

# PREPARING FOR THE FUTURE

MARCH 2024



## Introducing your University of Manitoba Pension Plan (1993)

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## Your Pension at a Glance

<b>Eligibility</b>	All eligible employees may join the Plan immediately. Full-time staff are required to join within thirty days following two consecutive years of employment. Part-time staff are required to join within 30 days following two consecutive years of employment with the University in which their earnings exceed 35% of the Year's Maximum Pensionable Earnings (YMPE).						
<b>What you can contribute</b>	<table border="0"> <tr> <td>Basic Salary up to the YBE</td> <td>9.0%</td> </tr> <tr> <td>Basic Salary between YBE and YMPE</td> <td>7.2%</td> </tr> <tr> <td>Basic Salary over the YMPE up to the ITA maximum</td> <td>9.0%</td> </tr> </table>	Basic Salary up to the YBE	9.0%	Basic Salary between YBE and YMPE	7.2%	Basic Salary over the YMPE up to the ITA maximum	9.0%
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Basic Salary over the YMPE up to the ITA maximum	9.0%						
<b>What the University contributes</b>	The University will match your required contributions dollar for dollar (subject to the Plan limits).						
<b>When you can retire</b>	<p><i>Normal retirement:</i> Age 65.</p> <p><i>Early retirement:</i> first day of any month following your 55th birthday.</p> <p><i>Postponed retirement:</i> 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.</p>						
<b>What the Plan provides at retirement</b>	You receive <b>the greater of</b> your Annual Defined Benefit (formula) pension and Annual Plan Annuity, calculated from total value of your contribution accounts.						
<b>Pension payment options</b>	Pensions are paid for your lifetime (with a range of options for continuing payments after your death, including a lifetime spouse's pension).						
<b>Pension increases</b>	After retirement, your pension may be increased based on the investment performance of the pensioner account in the pension fund.						
<b>If you leave the University before retirement</b>	You can receive the total value of your contribution accounts including University contributions and related investment income no matter how long you have been a member of the Plan.						
<b>Survivor benefits</b>	<p><i>Before retirement:</i> Total value of your contribution accounts paid to your spouse/common-law partner, beneficiary or estate.</p> <p><i>During retirement:</i> Depends on the payment option you selected at retirement.</p>						
<p><i>This is a brief summary of the provisions of the Plan as of March 1, 2024. It is not intended to be comprehensive. Fuller descriptions of the key Plan features are provided within this booklet.</i></p>							



## Welcome to Your Plan

If you strip away the formulas, regulations and industry jargon, pension plans basically come in one of two types: defined benefit (DB) pension plans that offer the security of a clearly defined benefit, and defined contribution pension plans that offer added flexibility and the prospect of enhanced benefits through superior investment performance.

As a two-part “hybrid” plan, your University of Manitoba Pension Plan (1993) (the Plan) offers you the best of both worlds. The first part of the Plan provides you with a clearly defined benefit entitlement, formula-based pension (a benefit “floor”, if you will) that shelters you from the risk of market downturns. The second part of the Plan lets you benefit fully from strong investment markets and the resulting growth of your pension contribution accounts.

**When the time comes for you to retire, you simply receive the greater of the two benefits.**

This booklet provides a detailed summary of your pension plan. As you will see, it provides a fuller description of how your benefits are calculated and compared. It also highlights a number of other valuable Plan features, including early retirement benefits, survivor benefits and others.

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.

### 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. You should also inform the Pension Office if you wish to change your beneficiary or to initiate your retirement.



## Joining the Plan

By the time you retire, your pension Plan could well be one of your largest financial assets. 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.

### Full-time Staff

As an eligible full-time staff member, 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 with the University.

Full-time staff includes eligible academic, academic librarian and support staff as outlined below:

<b>Academic</b>	Faculty members holding the rank of Professor, Associate Professor, Assistant Professor, Lecturer, Senior Instructor, Instructor II or Instructor I, or Academic Librarian.
<b>Academic Librarian</b>	Staff holding the rank of Librarian, Associate Librarian, Assistant Librarian or General Librarian.
<b>Support</b>	Staff of the University other than Academic or Academic Librarian.

