

Pension 101 Webinar

Frequently Asked Questions (FAQ)

The below FAQ is a collection of questions we received from webinar participants during the Fall 2023 Pension 101 webinar sessions. If you still have questions or require additional information, please visit the [My Pension Resource](#) site or call the [WISE Trust Pension Contact Centre](#) at 1-855-242-1526.

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Annual Pension Statement

What is an Annual Pension Statement and when will I receive it?

An Annual Pension Statement is a document that provides plan information, and a “snapshot” of the pension benefits you earned as of December 31st of each year. These statements are mailed out annually by June 30th to all members who are actively employed. Your last Annual Pension Statement issued is also available online through [My Pension Resource](#).

Can I view my Annual Pension Statement online?

Yes, the last Annual Pension Statement issued to you is available online through [My Pension Resource](#). If you joined the plan in the current year, your statement will be posted in June of the following year.

Beneficiary - Designation

Can we submit the Spousal Declaration & Beneficiary Designation form via email?

You can upload a copy to the Message Centre in [My Pension Resource](#), however, the original must be mailed to the [WISE Trust Pension Contact Centre](#) as we require a “wet signature” to complete the process.

At what age should I add my child as a beneficiary? What is the definition of eligible child?

Your beneficiary is the person you chose to receive survivor benefits under the Plan if you do not have an eligible spouse or eligible children when you die. You can designate your child as a beneficiary at any time. If you designate a child under the age of 18 as your beneficiary, special rules regarding payment of survivor benefits apply since we cannot make payments directly to minor children - a guardian of property will be appointed to receive payments on behalf of the child.

An eligible child under the Plan includes your natural, adopted or stepchild in respect of whom you are acting in the role of a parent and who is:

- under age 18; or
- 18 or older but less than 25 and attending full-time, continuous education; or
- 18 or older and suffers from a physical or mental disability that has prevented them from earning a living since reaching age 18 or since your death, whichever occurred most recently.

Commuted Value

How do I know the commuted value of my pension?

Your annual pension statement provides details related to your pension benefit entitlement under the Plan. The commuted value of your pension benefit can fluctuate (increase or decrease) on a monthly basis due to changes in monthly interest rates used in the calculation. Given the potential for commuted values to change due to interest rates and actuarial assumptions, your actual commuted value is only provided when it's required by legislation (that is only if you terminate your employment before age 55 and you're not yet eligible for an immediate pension from the Plan). In that event, you will be provided a termination benefit statement that outlines your options, including the option, if eligible, to transfer the commuted value of your pension benefit into a locked-in retirement arrangement.

Since your pension benefit from the plan may be an important component of your financial future, we strongly recommend you seek independent unbiased advice from a qualified financial advisor who will act in your best interest. We have some important considerations and information on our website on our [Leaving your Employer](#) page that can support you and your advisor in your decision to choose a deferred pension from the plan that is payable for your lifetime or the commuted value transfer option upon termination of employment where you assume all the investment risk.

Note: commuted value assumptions and calculation methodology are prescribed by legislation.

Enrollment - Welcome package

I didn't receive a Welcome Package - who should I contact to get one?

Call the [WISE Trust Pension Contact Centre](#) at 1-855-242-1526 and a representative will be happy to assist you.

Funded Status of the Plan

The transfer ratio is currently 0.81 as of Dec 31, 2022, which is related to whether the plan is fully funded - can we expect this ratio to increase?

The transfer ratio measures the degree to which the plan is funded, as if the plan were to be terminated at a particular point in time. Since the WISE Trust plan is not terminating, the going concern funded ratio is a better measure of the degree to which the plan is funded, as it is based on the scenario that the plan would continue indefinitely. As of Dec 31, 2022, the plan's going concern funded ratio was 95%.

As required by legislation, the plan is required to be fully funded on a going concern basis. If the plan is not fully funded in an actuarial valuation report filed with the regulators, additional funding is required to increase the funded ratio.

For further information on the plan's financial performance in 2022, see the [2022 Highlights for Members Report](#) posted on our website, wisetrust.ca. The 2023 Highlights for Members Report will be published in June 2024.

Indexation (inflation protection)

Why does the indexation or inflation rate change from 75% to 50% of the percentage in the change to the Consumer Price Index (CPI)?

