



# PENSION NEWS

DECEMBER 2011

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**Don't forget to  
inform the fund office  
whenever you have a  
change of address!**

Every attempt has been made to provide information that is accurate at the time of printing. If the information contained in this publication is different from the Rules and Regulations of the Pension Plan, the terms of the English version of the Plan will govern.

### What Pension Choices Do You Have When You Retire?

The pension choices are divided into two categories, those who do not have an eligible spouse and those who do. Spouse is defined in the Plan as either of two persons, whether of the same or opposite sex, who are married to each other and living together, or are not married to each other and have been living together in a conjugal relationship continuously for a period of not less than three years, or are in a relationship of some permanence and are natural or adoptive parents of a child.

#### Where there is no eligible spouse

In order to calculate the basic pension entitlement of Members of the Plan, the formula used is to add all contributions made during your working career, divide them by 100 and multiply the result by \$1.55 which determines your monthly benefit (Total Contributions[employer and

employee]/100 x \$1.55). This basic calculation assumes that you have no eligible spouse or partner. This pension is payable to you for your lifetime with a minimum 60 payment guaranty. Should you pass away before the 60 payments are made, the balance of the 60 monthly payment guaranty will be paid to your designated beneficiaries or your estate if you haven't designated any beneficiaries.

Other choices available to you when you do not have an eligible spouse are adjusted by a formula that is developed by our actuaries to calculate the different values of the pension being received.

You can choose a Life Only option whereby there is no minimum number of payments. You would collect a pension for your entire life, so that if you lived to age 100 you pension would be paid for the entire period. However because there is no minimum number of payments, if you passed away after collecting only a few payments, the Plan will make no further payments

to your beneficiaries or estate. To compensate you for the risk that your pension will only be paid for a short period of time, the monthly pension will be increased by a formula developed by our actuaries.

Pensions with a minimum of 120 or 180 monthly payment guaranty are also available on a reduced basis.

Some Members who retire before age 65 and do not have an eligible spouse may qualify for the Level Income option. This option attempts to even out your retirement income by factoring in your Canada Pension Plan and Old Age Security payments. The result is that you receive a significantly larger monthly pension before age 65 which then drops down at age 65 to allow for your potential eligibility to receive Canada Pension and Old Age Security. Not all people who retire before age 65 qualify for this benefit. Should you elect the Level Income option and are ultimately denied Canada Pension Plan or Old Age Security payments, your pension will not change.

Multi-Sector Pension Plan  
105 Commerce Valley Dr. W., Suite 310  
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When you inform the Plan Office that you intend to retire, you will be provided with a document showing how much you would be entitled to receive for each of these options so that you can make an informed decision as to which option is most appropriate for you.

## Where you have an eligible spouse

Pension legislation requires that where you have an eligible spouse at the time of retirement you must normally choose as a minimum a 60% Joint and Survivor benefit. A Joint and Survivor benefit is a benefit payable to you for your lifetime. Should your spouse survive you he/she will receive the survivor benefit for the rest of their life. For example in a 60% Joint and Survivor option if you were collecting \$500 a month pension during your lifetime, when you pass away your spouse would collect 60% of that amount (\$300) for the rest of their life.

The Plan also provides a 75% Joint and Survivor option and a 100% Joint and Survivor option.

Also available is a 50% Joint and Survivor option. However, because this is less than the minimum the legislation requires (less than 60%), your spouse must sign a waiver which complies with the requirements of the pension legislation of your province.

Where your spouse is willing to sign a waiver of their pension rights, you can also choose one of the options available to Members who have no spouse as they are described above.

## Accessibility for Ontarians with Disabilities Act (AODA)

The Accessibility for Ontarians with

Disabilities Act comes into force as of January 1, 2012. We are developing service policies and procedures for serving people with disabilities which meet the principles of independence, dignity, integration and equality of opportunity. We will be training our staff and others we work with to serve individuals with disabilities. We welcome feedback on how we can improve our service and facility to meet your needs.