### Part-time Staff

As an eligible part-time staff member, 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 two consecutive years of employment with the University in which your earnings exceed 35% of the 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 2024, the YMPE is \$68,500. Thirty-five percent of the 2024 YMPE is \$23,975.*

### Joining the Plan

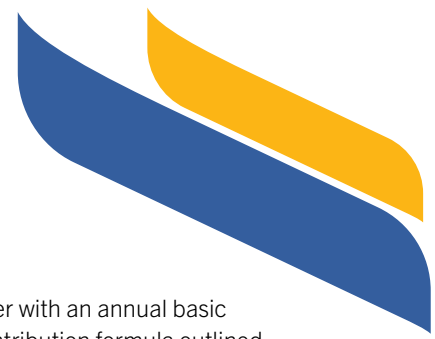
To formally join the Plan, you must complete an application form available from the Pension Office. Your membership will take effect on the first day of the pay cycle following the date on which your application form is received by the Pension Office.

## Contributions

The cost of providing your pension is shared between you and the University. When you join the Plan, as such, the University will open two separate accounts in your name:

- Employee contribution account for your required contributions, plus investment income.
- University contribution account for University contributions made on your behalf, plus investment income.

The sum of your employee contribution account and University contribution account is often referred to as your Contribution Accounts.



## Your Annual Required Contributions

As a member of the Plan, you are required to make an annual Plan contribution equal to:

Basic Salary up to the YBE	9.0%
Basic Salary between YBE and YMPE	7.2%
Basic Salary over the YMPE	9.0%

### Basic salary

For full-time staff, basic salary means the regular gross salary applicable to your rank or classification, as determined by the terms of the appropriate collective agreement or employment policy. For part-time staff, basic salary for purposes of determining your contributions means your regular gross salary based on the actual time you work.

### 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.

### YMPE (Year's Maximum Pensionable Earnings)

The YMPE is a figure set by the Federal government each year in accordance with Canada Pension Plan (CPP). In 2024, the YMPE is \$68,500.

## University Contributions

The University will match your required contributions dollar for dollar. These contributions are directed to your University contribution account. The University may also make additional contributions, as necessary, to ensure that the Plan remains financially sound.

## 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.

## A contribution example

Consider a full-time staff member with an annual basic salary of \$75,000. Using the contribution formula outlined above, we can easily calculate both the employee's required contribution and the University's matching contribution:

9.0% of \$3,500 (basic salary up to the YBE)	\$315
7.2% of \$65,000 (basic salary between the YBE and the YMPE)	+ \$4,680
9.0% of \$6,500 (basic salary above the YMPE)	+ \$585
Total annual required contribution	= \$5,580
Matching University contribution	\$5,580
Total annual contribution	= \$11,160

Your required contributions are deducted automatically from your pay and deposited in your employee contribution account. These contributions are tax-deductible in the year they are made. To ensure that you do not exceed current tax-sheltered contribution limits, your annual required contribution cannot exceed the lesser of:

- 9% of your basic salary, and
- ½ of the money purchase maximum contribution limit defined by the Plan.

This money purchase maximum contribution limit is reviewed annually. For 2024, the limit is \$32,490. Half of that limit is \$16,245. The maximum applies if your regular gross salary exceeds \$193,500.

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 and matching University contributions are directed to the pension fund, a trust fund from which benefits are paid. Professional money managers 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 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.

## Transfers into the Plan

If you were a member of a registered pension plan prior to joining the University Plan, you may transfer the lump sum value of your prior benefit into the Plan provided the lump sum value can be administered by the Pension Benefits Act (Manitoba). 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 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, leave the University or die before retirement, your additional voluntary contribution account 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 pension. Under the Plan, you have several retirement options to consider, as summarized in the table below:

<b>Normal retirement</b>	The normal retirement date is the first day of the month following your 65th birthday. This is the date used for calculating retirement benefits under the Plan.
<b>Early retirement</b>	You can retire effective the first day of any month following your 55th birthday.
<b>Deferred retirement</b>	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.

## Deferring the Payment of Your Pension

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

# What You will Receive at Retirement

As outlined in the introduction to this booklet, your Plan is a hybrid: it combines the security of a defined benefit guarantee with the prospect of accumulating enhanced benefits under a money purchase arrangement.