Your pension after retirement is indexed January 1st each year based on the percent change in Consumer Price Index (CPI). Different indexing plan rules apply to pension benefits earned up to July 1, 2025, and after that date:

- The lifetime portion of your pension accrued up to July 1, 2025, is automatically increased each year by 75% of the percent change in CPI; and the bridge benefit portion of the pension received up to age 65, is not indexed.
- For the portion of the pension accrued after July 1, 2025, both the lifetime and bridge pensions are automatically increased by 50% of the percent change in CPI and, depending on the funded status of the Plan, additional increases above the 50% may be granted in accordance with the Funding policy.

Pension Estimate

How do I get a pension estimate?

To estimate your pension, you can use the online pension calculator on [My Pension Resource](#). The "Estimate My Pension Benefit" and "Compare Scenario" features allow you to estimate and compare your future retirement pension at different retirement dates or ages, and salary assumptions. It's easy to use and you can log in from work, from home or when you're meeting with your financial advisor.

Pension Fund - Investment Performance

What products are our pension invested in? Is our pension in a positive or negative amount at present? How do we see this information for ourselves?

For information on the plan's investment performance, see the [2022 Highlights for Members Report](#) posted on our website. The 2023 Highlights for Members Report will be published in June 2024.

Pension Payments - Foreign banks

If I retire somewhere other than Canada, can you pay my pension to a bank in that country? Or can you only pay me via a Canadian bank?

The Plan does not provide direct deposit to bank accounts outside of Canada. If you live outside of Canada after retirement, you will need to make arrangements with your Canadian bank to transfer or wire payments to your account in the country of residence as required.

Pensionable Service - Purchasing or Transfer-in Service

If I purchased pensionable service or transferred in service from another pension plan, is that taken into consideration when calculating pensionable years of service and my retirement factor?

Yes. Purchases and transferred-in service are included in pensionable years of service when calculating your pension and when determining eligibility for an unreduced pension (i.e., under the early unreduced Factor 85 or 60/20 Rule).

Post-retirement Health Care Benefits

Upon my passing, will my spouse also receive health & dental benefits?

This is an employer-sponsored program. Please reach out to your HR team or your health & dental benefit service provider for questions relating to health and dental benefits coverage.

Purchasing Pensionable Service

What types of periods are available to be purchased?

You can purchase periods when you were employed on a temporary contract or took maternity, paternity, or parental leave of absence, or were off due to illness, or off on a personal or educational leave of absence. Purchases are only available while you are an active member of the Plan. This means when you terminate your employment or retire and start your pension, the option to purchase pensionable service is no longer available to you.

How do I know if it's worth purchasing service?

Everyone's circumstances will be different and the decision to purchase pensionable service is completely up to you.

When you purchase service, you gain additional pensionable service and membership in the Plan, increasing your overall pension benefit at retirement.

Through [My Pension Resource](#), you can model the impact to your pension benefit if you were to purchase periods of service that are currently available to you.

The costs may vary by the type of service you are purchasing - some service purchases cost more than others. Refer to our website (Pension 101 » Building your pension » [Purchasing pensionable service](#)) for a list of service types available for purchase and the associated cost. It's important to know that the longer you wait to purchase service, the more costly your purchase may be.

What forms of payment are acceptable to purchase pensionable service?

Personal cheque or RRSP fund transfer or a combination of the two. If you are a WSIB or WISE Trust employee, you may have the option of payroll deductions.

From the website you reference "Pensionable service can only be purchased while you are actively contributing to the Plan." So, this tells me that you cannot contribute or purchase service while you are on leave

Correct, once you return to work following a leave of absence, you can then purchase that leave of absence.

Is it possible to get an estimate of purchasing pensionable service in advance of a leave, specifically a maternity leave? I am looking on My Pension Resource, but it only allows you to select a certain period of time but not a future period. [OBJ]

[My Pension Resource](#) only allows estimate requests for periods of employment service that are currently available for you to purchase; it does not provide for future period estimates.

However, we can tell you that the cost to purchase the pensionable service depends on the type of service and when you purchase it.

For example, for a pregnancy/parental leave of absence, if you purchase this service type within the period equal to the length of your pregnancy/parental leave starting from the date you return to work, the cost is equal to your share of the contributions you would have made had you not been absent based on your pensionable earnings and contribution rates in effect during your leave. If you decide to purchase this period of service after that time (i.e., beyond the length of the leave period after your return to work), the cost will be the actuarial present value (which is typically much more expensive than paying your own contributions). This means you will pay for the full value of the benefit you earn with the pension plan.