## Frequently Asked Questions

### Q.) Once I am already receiving my benefit, can I change the form of payment?

A: Once a pension has commenced, you may not change or revoke the option you have chosen. However, the amount of your pension may be reduced if it is divided due to the termination of your spousal relationship.

### Q.) How long does the process take to receive a monthly pension income?

A.) We recommend that you apply two months in advance of your retirement date in order to provide enough time to confirm all your documents are in order, your account is balanced and payment is set up for benefits. Payments cannot commence until your employer confirms your retirement date.

## 2011 Amendments

The following amendments to the Rules and Regulations of the Plan were passed by the Board:

Amendment 14 was for clarification of certain sections and changed Schedule C of the Rules and Regulations for clarification and to comply with the recent amendments to the Manitoba Pension Benefits Act which applies to Plan Members

who are employed in the Province of Manitoba.

Sections that were updated were the following:

Section 2.07 for clarification of "Termination of Participant Status"

Sections 3.14 and 4.03 refer to the differences for those in Manitoba

The following changes to Schedule C were made to comply with Manitoba pension legislation as changed on May 31, 2010

Section 1 updates the definition of spouse.

Section 2 modifies the criteria of being a Participant.

Section 3 changes the eligibility rules of a pre-retirement survivor benefit, the calculation and portability, the fifty percent rule, cessation of active membership after normal retirement age and lump sum transfers to an RRSP.

Section 4 provides for immediate vesting and modifies the Break in Service provision and portability options.

Section 5 addresses modifications to areas of the Plan related to mandatory commutation of small pensions, the division of benefits upon termination of a spousal relationship

Section 6 changes the rules regarding Joint and Survivor benefits.

For more detailed information regarding the specific changes to the individual sections, please refer to the Plan web site at [mspp.ca](http://mspp.ca).

If you have any comments about Pension News, or have a question you would like answered in an upcoming issue, please address correspondence to:

## MSPP Pension News

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We are pleased to inform you that the Multi-Sector Pension Plan has been granted Specified Ontario Multi-Employer Pension Plan (SOMEPP) status by the Financial Services Commission of Ontario (FSCO), retroactive to January 1, 2008.

The MSPP is already recognized as a Multi-Employer Pension Plan (MEPP) under the Pension Benefits Act of Ontario (PBA). The plan is registered in Ontario as the majority of its members are employed in Ontario. The MSPP currently has over 100 active participating employers and over 7,000 members. The new SOMEPP designation allows the MSPP temporary relief from the standard solvency funding requirements under the PBA.

Ontario Minister of Finance, Dwight Duncan, pointed out in a letter to the MSPP that the SOMEPP solvency exemption introduced by the government in 2007 was recognized in the report of the Expert Commission on Pensions as a “realistic basis for designing a more complete and permanent exemption of MEPPs from solvency funding”. Minister Duncan points out that a permanent funding regime for MEPPs will be a significant component of the government’s pension reform agenda.

The Actuarial Valuation and Review performed as of January 1, 2009 showed that the total projected employer and employee contributions coming into the Plan are more than sufficient to cover the costs of the Plan on a “going-concern” basis. This means employer and employee contributions to the Plan are sufficient to cover the cost of the next year’s accrual of benefits (the normal cost), the administrative expenses of the Plan, and the annual amortization payment in respect of the going-concern unfunded actuarial accrued liability.

Normally, the Plan would be required to make amortization payments to pay off its solvency shortfall (the transfer ratio of the MSPP is 0.43, so the solvency shortfall is 57% at January 1, 2009). However, since Multi-Employer Pension Plans are much less likely to be wound up than single-employer plans, Ontario has created the new SOMEPP category on a temporary basis. With the new SOMEPP status, the Plan will not need to make amortization payments in respect of the solvency shortfall for the next three years (2008, 2009 and 2010).

Only in the very unlikely event of a Plan wind-up in this period, the Plan’s assets may not be sufficient to fund all accrued benefits.

If you have any questions or want more information, please contact the MSPP office at:  
(905) 889-6200 or 1-800-287-4816 (toll free anywhere in Canada)