UNIVERSITY OF MANITOBA

PREPARING FOR THE FUTURE

JANUARY 2017

INTRODUCING YOUR UNIVERSITY OF MANITOBA GFT PENSION PLAN (1986)

For members of the Faculty of Medicine who sign a Geographical Full-Time Agreement

WHAT IS INSIDE

Your Pension at a Glance

Eligibility	All eligible employees may join the Plan immediately. You are required to join within thirty days following two consecutive years of employment.
What you contribute	The Plan is provided at no cost to you (if you joined the Plan after January 1, 1986).
What the University contributes	An amount, which is the same for each member, based on the floor salary for a full professor.
When you can retire	*Normal retirement:* first day of the month following your 65th birthday. *Early retirement:* first day of any month following your 55th birthday. *Postponed retirement:* Contributions cease prior to December 1st of the year you reach age 69. Pension payments may be delayed for up to 24 months but must commence no later than December 31st of the year you reach age 71.
What the Plan provides at retirement	You will receive the total value of your contribution accounts – including related investment income.
If you leave employment before retirement	You can receive the total value of your contribution accounts no matter how long you have been a member of the Plan.
Survivor benefits	Total value of your contribution accounts paid to your spouse/common-law partner, beneficiary or estate.

This is a brief summary of the provisions of the Plan as of May 31, 2010.
It is not intended to be comprehensive. Fuller descriptions of the key Plan features are provided within this booklet.

Welcome to Your Plan

The University of Manitoba GFT Pension Plan (1986) (the Plan) is a defined contribution plan – the benefit you receive depends on the contributions made and the investment performance of the pension fund. At retirement you will receive the total value of your contribution accounts – including related investment income – to provide your retirement income.

This booklet provides a detailed summary of the Pension Plan. As you will see, it provides a full description of how your benefits are calculated. It also highlights a number of other valuable Plan features including termination of employment and survivor benefits.

We urge you to review the booklet carefully – and to file it for future reference. It will come in handy as you consider new career opportunities and, of course, retirement. If you have any questions about your Plan, please feel free to contact the Pension Office directly.

Your University of Manitoba GFT Pension Plan (1986) will provide you a portion of your future retirement income. Other sources of retirement income may include your personal savings and investments, any tax sheltered investments, and any government benefits to which you may be entitled among others. We encourage you to create a retirement plan for yourself, with the assistance of a professionally certified financial advisor if desired. In addition, check your retirement plan regularly to ensure that you are on the right track so that your retirement income can meet your needs.

Keeping Us Informed

It is important that you notify the Pension Office of any changes in your personal circumstances, including changes to your address or marital status.

Joining the Plan

Even if you are not required to join the Plan immediately, early participation might be one of the best investments you ever make. The sooner you join the Plan, after all, the sooner you will begin to earn retirement benefits.

As an eligible employee, you may join the Plan on your appointment date, or any date before your required participation date. You must join the Plan within 30 days following the completion of two consecutive years of employment.

To formally join the Plan, you must complete an application form available from the University Medical Group or the Pension Office. Your membership will take effect on the first day of the pay cycle following the date on which your application form is received by the Pension Office. Late applications will not be processed retroactively.

Contributions

If you joined the Plan after January 1, 1986, the cost of providing your pension is at no cost to you. When you join the Plan, the University will open an account in your name. Your **University contribution account** is for the University contributions made on your behalf, plus investment income.

If you were a member of the predecessor plan you will also have an **Employee contribution account** for the employee contribution amount transferred to this Plan at December 31, 1985, plus investment income.

The sum of your employee contribution account, if any, and your University contribution account is often referred to as your **contribution accounts.**

You cannot make any contributions to the Plan.

University Contributions

The University makes the same annual contribution for each member which is equal to:

- 6% of the floor salary of a full professor up to the **Year's Basic Exemption (YBE)**
  plus
- 4.2% of that floor salary between the YBE and the **Year's Maximum Pensionable Earnings (YMPE)**
  plus
- 6% of that floor salary above the YMPE.