For the cost to purchase other types of service or additional information relating to purchasing pensionable service, refer to the section on our website or contact the [WISE Trust Contact Centre](#).

Re-employment

What if you had a WISE Trust pension plan with your employer then left said employer and returned a few years later. Do you now have two separate pension benefits or do they merge into one pension plan? If not, can this be done?

Yes, you will have two separate pensions. The two periods are treated as separate and distinct accruals under the Plan for all purposes including determining early unreduced retirement eligibility. The pension accrued during each period of employment is based on earnings and service at the time of calculation of each period where each accrual is determined separately but added together, not recalculated, and paid as one payment at retirement.

Retirement

I heard there are two good dates to retire - Jan 1 or July 1 each year. Why is that/can you please explain this?

There is no “better” time of year - choosing when to retire is an important individual decision, one that can have an impact on the amount of pension you’ll receive from the WISE Trust Plan which is based on your pensionable service, pensionable earnings and eligibility for an unreduced pension. The right time to retire will *not* be the same for everyone. Whatever date you choose is a personal preference. It's important to plan ahead and determine when the ideal time to retire is for you.

When planning for your retirement we strongly recommend getting qualified, unbiased advice to help with your overall retirement plan. Your WISE Trust pension is only one piece of the puzzle: government benefits, other retirement savings and lifestyle choices for example, also need to be considered. A qualified financial advisor can help you determine how much retirement income you’ll need from all sources including the WISE Trust Plan, CPP, OAS and your other retirement savings to help you meet your retirement needs and goals.

You can also use the projection tools on [My Pension Resource](#) to get a better idea of how much you can expect to receive from the WISE Trust Plan and when - these estimates are helpful inputs in making sure your retirement planning is on track. You can also estimate and compare what your pension will be using different retirement dates.

When is the best time to initiate retirement and what is the process?

To ensure you receive your monthly pension payment on your elected retirement date, we recommend that you initiate/put forward your request approximately six (6) to nine (9) months before your desired retirement date by either calling the [WISE Trust Pension Contact Centre](#) or initiating it online through [My Pension](#)

[Resource](#). Don't forget to notify your manager - they will receive notification once you initiate your retirement.

The 6 to 9 months may seem excessive, but it gives ample time for the Pension Contact Centre to prepare and send your retirement package, time for you to review and gather the necessary information, complete the forms, and ask questions along the way.

Once you've initiated your retirement, you should receive your retirement package within one month. Review the package and if you have any questions, call the [WISE Trust Pension Contact Centre](#). All completed forms and required information must be returned and received at least one month in advance of your elected retirement date. If not, your pension payments will be delayed beyond your elected retirement date. Once the WISE Trust Pension Contact Centre has everything in order, you will be set up to receive the payments retroactively if applicable.

Retirement - Bridge Benefit

How is the bridge benefit calculated?

The Plan's Bridge Benefit is calculated as follows:

$(0.5\% \times \text{the lesser of your best average earnings or average YMPE}) \times \text{years of pensionable service}$ (refer to wisetrust.ca for definition of terms).

If you start your pension early before age 65, the Bridge Benefit is payable monthly up until age 65 and it is paid in addition to your monthly Lifetime Pension. It's like a temporary "top up" pension that is paid until age 65 when you are entitled to full unreduced CPP benefits.

The pension calculation estimator tool on [My Pension Resource](#) will calculate the Bridge Benefit for you if you run an estimate for retirement dates/ages prior to age 65.

If you choose to take your CPP before age 65, does that impact your bridge benefit payable from the Plan?

No, taking CPP before age 65 does not impact the Bridge Benefit payable from the Plan. If you retire early before age 65, the Bridge Benefit is determined based on the Plan's bridge benefit formula and is payable up until age 65. The benefit you receive from CPP is calculated and determined separately from the Plan. Visit the Canada.ca website for more details on CPP.

Does the bridge benefit get adjusted automatically should the federal government make changes to CPP benefits?

The Bridge Benefit payable from the Plan is determined by the Plan's bridge benefit formula and is not impacted by government changes to CPP. The benefit you

receive from CPP is calculated and determined separately from the Plan. Visit the [Canada.ca](https://www.canada.ca) website for more details on CPP benefits.

