will receive a refund of your SRP contributions with interest. If after being a member of

SRP your annual salary falls below the salary cap, you will stop contributing. However, you remain a member of SRP until you terminate\*, die or retire.

*\*In addition to regular termination which results upon leaving employment under MEPP, SRP members are considered to have terminated from the SRP when they move to an employer who participates in MEPP but not SRP. Members would also terminate under SRP if their employer opts out of the SRP. If you move to an employer who does not participate in the SRP, or if your employer opts out of the SRP, you may be eligible at that time to collect an SRP termination benefit while remaining active in MEPP.*

## Relationship of SRP benefits to MEPP benefits

The retirement option you choose under MEPP is the same retirement option applied to the SRP. Pension benefits for both MEPP and SRP plans must begin at the same time.

SRP benefits payable upon your death before or after retirement are payable to the person entitled to receive your benefits under MEPP.

Every year after you begin to receive your SRP and MEPP pensions, they are adjusted to reflect cost-of-living adjustments at the same rate (60% of the increase in the **ACPI**).

There is one exception where SRP benefits do not parallel MEPP benefits:

- First year leave is the only form of leave that you can purchase under SRP and both the MEPP and SRP contributions must be paid as the leave occurs.  
If you have already purchased one year of leave under MEPP prior to participating in SRP, you will not be able to purchase any further leave under SRP.

Please contact the Member Services Centre for additional information about leave purchases.

## Management of SRP

The President of Treasury Board and Minister of Finance is responsible for the overall operation and administration of the SRP.

The SRP for Public Service Managers Advisory Committee provides advice to the President of Treasury Board and Minister of Finance with regard to the SRP.

APS, which administers MEPP and other public sector pension plans, maintains your individual records for the SRP. It pays any SRP benefits at the same time as pensions or other entitlements paid from MEPP. Alberta Investment Management Corporation (AIMCo) provides day-to-day management and investment of SRP funds on behalf of Alberta Treasury Board and Finance. These SRP **funds** remain separate from the assets of MEPP. The SRP is audited by the Auditor General.

## Information

Information on the SRP is located on the MEPP website at [www.mepp.ca](http://www.mepp.ca). If you require information concerning your personal SRP entitlements or benefits, contact the Member Services Centre at 1-877-889-MEPP.

# Glossary

## **Actuarial Reserve**

The estimated cost to MEPP of providing the increased benefits gained by a member who buys or transfers prior service. An actuarial reserve calculation takes into account a number of factors including salary scaling and mortality.

## **Actuarial Valuation**

A mathematical analysis of the financial condition of a pension plan. An actuary prepares a plan valuation at least once every three years. The valuation shows if the contribution rates are higher or lower than what is needed to ensure the long-term funding of the Plan.

## **Alberta Consumer Price Index (ACPI)**

A weighted average of the cost of a basket of goods and services that are normally purchased by Alberta households. It includes such things as clothing, food, housing, gasoline, health, personal care services, recreation and education.

## **Beneficiary**

Your pension partner is automatically your sole beneficiary if you die before retirement. If you have no pension partner, you should let MEPP know who would receive the benefit.

A Beneficiary is the person you designate to receive a benefit if:

- you die before retirement; or
- you die before the end of the guaranteed period. This is only applicable if:
  - you chose one of the Single Lifetime Guaranteed Term options; or
  - you chose one of the Joint Lifetime options and both you and your pension partner die within the guaranteed period.

You can designate one or more beneficiaries or a charitable organization.

Even if you have a pension partner you should designate a beneficiary. That way MEPP knows to whom the benefit is to be paid if your pension partner predeceases you, or if your pension partner has waived the right to a benefit. If you have not designated a beneficiary and your Will does not specifically mention MEPP, payment will be made to your estate.

## Closed Plan

Managers of the Government of Alberta contributed to the Public Service Management Pension Plan until MEPP was formed. The Public Service Management Pension Plan is now a closed plan, meaning it continues to pay out benefits (to those who left the plan, retired or had 35 years of service before August 1, 1992) but does not accept new members.

## Combined Pensionable Service (CPS)

By staying with the same employer and moving between PSPP and MEPP with no break in pensionable service, you become eligible for **CPS**, provided the move occurred on or after January 1, 1994. Once a **CPS** relationship has been established, service and salary information under both plans will be used in key elements of the calculation of your MEPP pension.

- Your pensionable service from both plans will be used to determine if you are vested under each plan. Under MEPP, you become vested once you have five years of pensionable service, which will consider service under a **CPS** relationship.
- Your pensionable service from both plans will be used to determine if you are entitled to an unreduced pension under each plan.
- Your pensionable salaries from both plans will be used to determine the highest average salary under each plan.
- Your pensionable service from both plans will be used to determine when you will reach the 35-year maximum service limit.

## Commuted Value

The actuarial present value of accrued benefits, determined using actuarial assumptions and methods recommended by the Canadian Institute of Actuaries. This represents the amount of money that must be set aside today, based on current interest rates, to provide pension payments at a future date.

If you are vested and you leave MEPP before age 55, you are entitled to the commuted value of your pension payable on post-1991 service.

## Deferred Pension

A pension that does not commence immediately following termination from MEPP. A deferred pension may not commence earlier than the member's 55th birthday, unless the member qualifies for a disability pension, and must commence before December 31 of the year the member turns age 71.