To ensure that you receive the highest possible benefit, your benefit is calculated at retirement using two different methods:

- 1) The **Annual DB pension**, which determines a minimum benefit guarantee based on a pre-determined Plan formula.
- 2) The **Annual Plan Annuity**, which determines the benefit that can be provided based on the total value of your contribution accounts.

The benefits resulting from each method are compared and **you receive the greater of the two benefits.**

Again, there is an important exception. If you retire before your normal retirement date with fewer than five years of employment with the University, you will receive the total value of your contribution accounts. This money must be transferred out of the Plan.

## 1) Your Annual DB Pension

Under the DB pension, your benefit is calculated using a formula that takes into account your earnings and service history. Based on that formula, you will earn a minimum benefit equal to:

- 2.0% of your **highest average annual basic salary** multiplied by
- Your years of credited service less
- 0.7% of your highest average annual basic salary up to the YMPE in the year you retire multiplied by
- Your years of credited service after January 1, 1966 (to a maximum of 35 years)

**Highest average annual basic salary** refers to the average of the five years (five periods of 12 non overlapping months) when your **basic salary** is at its highest. Under the formula pension, basic salary for full-time employees means the regular gross salary applicable to your rank or classification as determined by the terms of the appropriate collective agreement or employment policy. When calculating the formula pension for part-time staff, basic salary means your regular gross salary based on a full-time equivalent basis.

**Credited service** refers to the number of years and part years you have contributed to the Plan. For part-time staff, credited service is the ratio of the actual time you work to the time you would have worked had you been a full-time employee. Your credited service is reported on your annual pension statement.

The YMPE is an amount set by the Federal Government each year to determine maximum Canada Pension Plan (CPP) contributions and benefits. In 2024, the YMPE is \$68,500.

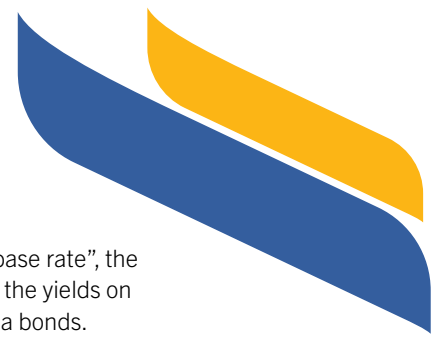
## If You Are Thinking About Retirement

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. The Office will provide you with detailed information about your retirement benefits and the many options available to you.

## Annual DB Pension example

Consider a full-time staff member who retires at age 65 (normal retirement) with 36.5 years of credited service and a highest average annual basic salary of \$75,000. Assuming the YMPE in the year the employee retires is \$68,500, we can easily calculate the employee's lifetime pension using the formula introduced above:

2.0% of \$75,000 (highest average annual basic salary)	\$1,500
Multiplied by credited service	36.5 years
	\$54,750
Less	
0.7% of \$68,500 (YMPE in the year of retirement)	\$479.50
Multiplied by credited service (max. 35)	35 years
	-\$16,782.50
<b>Lifetime Annual DB Pension</b>	<b>\$37,967.50</b>



Under the terms of both the Plan and the Income Tax Act, the formula pension cannot exceed a maximum amount for each year of credited service.

### *If you retire early*

If you retire early, the Annual DB pension calculated using the formula above will be reduced by  $\frac{1}{4}\%$  for each month (3% for each year) you retire before your normal retirement date that is, age 65.

Consider an employee who retires from the Plan at 58 with the same credited service and highest average annual basic salary as the employee in the example above. In this case, the employee's \$37,967.50 Annual DB pension would be reduced by 21% (84 months between 58 and 65 X  $\frac{1}{4}\%$ ). As such, the employee would receive an annual lifetime pension of approximately \$29,994.33.

This reduction simply accounts for the fact that you will receive your pension over a longer anticipated payment period (from age 58 rather than age 65). On a strictly actuarial-equivalent basis, the reduction would be closer to 6% per year ( $\frac{1}{2}\%$  per month). Accordingly, the reduced early retirement pension you receive is actually subsidized by the Plan.

Please see the link to the DB Pension Calculator to get your pension estimate.

[umanitoba.ca/pension](http://umanitoba.ca/pension)

## 2) Annual Plan Annuity

At the same time your Annual DB pension is calculated, your Annual Plan Annuity will be calculated. This is the quotient obtained when the sum of Contribution Accounts is divided by the Plan Annuity Factor.