Is the integrated benefit and bridge benefit the same?

The Plan "integrates" with CPP to provide you with a combined retirement pension benefit from the Plan and from the CPP of approximately 2% of your Best Average Earnings times your total years of Pensionable Service.

If you retire before age 65, the Plan will pay the full 2% pension benefit through a combination of your Lifetime Pension and the Bridge Benefit from the Plan. At age 65, the Bridge Benefit stops thereby reducing the pension payments you receive from the Plan to reflect full CPP benefits that typically begin at this point.

It's important to note:

- you can start to collect reduced CPP benefits from the government as early as age 60 and still receive your Bridge Benefit from the Plan; and
- your actual CPP pension benefit amount paid from this government program may be more or less than the Bridge Benefit that's paid from the WISE Trust Plan. This is because your actual CPP benefit depends on a number of factors including what you've contributed to CPP over your entire working career.

Visit [Canada.ca](https://www.canada.ca) to learn more and to estimate what your CPP pension may be.

Retirement - Deferring Your Pension

Can I defer receipt of my pension from the plan? For example, if I retired (terminated my employment) after age 55 in mid 2024, can I delay my pension payments until January 1st, 2025?

If you terminate your employment when you are retirement eligible, you may elect to defer the start of your pension but no later than age 65. You will receive an option form where one of the options will be to defer your pension. If you elect this option, it will be your responsibility to reach out to the [WISE Trust Pension Contact Centre](#) 6 months prior to the date you wish to start your pension payments.

Retirement - Unreduced Early Retirement

If I reach "Factor 85" when I am 53, can I retire with a full pension at 53?

Yes, if you've reached "Factor 85" at age 53, where your age plus service equals at least 85, you can retire with an unreduced pension - the pension you have accrued/earned to your retirement date will be unreduced.

Spousal Relationship - Pension Impact

If I separate from my former spouse and they receive a portion of my pension, how does this affect the benefit upon my retirement?

The pension benefit payable when you retire will be adjusted for the portion that was paid out to your former spouse.

What happens if you have my old spousal information on file and I separate from my spouse?

Your spouse may be entitled to survivor benefits if they meet the eligibility requirements under the Plan. If your spouse does not meet the eligibility requirements, and you do not have any eligible children, any survivor benefits would be paid to your designated beneficiaries, or to your estate if you haven't designated a beneficiary.

An eligible spouse is defined by the Plan and takes priority to survivor benefits over any other beneficiary upon a member's death. If a member has not yet started to receive a pension from the Plan and the spouse is living separate and apart from the member, that separated spouse does not have an entitlement to survivor benefits.

It's important to keep your spousal and beneficiary designation information up to date especially when your relationship status changes. The Spousal Declaration and Beneficiary Designation form is available on [My Pension Resource](#).

If I was divorced when I retired but then got married after I retired, will my new spouse get a survivor pension?

If you didn't have an eligible spouse on the date you retired, and you enter a spousal relationship after you have retired, you may be able to apply to provide your new spouse with access to the post-retirement survivor benefit in the event that you pass away before they do, provided that:

- you didn't have an eligible spouse on your retirement date; or
- you did have an eligible spouse on your retirement date, and they've passed away and you have no eligible children entitled to survivor benefits.

Survivor benefits for a spousal relationship beginning after retirement are not funded by the Plan, therefore your pension would be actuarially reduced to provide survivor benefits to your post-retirement spouse. You must make an election to add this survivor protection within a six-month period beginning one year after you begin a relationship with your post-retirement spouse.

Survivor Benefits

Upon my passing, my spouse will receive a survivor pension. How long will they receive this pension for?

Your eligible spouse will receive a survivor pension that is payable for their lifetime.

What survivor benefits are available? How do I elect a higher survivor benefit?

The type and amount of the survivor benefits provided under the pension plan depend on whether you have an eligible spouse or eligible children (as defined by the Plan - refer to the Survivor Benefits section of the website) and whether you've retired and started to receive a pension from the Plan.

The Plan provides for a 66 2/3% survivor pension benefit to your eligible spouse upon retirement. When you initiate your retirement, you will be provided the option to elect a higher survivor benefit of 75% or 100% to continue to your spouse in the event of your death but there will be a reduction to your pension to provide for this increased survivor protection. You can estimate the 75% and 100% survivor pension options on [My Pension Resource](#) by entering your spouse's date of birth on the site.