### **Defined Benefit Plan**

A Defined Benefit Plan pays a monthly pension based on your salary and your length of service. The pension plan's obligation is to pay a stated benefit to each employee that depends on the employee's salary and length of service. The main benefits of a defined benefit plan are:

- Your benefit is guaranteed and you are provided a specified lifetime income regardless of market conditions or how long you live.
- You can plan for your retirement because you can estimate your future pension income. The pension estimator allows you to estimate your future monthly payments.

### **Diversified Portfolio**

The Alberta Investment Management Corporation (AIMCo) manages the MEPP fund in accordance with the Plan's investment policy and applicable legislation. The portfolio comprises equities (both domestic and international), bonds and mortgages.

### **Excess Contributions**

The amount of contributions, with interest, returned to the member to ensure that the member's contributions with interest do not exceed 50% of the commuted value of a pension on service after 1991. Contributions paid and service credited for prior service are not included when calculating excess contributions.

### **Fund**

A MEPP fund and separate SRP fund was established under the legislation governing the Plan to hold all employee and employer contributions and investment income. All benefits are paid from their respective funds. All assets in the funds can only be used to pay the promised benefits and cover administrative costs.

### **Locked-in Retirement Account (LIRA)**

A special type of RRSP designed specifically to hold locked-in pension funds. Alberta public sector pension plans, like MEPP, are not subject to the Employment Pension Plans Act (EPPA) however, once locked money is transferred out of MEPP it must be locked-in under the rules of the EPPA. Most financial institutions offer LIRAs however APS will only send the locked-in funds to a financial institution that appears as a LIRA provider on Alberta's Superintendent's List of Financial Institutions Offering Locked-In Pension Products.

### **Matrimonial Property Order (MPO)**

If you are currently undergoing a marital breakdown, your pension benefits may be subject to division and distribution between you and your soon to be ex-spouse. For pension benefits to be divided and distributed, a court-certified copy of a Matrimonial Property Order (MPO) must be obtained and filed with Alberta Pensions Services Corporation. You should consult your legal counsel about obtaining and filing an MPO and the division and distribution of your pension benefits.

Under the *Matrimonial Property Act*, an MPO can only be obtained in respect of a legal marriage. In certain circumstances, the regulations governing MEPP allow for the division and distribution of your pension benefits by making a one-time payment to the non-member ex-spouse without having to wait for the member to become eligible for a benefit. If you are a MEPP member going through a marital breakdown, your legal counsel should take these regulations into account when working on your matrimonial property settlement.

### **Nominee**

The person you name to receive your Joint Lifetime pension if you die first. If you have a pension partner on the effective date of your pension, the nominee must be your pension partner unless they sign a waiver sent with the Retirement Benefit Statement. The nominee must be a valid nominee under the *Income Tax Act* (e.g. a spouse, an ex spouse or ex-common-law partner).

### **Pension Partner**

“Pension partner” means:

- (i) a person who, at the relevant time, was married to a participant or former participant and had not been living separate and apart from him or her for 3 or more consecutive years,
- or
- (ii) if there is no person to whom subclause (i) applies, a person who, as at and up to the relevant time, had lived with the participant or former participant in a conjugal relationship
  - (A) for a continuous period of at least 3 years, or
  - (B) of some permanence, if there is a child of the relationship by birth or adoption;

Persons are living separate and apart

- if they are living apart and either of them has the intention to live separate and apart from the other, or
- if, before the relevant time,
  - they had been living separate and apart for any period, and
  - that period was interrupted or terminated by reason only that either of them become incapable of continuing to live separate and apart or of forming or having the intention to continue to live separate and apart of that person's own volition,

and the separation would probably have continued if that person had not become so incapable.

### **Pensionable Salary**

Basic pay for the performance of your regular duties. Salary also includes acting pay if the employer treats it as pensionable salary under the employer's salary policy. Salary does not include earnings such as expense allowances or overtime payments. The salary used in the calculation of your MEPP benefit entitlement will be subject to any limits set out under the tax rules.

### **Pensionable Service**

Your years of service during which you contribute to the Pension Plan, plus service recognized from a transfer or purchase of prior service. The maximum length of pensionable service you can accumulate in the Plan is 35 years, or 35 years between two plans in the case of CPS.

### **Pre-retirement Death Waiver**

The pension partner may waive the right to a lifetime pension by completing the Pension Partner Waiver of Pre-Pension Commencement of Death Benefit. This allows the pension to be paid to the beneficiary on file with APS instead of the pension partner. This waiver can be completed by the pension partner any time before pension commencement. It may only be rescinded by the pension partner prior to the member's death.

### **Prior Service (Buyback or Past Service)**

Previous employment during which you participated (or could have participated) in a pension plan. You may be able to buy back this period of service if you are not receiving a current or future pension in respect of that service. Only some types of prior service are eligible.

By buying prior service you can increase your length of pensionable service thereby increasing your future benefits.

### **Registered Retirement Savings Plan (RRSP)**

A type of tax-deferred investment that is set up to hold and invest your savings until you retire. Most can be withdrawn at any time, but you will be taxed on the amount withdrawn.

### **Transfer Agreement**

An agreement negotiated with another pension plan that allows members to transfer their pension entitlements when they move between plans.

Transfer agreements are in place with many public sector pension plans in Canada. For a complete list, please visit [www.mepp.ca](http://www.mepp.ca).

### **Vested**

A term used by pension plans that means you are eligible to receive a monthly pension at retirement. Members of MEPP are vested after five years of combined pensionable service, or immediately if you are active in MEPP at age 65 or later.





For more information about your pension plan, contact:

MEPP c/o

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Edmonton, AB T6W 0S9

Toll free: 1-877-889-MEPP

Fax: 780-421-1652

[www.mepp.ca](http://www.mepp.ca)