The calculation of the Annual Plan Annuity is based on a number of factors, including your age, your life expectancy, and the long-term interest rates (i.e. **base rate**) in effect when you retire from the University.

Defined under the Plan as the “base rate”, the applied interest rate is based on the yields on long-term Government of Canada bonds.

It is important to note, that the base rate can have a significant impact on the Annual Plan Annuity calculated on your behalf. To estimate your Annual Plan Annuity refer to the Sample Plan Annuity Table.

[umanitoba.ca/pension](http://umanitoba.ca/pension)

*These examples have been provided for illustrative purposes only. Your Annual Plan Annuity will be calculated based on your personal circumstances and the base rate in effect as of your retirement date.*

### *If you retire early*

If you decide to start your pension early, the Annual Plan Annuity calculated on your behalf will 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, as well as the investment income payable on your contribution accounts.
- 2) You will also be collecting your pension over a longer period, which will automatically reduce the size of your monthly pension.

### **Base Rate**

The base rate is an important variable in determining your Annual Plan Annuity. It is based on long-term Government of Canada bonds yields.





## Supplementary Pension and Excess Money Purchase

At retirement, the benefits calculated under the Annual DB Pension and Annual Plan Annuity methods, will be compared. Again, you receive the greater of the two benefits.

- If your Annual DB Pension is greater than your Annual Plan Annuity, the difference will be paid to you as a supplementary pension from the Plan.
- If your Annual Plan Annuity is greater than your Annual DB Pension and if you choose to receive a monthly pension from the Plan, you will receive a one-time Excess Money Purchase payment that can be transferred to a locked-in account.

These important issues including your benefit amounts and payment options are explained to you in detail as you near retirement.

## Post-retirement Pension Increases

As most of us know all too well, the cost of living tends to go up, not down. That fact can have a significant impact on the buying power of your pension over the long term. Fortunately, the innovative structure of your Plan offers the potential for pensioner increases.

Pensions earned by individual Plan members are paid out of a separate pensioner account in the pension fund. The **pensioner account** was designed to allow retired members to share in the ongoing investment performance of the pension fund. Here's how it works:

- When you retire and elect to receive a pension from the Plan, your contribution accounts, up to the DB benefit, is transferred into the pensioner account.
- The account is then credited with investment income in the same manner as all other Plan accounts. (Monthly pensions paid to retirees are deducted from the account).
- The Plan's actuary conducts an annual valuation of the pensioner account. The account's assets are compared with the account's liabilities (that is, the amount required to provide the pensions of the current pensioners until the last pensioner dies).
- If the actuary determines that the pensioner account's assets are sufficient to cover a full or partial increase, the pensions currently being paid to retired members are increased effective April.
- A "full" increase is based on the excess of the average rate of return in the preceding four years over a base rate (the "excess interest" increase). This base rate is the same base rate used to calculate your Annual Plan Annuity benefit.

**There is no guarantee that pension increases will be granted in a given year. Since this structure for pensioner increases was introduced in 1993, pensioner increases were granted in 1994 through 2001. The Pensioner Account has been in a deficit position since 2001. Pensioner increases have not been granted since 2001. Any future increase can only be provided once the shortfall is eliminated.**



## 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 receive a pension from the Plan,
- to transfer the value of your benefit out of the Plan, or
- some combination of the two.

When you retire, the Pension Office will provide you with detailed information about your options and making your election. Until then, the following is a high-level summary of the payment options available to you.

### 1) If You Elect to Receive Your Pension from the Plan

Your pension is payable for your lifetime with 60 monthly payments guaranteed, this is referred to as the “normal form” of pension under the Plan. 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 that best suits your needs. You may, for example, choose to extend the guarantee period. Each form of pension has an equal value. Depending on the form you select, however, the monthly benefit amount payable to you (or your survivors) could be higher or lower than what you would receive under the normal form described above.

If you have a spouse/common-law partner on the date your pension starts, 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 prescribed form. The required form is available from the Pension Office or the Manitoba Pension Commission website at [www.gov.mb.ca/finance/pension](http://www.gov.mb.ca/finance/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.