In 2017, the floor salary is $113,015, so that the University's contribution is $5,848.56.

This contribution is directed to your University contribution account, **except that** under current tax laws, the University's contribution to a registered pension plan is limited to 18% of the actual salary you receive from the University. Therefore, for 2017, if the salary you receive from the University is less than $32,492 the University's contribution to the Pension Plan on your behalf will be limited to 18% of that salary and the difference between the $5,848.56 and the contribution will be paid to you in cash.

YBE (Year's Basic Exemption)

The YBE is set at $3,500. This is the level of annual earnings below which you are not required to make annual CPP contributions.

Year's Maximum Pensionable Earnings (YMPE)

The YMPE is an amount set by the Federal Government each year to determine maximum Canada Pension Plan (CPP) contributions and benefits. In 2017, the YMPE is $55,300.

A contribution example

Using the contribution formula outlined in the previous page and the 2017 floor salary of $113,015, we can easily calculate the University's contribution:

•	6% of $3,500 (the floor salary up to the YBE)		$ 210.00
	plus		
•	4.2% of $51,800 (the floor salary between the YBE and the YMPE)	+	$2,175.60
	plus		
•	6% of $57,715 (the floor salary above the YMPE)	+	$ 3,462.90
	Equals		
•	Total annual University contribution	=	$ 5,848.50

University contributions made on your behalf are tax-sheltered. You are not required to pay income tax on these contributions – or related investment income – as long as the money remains in the Plan.

Investment Income (Gains or Losses)

Your contributions, if any, and the University's contributions are directed to the pension fund, a trust fund from which benefits are paid. It is administered by professional money managers who are responsible for investing the Plan funds prudently and based on clearly defined investment policies. The pension committee monitors the performance of the various managers regularly and makes changes as necessary.

The objective of the investment managers is to add to the fund's total value – and, by extension, the value of your contribution accounts. Each month, income from investments – including both realized and unrealized capital gains and losses, interest payments and dividends, less expenses – are distributed to your accounts on a proportionate basis. This may result in a positive or negative distribution of investment income.

Once a year, you will receive a personal pension statement that, among other things, reports to you the amount of investment income (positive or negative) credited to your accounts in the previous calendar year. In addition, the University produces an annual report that gives you a comprehensive review of the financial operation and performance of the pension fund. We urge you to review these documents carefully when you receive them.

RRSP Contributions

Your membership in the Plan will affect the amount of money you can contribute to a personal RRSP each year. After you file your income tax return each year, your RRSP contribution room will be reported to you on the Notice of Tax Assessment you receive from the Canada Revenue Agency.

Investment Income Examples

If your Contribution Account has $10,000 and the pension fund earns a **negative 2%** on the investment income (realized and unrealized capital gains and losses, interest payments and dividends less expenses), for the month, the value of your account at the end of the month would be $9,800 excluding any contribution that may have been made during the month.

Account balance at the beginning of the month	$10,000
Investment income	-200
Account balance at the end of the month	$9,800

If your Contribution Account has $10,000 and the pension fund earns a **postive 2%** on the investment income (realized and unrealized capital gains and losses, interest payments and dividends less expenses), for the month, the value of your account at the end of the month would be $10,200 excluding any contribution that may have been made during the month.

Account balance at the beginning of the month	$10,000
Investment income	+$200
Account balance at the end of the month	$10,200

Transfers into the Plan

If you were a member of a registered pension plan prior to joining this Plan, you may transfer the lump-sum value from your prior plan into this Plan when you become a GFT. Any amounts transferred into the Plan will be allocated to a third account known as your **additional voluntary contribution account**. This additional voluntary contribution account will earn investment income (positive or negative) at the same level as your other contribution accounts.

If your contributions were transferred on a locked-in basis, they will be deemed "restricted" under the terms of the Plan. As such, these funds must be used to provide a retirement income.

When you retire, terminate employment or die, your additional voluntary contribution account (including any accumulated investment income (positive or negative) must be transferred out of the Plan.

