

MSPP PENSION NEWS

KEEPING YOUR PLAN HEALTHY AND SUSTAINABLE

As fiduciaries of the MSPP (the “Plan”), the Board of Trustees has a duty to monitor developments in the pension environment and assess how these changes may impact the Plan’s financial health. In consultation with pension experts, the Trustees may need to adjust the Plan’s strategy from time to time to ensure the Plan can continue to meet its pension obligations.

As part of good governance, the Trustees use actuarial valuations to measure the Plan’s financial health. Actuarial standards require two valuation measures to assess a Plan’s health:

1. a **going concern valuation** measure assumes the Plan will continue to operate many years into the future. Based on the January 1, 2018 valuation, the MSPP is 97% funded on a going concern basis. This measure is an important indicator of the Plan’s future sustainability and its ability to meet its pension obligations; and
2. a **solvency valuation** measure assumes the Plan was terminated on the valuation date and had to pay out all pension benefits immediately. It is important to note that the MSPP and other multi-employer pension plans are not required to fund on a solvency basis since these types of plan are less likely to terminate given the large number of participating employers. Currently, the MSPP has over 180 participating employers and 14,000 members and continues to grow. If the Plan had ended on January 1, 2018, it would be in a position to pay out 53% of all benefits. This measure is reviewed regularly by the Trustees and has been steadily increasing. The expected rise in interest rates would further help to improve the solvency measure.

In this issue of **MSPP Pension News**, you will find information regarding when you can retire and how to read your Annual Pension Statement.

BY THE NUMBERS

SUMMARY OF PLAN ACTIVITY

MARKET VALUE, JANUARY 1, 2017
\$275,287,000

PLUS RECEIPTS

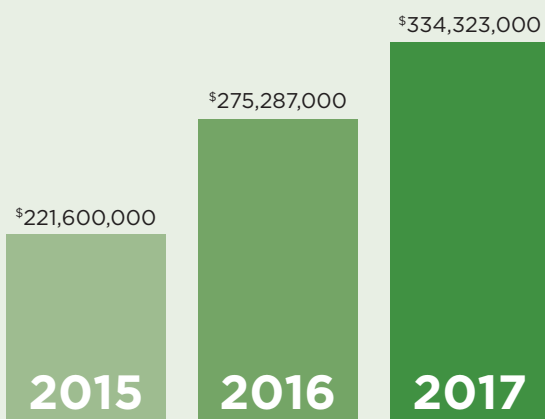
- Contributions **\$40,902,000**
- Investment gains **\$23,615,000**
(after fees have been deducted)

LESS DISBURSEMENTS

- Pension and benefit payments **\$5,481,000**

MARKET VALUE, DECEMBER 31, 2017
\$334,323,000

HOW YOUR PLAN’S ASSETS HAVE GROWN



THINKING ABOUT RETIREMENT

Information you should know

When to retire is an important, and often challenging, decision. Listed below is information to help members who are considering retirement.

At age 65 (Normal retirement date)

The MSPP defines the Normal Retirement Date for Plan members as age 65. If you retire on the first of the month after you reach age 65 you would be entitled to the full accrued targeted pension. Any form of pension you receive from the Plan will always be payable for at least your lifetime.

Before age 65 (Early retirement)

You can start your retirement as early as age 55, based on the Income Tax Act, and collect a pension from the Plan. However, the monthly pension amount will be reduced, to account for the extra payments you would receive, by approximately ½% per month for every month you start your pension before age 65. The reduction depends on when you start your pension, not when you stop working. Please note the reduction is permanent.

Your monthly pension will begin on the latest of three dates: (i) the date you terminate all covered employment; (ii) the date you request your

pension to begin; or (iii) the date your completed application form and documents are received.

After age 65 (Late retirement)

You can continue to work past age 65 and continue to accrue a pension as long as you are working for a contributing employer. However, under the Income tax Act, you are required to start receiving your pension on or before December 1st of the year you turn age 71. Employee and employer contributions must stop effective November 30th of the year you turn age 71.

Other considerations

When considering the above options, take some time to think about when you are likely to begin collecting your Canada Pension Plan and Old Age Security benefits. You should also take into consideration when you plan to start withdrawing from personal savings such as an RRSP, TFSA, etc.

Regardless of when you decide to retire, **you must stop working for all contributing employers** to receive a pension from the Plan. You should contact InBenefits (the Fund Office) approximately three months before you want your pension to start and request a pension application. Your actual monthly pension will be based on the benefit you have accrued and the age of you and your spouse (if you have one) at your retirement date.

INCOME TAX SLIPS



A refresher for members

Early in 2019, you'll receive one or more tax slips containing pension-related information you'll need to report on your income tax return. The deadline for mailing T4 and T4A slips is February 28, 2019, and for NR4 slips is March 31, 2019. Here's a look at what each slip is for.

Tax Slip	What it's for
T4A	Anyone who has received cash payments from the Plan, including termination, death benefit or pension payments, will receive a T4A. You will also receive a T4A if you have made self-payments to the Plan or the Plan has made contributions for you while you were receiving WSIB benefits.

Tax Slip	What it's for
T4	Your employer prepares a T4 to show how much you were paid in 2018. Total contributions made to the plan in 2018 by you and your employer are shown in the "pension adjustment" box. Contributions are not taxed, but reduce how much you can contribute to your RRSP in 2019. Contributions shown on your T4 may differ from those reported on your Annual Pension Statement, depending on the timing of your final pay period for the year.
NR4	An NR4 (Non-resident slip) is sent to Plan retirees who live outside of Canada for all or part of the year.