## 2) If You Transfer the Value of Your Benefit Outside the Plan

Instead of receiving a pension from the Plan at retirement, you can transfer the total value of your pension benefit, subject to the limits of the *Income Tax Act* and its regulations, to:

<b>1) Sun Life Financial -Group Retirement Options (Life Income Fund, Retirement Income Fund, Prescribed Retirement Income Fund and Locked-in Retirement Account)</b>	The University of Manitoba Sponsored Group Retirement Income Plan is available to retirees. The Group Retirement Income Plan offers: Life Income Fund (LIF), Retirement Income Fund (RRIF) and Prescribed Retirement Income Fund (PRIF). One of the greatest benefits of transferring your retirement savings from the Pension Plan to the Group Retirement Income Plan is the low fund management fees. The investment options include pre-built funds; called the Granite Segregated Funds, which offer a diversified, multi-manager approach to investing that corresponds to five different risk tolerance categories. The asset allocation portfolios have predetermined asset mixes that range from conservative to aggressive. You can also build your own portfolio, using a mix of investment funds that matches your comfort level with investment risk.
<b>2) Prescribed Registered Retirement Income Fund (PRIF)</b>	The <i>Pension Benefits Act</i> allows for a one-time or prescribed transfer of up to 50% to a Prescribed Registered Retirement Income Fund which allows the funds to become unlocked. The legislation requires that the individual submit for a written transfer request to the plan sponsor before the funds can be transferred under this option.
<b>3) A Life Income Fund (LIF)</b>	A LIF is designed to provide an income that will last for a lifetime. The legislation 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.
<b>4) A Locked-in Retirement Account (LIRA)</b>	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.
<b>5) An insurance company to purchase a lifetime annuity</b>	The insurance company of your choice will provide an immediate or deferred annuity. An annuity provides you with a lifetime income (and beyond depending on the type of annuity you purchase).

These transfers will remain locked-in under current pension law except for those funds transferred to the Prescribed Registered Retirement Income Fund. 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.

## If You Leave the University 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 circumstances 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, or a pooled 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 locked-in funds cannot be withdrawn as a lump sum.

### *Shortened life expectancy*

Subject to certain requirements, the Pension Benefits Act permits a pension plan, locked-in RRSP, 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 Pension Benefits Act requires all pension plans to commute and pay a lump sum when you terminate membership if the amount is a small amount.

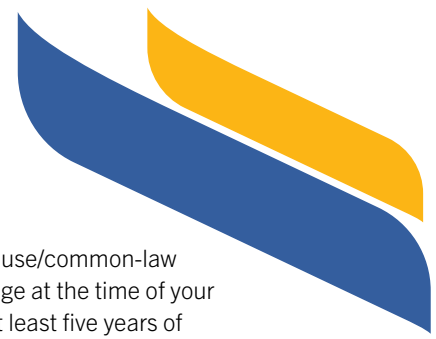
### *Non-residents of Canada*

If they are no longer residents of Canada, the Pension Benefits Act 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).

### 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.

***Non-locked-in*** means your pension benefit entitlement is not subject to any pension legislation requirement.



## If You Become Disabled

If you become disabled, your membership in the Plan will continue just as if you were still at work provided you are receiving benefits from the University's Long Term Disability (LTD) Plan.

During your disability leave, the University will make contributions to your employee contribution account equal to 9.0% of your insured basic salary (as defined in the LTD Plan). The University will also make matching contributions to your University contribution account. You are not required or permitted to make contributions during your disability leave.

## 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 (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, or a pooled registered pension plan provided that plan accepts transfers; or
- an insurance company for the purchase of an immediate or deferred lifetime annuity.

Alternatively, if you and your spouse/common-law partner are at least 55 years of age at the time of your death and you had completed at least five years of employment with the University your spouse/common-law partner can elect to receive an immediate pension from the Plan.

*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 (see appointing a beneficiary below for more information). 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 form of pension you elected at the time of your retirement.

### Naming a Minor as Beneficiary

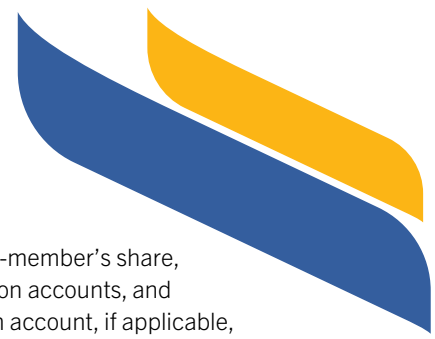
You may name a child as your beneficiary, provided you don't have a spouse/common-law partner. If you do name a minor child, you must also appoint a trustee to look after the child's benefits. You should consult a lawyer to make sure all requirements and potential scenarios are addressed adequate.