When You Can Retire

Choosing when to retire is an important decision that can have a large impact on your retirement income. Under the Plan, you have several retirement options to consider, as summarized in the table below:

Normal retirement	Your normal retirement date is the first day of the month following your 65th birthday.
Early retirement	You can retire effective the first day of any month following your 55th birthday.
Deferred retirement	You can keep working beyond your normal retirement date. However, by law, you must begin collecting your pension benefits no later than December 31st in the year you turn 71, whether you continue to work or not.

If You Retire Early

If you decide to retire early, the amount of money you will get from the Plan may be smaller than it would be if you continued to work until age 65. This is due to two primary factors:

1. You will lose out on any future contributions.
2. You will also be collecting your retirement income over a longer period, which will automatically reduce the size of your monthly income.

Deferring the Payment of Your Retirement Benefit

Depending on your age at retirement, you can elect to delay receiving your retirement benefit for up to 24 months following your retirement date. Under current tax laws, however, you must begin to receive retirement income as of December 31st of the year in which you turn 71. For more information on deferring your retirement income, please contact the Pension Office.

What You will Receive at Retirement

As outlined in the introduction to this booklet, on retirement you will receive the total value of your contribution accounts. This money must be transferred out of the Plan.

If You are Thinking About Retirement

Retirement can be an exciting transition for many of us. As with most employment-related matters, it requires considerable thought and even more paperwork. Please contact the Pension Office at least six months before you expect to retire.

Your Retirement Payment Options

What you receive from the Plan at retirement is one thing; how you elect to receive it is quite another. The Plan offers you several options for your retirement benefits. You can elect to transfer the value of your benefit either to:

- an insurance company to purchase a lifetime annuity, or
- a financial institution to purchase a locked-in retirement investment/income vehicle.

If you have a spouse/common-law partner on the date you start receiving your retirement income and you elect to purchase a lifetime annuity, you must, by law, select a form of pension that provides a lifetime pension to your surviving spouse/common-law partner. Under Manitoba pension rules, this survivor pension must be at least equal to 60% of the pension you were receiving at the time of your death – but you can increase it to 75% or 100% if you wish. Your pension is reduced to provide this spouse's pension; the actual reduction will be based on your age, your spouse's age and whether you choose to continue 60%, 75% or 100% of your pension.

Your spouse/common-law partner may waive his or her right to a survivor pension by signing a form. The required form is available from the Pension Office or the Manitoba Pension Commission website at **www.gov.mb.ca/labour/pension**. However, waiving the right to a survivor pension is a serious matter; you and your spouse are advised to get independent legal advice before making this decision.

Spouse/common-law Partner

Your spouse/common-law partner is the person you are married to and living with, or the person you have:

- registered a common-law relationship with under ***The Vital Statistics Act,*** or
- cohabitated with in a conjugal relationship:
  - for a period of at least three years, if either of you is married, or
  - for a period of at least one year, if neither of you is married.

If You Elect to Purchase Your Pension from an Insurance Company

The insurance company of your choice will provide an immediate annuity. An annuity provides you with a lifetime pension (and beyond depending on the type of pension you purchase).

You will be able to choose the form of pension that best suits your needs, subject to the mandatory spousal benefit mentioned in the previous page. For example, you may choose a pension payable for your lifetime only with 60 monthly payments guaranteed. If you die before 60 monthly payments have been made, your beneficiary will receive the remaining monthly installments. Alternatively, you can choose an optional form of pension with a longer guarantee period or a pension that provides a lifetime pension to your surviving spouse/ common-law partner after your death.

If You Elect to Purchase a Retirement Income/Investment Vehicle

Instead of receiving a pension from an insurance company, you can transfer the total value of your contribution accounts to:

A Locked-in Retirement Account (LIRA)	This is essentially a locked-in RRSP, which is approved by the Pension Commission of Manitoba to receive locked-in pension funds. Under this option, you can continue to manage your money (and, ideally, to grow your benefit) until you are ready to convert it to a retirement income.
A Life Income Fund (LIF)	A LIF is designed to provide an income that will last for a lifetime. The government sets both a minimum and maximum for the payments you can receive each year from your LIF. Within this range, you can choose whatever payment stream you want. You must start receiving your retirement income no later than the end of the calendar year in which you turn 71.