Is my spouse entitled to survivor benefits if I die while I am working past my retirement eligibility date?

Yes, if you pass away before you start your pension, survivor benefits are paid from the Plan. Your eligible spouse is typically considered the primary recipient of survivor benefits. If you don't have an eligible spouse, survivor benefits may be paid to your eligible children. If you don't have an eligible spouse and/or eligible children, a lump-sum death benefit is payable to your designated beneficiary.

Is the 10% eligible children pension payable for life or is that the total amount?

If you pass away, your eligible spouse will receive a spousal pension equal to 66.66% of the lifetime pension you were receiving (or other option of 75% or 100% that you elected at retirement) and that % amount will continue for their lifetime in the event of your death.

If you also have one or more eligible children, each may receive a pension of up to 10 percent of your lifetime pension for as long as they remain eligible children which is until age 18, or if they are attending full-time school, to age 25 or if they have physical or mental disability that has prevented them from earning a living. The exact amount of the pension will depend on the number of eligible children you have.

Terminating Employment - Commuted Value Option

Can you explain the process of taking a lump sum payment at age 55 or earlier?

If you terminate your employment before age 55 and are not yet eligible for an immediate pension from the Plan, you will have the option to transfer the commuted value of your pension benefit to a locked-in retirement arrangement. If you chose this option instead of leaving your pension benefit in the Plan, you are giving up your right to a guaranteed monthly pension from the Plan that's payable for your lifetime and other plan benefits like indexation and survivor benefits.

Important to note:

- The commuted value of your pension must be transferred into a locked-in retirement arrangement where you are responsible for investing the funds and taking on the investment risk and any associated management fees - it's possible you may not receive sufficient investment returns and your retirement income may be lower than what you expect or you could outlive your savings
- These funds are "locked-in" meaning the value of your benefit is NOT available to you as an immediate cash payment. The funds must be transferred to a locked-in retirement savings vehicle that is intended to provide you with retirement income. However, the Income Tax Act does limit amounts that can be transferred into a registered vehicle so there may be a portion of your benefit upon transfer that is in excess of the maximum limit which will be paid to you in cash, subject to withholding tax. This cash payment will be included in your taxable income for that year.
- If you are eligible for post-retirement health benefits with your employer, consider the impact of the option you choose on termination.
- Since your pension benefit from the plan may be an important component of your financial future, we strongly recommend you seek independent unbiased advice from a qualified financial advisor who will act in your best interest. We also have some helpful information on our website, wisetrust.ca, that can support you and your advisor in your decision upon termination of employment to choose a deferred pension from the plan that is payable for your lifetime or the commuted value transfer option.

Terminating Employment - Deferred Pension Option

If I terminate my employment at age 60 and decide to defer my pension until age 65, will the pension be reduced?

If you start your pension at age 65, your lifetime pension will be unreduced (i.e., a reduction will not be applied).

I terminate my employment before my earliest retirement date and I elect to defer my pension benefit, what is the earliest date I can start my pension?

The earliest date you can begin your pension payment is the first of the month after age 55.

If you qualify for an unreduced pension at age 55, there would be no reduction to your lifetime pension.

If you don't qualify for an unreduced pension benefit at age 55, you can still elect to start your pension at any time after age 55 but before age 65, however, there will be a reduction to your lifetime benefit to reflect the fact that you're starting your pension earlier than the date you would have qualified for an unreduced retirement (or turned age 65, whichever occurs first), and are receiving it for a longer period of time.

Terminating Employment - Options

If I terminate my employment, can I transfer the commuted value out of the Plan if I qualify for early retirement at the time my employment is terminated?

No. If you qualify for an 'immediate' pension from the Plan as of the date you terminate your employment (i.e., you are age 55 or older, or you are eligible to retire early under the Plan's "Factor 85" rule where your age, when added to your years of membership or pensionable service, equals at least 85 points) you are not permitted to transfer the commuted value of your pension benefit to a locked-in retirement arrangement. You will have the option to elect an immediate pension, or defer your pension to a later date, or transfer the value of your pension benefit to another registered pension plan but only if permitted under a reciprocal agreement with your new employer's Plan.

Vesting

What does vesting mean?

Vested means that you are entitled to receive the pension benefit you have accrued/earned under the Plan if your employment with a participating employer ends. You are automatically vested on the date you join the Plan.