### 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.

### Appointing a Beneficiary

Your beneficiary is the person who will receive the survivor benefit from the Plan if you die. Manitoba pension law requires that the survivor benefit be paid to your spouse/common-law partner, even if you name someone else. If you do not have a spouse/common-law partner you may name anyone you want. If you do not name a beneficiary, the survivor benefit will be paid to your estate. Please remember to keep your beneficiary information up to date.



## 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. The sharing of pension credits applies to both the pensions being earned (i.e., accrued) by active Plan members and pension(s) payable to retirees.

## Sharing Pension Credits

*If your separation date is prior to October 1, 2021*, the available options include not dividing the pension, dividing 50% of the pension, or potentially dividing the net difference between your and your former partner's pension values.

*If your separation date is on or after October 1, 2021*, there is additional flexibility as you and your former partner may decide to not divide the pension or specify the percentage to be divided, up to a maximum of 50%.

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

## 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.

## Separation Date Before October 1, 2021

### 1) 50% Division of pension credits

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),
- Their employer's registered pension plan, provided it will accept the transfer, or
- A pooled registered pension plan.

### 2) Opting out

If both parties agree, they may opt out of the mandatory credit splitting. To opt out both parties must have entered into a written agreement acknowledging that each of the parties:

- Is entering into the agreement voluntarily and without duress, coercion or compulsion of any kind;
- Has received independent legal advice with respect to the effect of the agreement and;
- Has received a statement from the Pension Office indicating the value of the plan member's pension earned during the relationship.

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/finance/pension](http://www.gov.mb.ca/finance/pension)



### 3) Splitting the net 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.

## Separation Date on or After October 1, 2021

### *Division of pension credits*

Your former spouse or common-law partner can apply for up to 50% of your pension benefit, which must be transferred to;

- A locked-in retirement account (LIRA)
- A life income fund (LIF),
- Their employer's registered pension plan, provided it will accept the transfer, or
- A pooled registered pension plan

The percentage of the pension benefit credit or pension to divided must be specified in a written agreement or by an order of the court under The Family Property Act.

Before agreeing to a division of less than 50% of the value of the pension, your former spouse or common-law partner should seek legal advice with respect to their family law entitlement and financial advice as to the implications of agreeing to receive less than a 50% share of the pension.

Following the transfer of the non-member's share, your credited service, 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 Pension Plan (1993).

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, plus investment income.

**Annual Defined Benefit (DB) Pension** is your pension based on a formula using your earnings and years of employment while a member of the Plan subject to maximums in the ITA.

**Annual Plan Annuity** is the monthly amount of pension that the total value of your money purchase contribution accounts at retirement will provide.

**Basic salary** is your regular gross salary applicable to your rank or classification as determined by the terms of the appropriate collective agreement or employment policy.

**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 and University contribution account.

**Credited service** refers to the number of years and part years you have contributed to the Plan.

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

**Employee contribution account** consists of your required contributions, plus investment income.

**Excess Money Purchase Amount** is the amount determined as excess, if any, when your Annual Plan Annuity is greater than your Annual DB Pension.

**Full-time staff** means an employee on a full-time appointment, excluding a temporary, sessional or seasonal position.

**Highest average annual basic salary** refers to the average of your highest five years (five periods of 12 months each) of basic salary.

**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 life-time 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 the 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 defined in the *When you can retire* section of this booklet.

**Part-time staff** are those staff members who have an appointment other than a full-time appointment.

**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.





**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 Pension Plan (1993).

**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.

**Supplementary pension** is the amount by which your Annual DB Pension is greater than your Annual Plan Annuity.

**University contribution account** consists of the University contributions made on your behalf, plus investment income.

**Vested** means you have a right to the total value of your contribution accounts, even if you leave your position with the University 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 in accordance with Canada Pension Plan (CPP) contribution amounts. In 2024, the YMPE is \$68,500.

## The Final Word

This is a summary of the main provisions of the University of Manitoba Pension Plan (1993).

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.

*March 2024*