These transfers will remain locked-in under current pension law. These amounts cannot be cashed-in; they must be used to provide a retirement income. In addition, your locked-in benefit entitlement remains subject to pension legislation requirements for pension sharing, survivor benefits and death benefits.

As a point of interest, a Manitoba LIF-owner who is at least 55 years of age may apply for a one-time transfer of up to 50% of the balance in one or more LIFs to a Prescribed Registered Retirement Income Fund (PRRIF). In general terms, a PRRIF is similar to a RRIF and has no limit on the maximum payment you can receive each year. For more information on PRRIFs, we recommend that you speak with your financial advisor.

If You Leave Employment Before Retirement

Your benefit in the Plan is vested immediately. If you leave your position with the University, you can receive the total value of your contribution accounts, no matter how long you belonged to the Plan.

Your benefit is locked-in except for certain age and years-of-employment conditions outlined in the Non-locked-in benefits section below.

You can transfer the total value of your contribution accounts to:

- a Locked-In Retirement Account (LIRA);
- your new employer's registered pension plan, provided that plan accepts transfers;

  or
- an insurance company to purchase an immediate or deferred lifetime annuity.

Non-Locked-in Benefits

There are a limited number of circumstances in which a person may be allowed to withdraw locked-in funds as a lump sum.

These include:

- shortened life expectancy
- small amounts of pension benefit credits in a pension plan
- non-residents of Canada

In all other cases, including cases of financial hardship, locked-in funds cannot be withdrawn as a lump sum.

Non-locked-in

means your pension benefit entitlement is not subject to any pension legislation requirements.

When You are Leaving

When you leave your position at the University, please contact the Pension Office as soon as possible. This will ensure that you receive the information and documents you need to settle your benefit entitlement in a timely manner. Plan benefits can only be paid when there is an actual termination of employment, including retirement.

Shortened life expectancy
Subject to certain requirements, the PBA permits a pension plan, locked-in RRSP or LIRA, LIF or LRIF to provide for withdrawal of locked-in funds in a lump sum upon certification by a medical practitioner of a considerably shortened life expectancy, which cannot exceed two years.

Small amounts
The PBA requires all pension plans to commute and pay a lump sum small benefit. This applies only to termination of membership from a pension plan.

Non-residents of Canada
If you are no longer a resident of Canada, the PBA permits former plan members to withdraw pension benefit credits in a pension or locked-in RRSPs, LIRAs, LIFs and LRIFs in a lump sum (subject to certain requirements).

If You Become Disabled

If you become disabled, your membership in the Plan will continue – just as if you were still at work.

While you are not working due to disability, the University Medical Group will make contributions to your University contribution account equal to 6% of the floor salary, subject to the current tax laws limit as outlined in the ***Contributions*** section.

Survivor Benefits

Financial security is not just about you. It's also about those who depend on you. Fortunately, the Plan offers some important survivor benefits.

If You Die before Retirement

If you die while you are an active member – or an inactive member on an approved leave of absence, suspension or lay off – your survivor(s) will receive a benefit equal to:

- the total value of your contribution accounts;
  plus
- your additional voluntary contribution account, if any.

The priority for the payment of survivor benefits is as follows:

- your surviving spouse/common-law partner, then
- the beneficiary/beneficiaries – person (if living at your date of death), organization and/or institutions – you have designated, then
- your estate.

If you have a spouse/common-law partner, he or she is automatically your pension plan beneficiary under Manitoba law – even if you name someone else. Your spouse/common-law partner can elect to transfer the survivor benefit, on a tax-sheltered basis, to:

- their Locked-in Retirement Account (LIRA) or Life Income Fund (LIF);
- their employer's registered pension plan, provided that plan accepts transfers; or
- an insurance company for the purchase of an immediate or deferred lifetime annuity.