YOUR QUESTIONS, OUR ANSWERS

Getting to know your Annual Pension Statement

If you are an active Plan member, you likely received your Annual Pension Statement (“APS”) in June or July. Here are four questions and answers to help you better understand your statement

1 Is my monthly pension based on total employee and employer contributions?

Yes - total contributions shown on Line (A) of your APS are used to determine your monthly pension benefit at your Normal Retirement Age (65). For example, if your total contributions are \$60,000 (\$37,500 annual salary x 20 years of participation x 8% combined contribution rate), then your target monthly pension would be \$930 (\$60,000/100 = \$600 x \$1.55). This amount will be reduced if you retire before your Normal Retirement Date, to take into consideration the extra payments you will receive.

2 Why is “interest on employee contributions” shown on the statement?

Pension legislation requires “interest on employee contributions” to be shown on the APS. Interest on employee contributions is only used for the purposes of the “50% rule” – this calculation is intended to ensure members don’t fund more than 50% of the value of the pension they accrue.

3 My Annual Pension Statement shows no beneficiaries on file. What happens to my pension if I die?

Under Ontario pension legislation, your eligible spouse is automatically your sole beneficiary - unless he or she has waived this entitlement by completing the appropriate form and providing it to *InBenefits*. But, it’s important to have a designated beneficiary(ies) if you don’t have a spouse, or in case your spouse dies before you.

If there are no beneficiaries listed in your records and you don’t have a spouse at the date of death, your pre-retirement death benefit will be payable to your estate and may be subject to estate taxes and/or probate fees.

You should keep your beneficiary information up to date

To update your beneficiary information, go to www.mspp.ca, click on **Forms**.

Under **Members Forms**, click on *Designation of Beneficiary Form* to download the form.

Complete, sign and return the **original form** to *InBenefits*.

4 What are “self-payments”?

Self-payments are additional pension contributions you may make voluntarily to keep your pension growing in one of the following cases:

- a. You stop working for a contributing employer, and become employed by another contributing employer before the end of the Break In Service period; or
- b. You are on a layoff or an approved leave of absence (such as sick leave, maternity or parental leave, layoff with recall rights, etc.).

InBenefits will need to be advised by you and your employer if you are on an approved leave of absence. *InBenefits* will contact you to confirm if you’d like to make self-payments or not. Then, you’ll need to complete an *Election to Contribute Form* and return it to *InBenefits*.

If *InBenefits*’ records do not indicate that you have made any voluntary self-payments, the number under self-payments in your APS will be \$0.

Noteworthy

Active Plan members receive a Pension Statement each calendar year.

Recent Ontario pension legislation requires plan administrators to send Pension Statements every two years to all **former and retired** members of a pension plan to keep them advised of their pension entitlement.



A WORD FROM FROM INBENEFITS Alain Malaket, CEO

A common question we hear from Plan members is “What is the role of *InBenefits* with respect to the Multi-Sector Pension Plan”?

InBenefits helps support the MSPP by providing administration services and consulting support to the Board of Trustees.

As a plan administrator, *InBenefits* looks after the Plan’s day-to-day administration, including recordkeeping, processing retirement/termination benefit applications, answering members’ questions and developing communication material.

InBenefits also assists the Board of Trustees in other areas such as dealing with pension regulators, providing feedback on the Plan, or managing projects as needed.

Our recently upgraded Call Centre is now available **Monday to Friday from 8 a.m. to 5 p.m. EST.** In addition, *InBenefits* has been working on providing easier, more user-friendly access to Plan information and resources. Ongoing initiatives include updating the pension services platform, and offering “on demand” 24/7 access to enhanced online tools for employers and members. It’s all part of the organization’s mission to create a culture dedicated to its four pillars of service: *Integrity, Innovation, Commitment and Excellence.*

We will keep you up to date on the changes as they are rolled out and look forward to helping you as you prepare for your retirement.

Along with the Board of Trustees and Staff of InBenefits, I would like to wish you and your family a Happy Holiday and a Great 2019!

MSPP BOARD OF TRUSTEES

Your Plan’s Trustees and Alternate Trustees are all appointed by unions that represent MSPP members - Canadian Union of Public Employees (CUPE) and the Service Employees International Union (SEIU).

Trustees

Susan Arab, Co-Chair-CUPE John Klein, Co-Chair-SEIU
Dave Benton, CUPE Jean Charles Lavigne, CUPE
Jackie Dwyer, CUPE Kumar Ramchurran, SEIU
Heather Grassick, CUPE Julie Roberts, CUPE
Frederick Ho, CUPE

Alternate Trustees

Matt Cathmoir, SEIU Gary Yee, CUPE

NEW ADDRESS?

Don’t forget to inform *InBenefits* whenever you have a change of address. Inaccurate or outdated contact information on file prohibits *InBenefits* from sending important correspondence. This can affect your benefit payments, cause delays in your retirement start date, and a variety of other issues that can easily be avoided by keeping us informed, of any change in contact information.

KEEP IN TOUCH

**Have a question about your Plan?
We’re here to help!**

Email: info@mspp.ca

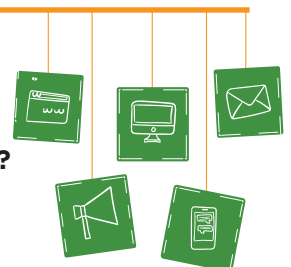
Phone: 905-889-6200 (Option 1)

Toll Free: 1-800-287-4816

Fax: 905-889-7313

Mailing address: 105 Commerce Valley Drive West
Suite 310, Thornhill, ON, L3T 7W3

**Don’t forget... you can also access Plan Information
anytime at www.mspp.ca**



Final Word

This newsletter serves only as a summary of information about the Multi-Sector Pension Plan in simple terms. It is not intended to be comprehensive or to provide advice. If there are any differences between the information provided in this newsletter and the legal documents that govern the Plan, the legal documents will apply.