If you don't have a spouse/common-law partner under the terms of the Plan, you can name anyone you want as your pension beneficiary. When a survivor benefit is paid to someone other than a spouse/common-law partner, it is paid in a single payment less withholding taxes.

If you don't name a beneficiary, your survivor benefit will be paid to your estate — unless you make specific reference to it in your will. If the benefit is paid to your estate, it will be subject to probate and related fees.

If You Die during Retirement

The survivor benefit (if any) will be paid in accordance with the terms of the payment option you elected at the time of your retirement.

Naming a Minor as Beneficiary

You may name a child as your beneficiary, provided you don't have a spouse/common-law partner. If you do name a minor child, you must also appoint a trustee to look after the child's benefits. You should consult a lawyer to make sure all requirements and potential scenarios are addressed adequately.

Naming an Alternative Beneficiary

It is a good idea to name an alternative (or contingent) beneficiary. This person will receive your survivor benefit if your primary beneficiary is not alive to receive it.

If You do not Name a Beneficiary

If you do not name a beneficiary or your beneficiary is not alive to receive your benefits and you haven't named an alternative beneficiary, your survivor benefit will be paid to your estate. This means that the full amount of your death benefit is exposed to probate fees, estate taxes and creditors.

Choosing a beneficiary is an important decision. The Pension Office can provide you with information on considerations when choosing a beneficiary. You may want to retain a lawyer to help you make the designation. You may also want to talk to your personal financial advisor about possible tax implications.

Waiver of Death Benefit

Your spouse/common-law partner may waive his or her right to the pre-retirement death benefit provided that the spouse/common-law partner is given prescribed information in accordance with the regulations. A waiver must be signed and filed with the administrator of the pension plan in a form approved by the Superintendent of Pensions. Waiving the right to a death benefit is a serious matter; you and your spouse are advised to get independent legal advice as well as qualified financial advice about the financial consequences before making this decision.

Relationship Breakdown

Your pension is a family asset. In other words, if you and your spouse/common-law partner end your relationship, the pension you built during your relationship will be taken into account when your family assets are divided.

If you are part of a marriage and/or common-law relationship break-up, please contact the Pension Office. Once you do this, you and your former spouse/common-law partner will be advised, in writing, of the pension credits subject to sharing.

You can find additional marital breakdown information in accordance with the ***Pension Benefits Act*** on the Manitoba Pension Commission website at **www.gov.mb.ca/labour/pension.**

Sharing Pension Credits

The provisions of the Manitoba *Pension Benefits Act* state that the sharing of pension credits is mandatory and describes the method of determining the division. Under Manitoba law, all divorces, legal separations and written agreements involving the splitting of family assets of a marriage or common-law relationship that ended on or after January 1, 1984, are subject to a 50/50 split of pension credits accumulated during the period of marriage and/or common-law relationship.

Determining the Relationship Start Date

If a common-law relationship occurred immediately prior to marriage, the period begins with the date the common-law relationship began. For married persons who began living separate and apart before June 30, 2004, the pension credits subject to division are those earned from the date of marriage.

Opting Out

If both parties agree, they may opt out of the mandatory credit splitting. To opt out, each person must receive independent legal advice and a statement from their pension plan administrator showing the value of the pension credit subject to the credit splitting. Both parties must enter into a written agreement with each other confirming that the pension credits will not be divided.

The agreement must be in a form prescribed by the Regulations of the Manitoba ***Pension Benefits Act.*** The required form is available from the Pension Office or the Manitoba Pension Commission website at www.gov.mb.ca/labour/pension.

Splitting the Difference

If both parties are members of pension plans, they may agree in writing to divide the difference in values between the two pensions equally, rather than dividing both pensions on a 50/50 basis. This provision is available to those who separated on or after June 24, 1992 – or those who had separated earlier, but had not finalized the division of pension credits.

Transferring Shares

Once the pension credit split has been determined, the non-member has the option of transferring their share to:

- a Locked-In Retirement Account (LIRA),
- a Life Income Fund (LIF), or
- their employer's registered pension plan (provided they are a member and the plan accepts transfers).

Following the transfer of the non-member's share, your contribution accounts and additional voluntary contribution account, if applicable, will be reduced accordingly.

Administration

The Plan conforms with the Manitoba ***Pension Benefits Act*** and the ***Income Tax Act*** and its regulations. The Plan administrator is the Pension Committee of The University of Manitoba GFT Pension Plan (1986).

The overall purposes of the Pension Committee include monitoring the operations of the Pension Plan, taking responsibility for the Pension Plan's administration, ensuring compliance with all applicable legislation and acting in an advisory capacity to the Board of Governors. The University of Manitoba will remain as the funding sponsor and CIBC Mellon has been contracted for custodian and corporate Trustee Services.

Glossary of Terms

Additional voluntary contribution account consists of your transferred-in contributions, including investment income.

Beneficiary is the person who will receive the survivor benefit of your pension benefit if you die.

Contribution accounts means the sum of your employee contribution account, if any, and your University contribution account.

Early retirement date for purposes of the Plan is the first day of any month following your 55th birthday.

Employee contribution account, for a member of this Plan who was a member of the predecessor plan, consists of the employee contribution amount transferred to this Plan at December 31, 1985, including investment income (positive or negative).

Investment Income includes interest payments and dividends, realized capital gains, realized capital losses, the change positive or negative in unrealized gains minus expenses.

Life Income Fund (LIF) is an alternative arrangement to a lifetime annuity from which an adjustable flow of retirement income is received, subject to an annual minimum and maximum. The minimum withdrawal is determined according to the minimum withdrawal formula for Registered Retirement Income Funds (RRIF) under th*e Income Tax Act*. The maximum income that can be taken each year is equal to the fund balance multiplied by a factor prescribed under the Manitoba *Pension Benefits Act.*

Locked-in means your pension benefit entitlement continues to be subject to pension legislation requirements for pension sharing, survivor and death benefits, and may only be used to provide retirement income (i.e., you cannot get a cash refund).

Locked-in Retirement Account (LIRA) means an account with a financial institution, similar to a Registered Retirement Savings Plan (RRSP), that is approved by the Pension Commission of Manitoba to receive locked-in pension funds.

Non-locked-in means your pension benefit entitlement is not subject to any pension legislation requirements and you can receive your benefit as a lump-sum, taxable cash payment or as a transfer to your Registered Retirement Savings Plan (RRSP) on a tax-sheltered basis.

Normal retirement date for the purposes of the Plan is the first of the month following your 65th birthday.

Pension Committee is the Plan Administrator. The overall purposes of the Pension Committee include monitoring the operations of the Pension Plan, taking responsibility for the Pension Plan's administration, ensuring compliance with all applicable legislation and acting in an advisory capacity to the Board of Governors. The University of Manitoba will remain as the funding sponsor and CIBC Mellon has been contracted for custodian and corporate Trustee Services.

Pension fund is the trust fund to which your contributions and the University contributions are made, and from which benefits are paid.

Plan is The University of Manitoba GFT Pension Plan (1986).

Spouse/common-law partner means the person you are married to and living with, or the person you have:

- registered a common-law relationship with under *The Vital Statistics Act*, or
- cohabitated with in a conjugal relationship:
  - for a period of at least three years, if either of you is married, or
  - for a period of at least one year, if neither of you is married.

University contribution account consists of University's contributions made on your behalf, including investment income (positive or negative).

Vested means you have a right to the total value of your contribution accounts, even if you leave your position before retirement.

Year's Basic Exemption (YBE) is fixed at $3,500. It is the level of annual earnings below which contributions are not required by the Canada Pension Plan.

Year's Maximum Pensionable Earnings (YMPE) is a figure set by the Federal government each year to help determine Canada Pension Plan (CPP) contribution amounts. In 2017 the YMPE is $55,300.

The Final Word

This is a summary of the main provisions of The University of Manitoba GFT Pension Plan (1986). A complete description is given in the legal documents by which the Plan is governed. If there is a difference between the information provided here and the legal documents, the legal documents will apply.

January 2017