

IWA—FOREST INDUSTRY PENSION PLAN

BREAK IN SERVICE GUIDE



THE PLAN OFFICE OF THE
**IWA—FOREST INDUSTRY
PENSION & LTD PLANS**

Read this booklet to learn about your IWA—Forest Industry Pension Plan break in service options and know which forms and documents to return to the Plan Office.

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BREAKING SERVICE WITH THE PLAN

Your IWA–Forest Industry pension is meant to provide you with lifetime income in retirement. However, if you stop working in a bargaining unit position for a participating employer, you stop earning service in the plan. Once you work for less than 350 covered hours in two consecutive calendar years, you break service with the plan and become a deferred member. Or, if you transfer to a management position at a participating employer, you break service immediately.

BREAK IN SERVICE OPTIONS

At this time, you are given the option to:

Option 1—Keep your benefit in the plan and receive a monthly pension in retirement.

Option 2—Transfer your lump-sum benefit out of the plan.

Depending on the amount of your lump-sum benefit, you can choose to transfer your benefit into an:

- (2A) annuity,
- (2B) another pension plan,
- (2C) registered retirement account, or
- (2D) withdraw it as cash, less tax.

Before making a decision, take the time to understand all your options thoroughly. If you have any questions, contact the Plan Office or seek the help of an independent financial advisor.

NOTIFYING THE PLAN OFFICE

Once you have decided which option you would like to take, complete and return the required forms and documents to the Plan Office.

Locked-in benefit:

If your lump-sum benefit is above the legislated threshold, you must return all completed forms by the date specified in your *break in service statement*—otherwise you forfeit the option to transfer your lump-sum benefit out of the plan and must instead apply for a pension when you are eligible to retire.

Unlocked benefit:

If your lump-sum benefit is below the legislated threshold, you can transfer your benefit out of the plan at anytime, however both the legislated threshold and the lump-sum value of your pension are subject to change in accordance with government legislation, your age and interest rates. Contact the Plan Office for a new *break in service application package* if your *break in service statement* is more than six months old.

We will process your application **within 60 days** of receiving all completed documents.

The government of Canada creates pension plan rules to protect member's financial well-being in retirement. One such rule is a *locked-in threshold*. If your lump-sum benefit is above this threshold, the earliest you are able to access your funds is age 55. See *page 5* for more details.

HOW YOUR BENEFIT IS CALCULATED

<p>Option 1— Pension in retirement</p>	<p>Your lifetime pension is based on your credited years of service and the benefit level for each of those years. The exact amount you receive depends on the option you select at retirement.</p> <p>For example, if you broke service at 51 years of age after contributing to the plan for 17 years, you would be entitled to receive a \$1,000 monthly pension commencing at age 65. This pension would be paid for your lifetime and includes a five year guarantee period for your beneficiary.</p> <table border="1" data-bbox="363 632 1182 890"> <thead> <tr> <th>Monthly benefit level</th> <th>Number of years</th> <th>Effective date</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>\$60</td> <td>15.0</td> <td>Jan 1, 2003 to Dec 31, 2017</td> <td>\$900</td> </tr> <tr> <td>\$50</td> <td>2.0</td> <td>Jan 1, 2001 - Dec 31, 2002</td> <td>\$100</td> </tr> <tr> <td>Total</td> <td>17.0</td> <td></td> <td>\$1,000</td> </tr> </tbody> </table>	Monthly benefit level	Number of years	Effective date	Total	\$60	15.0	Jan 1, 2003 to Dec 31, 2017	\$900	\$50	2.0	Jan 1, 2001 - Dec 31, 2002	\$100	Total	17.0		\$1,000
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<p>Option 2— Lump-sum benefit</p>	<p>If you choose to transfer out of the plan, your lump-sum benefit is calculated as the value today of your future pension, based on your age, applicable interest rates and other assumptions in accordance with the <i>Pension Benefits Standards Act</i>.</p> <p>For example, if you broke service at 51 years of age and earned a monthly pension benefit of \$1,000 beginning at age 65, your lump-sum benefit would be approximately \$55,000. This is the amount you would need to invest today, for the next 14 years (until you reach age 65), to receive a \$1,000 monthly pension benefit for the rest of your life.*</p> <p>*At a rate of return equal to the plan's interest rate of 6.55%</p>																

INCOME TAX

Because your pension is considered taxable income, all money you withdraw from the plan will be taxed at your marginal rate. This applies to your monthly pension in retirement, any income withdrawn from a registered retirement account or annuity, or any cash payouts from the plan.

If you choose to transfer your lump-sum benefit out of this pension plan and into a registered retirement account, deferred annuity, or another pension plan, taxes are deferred until you withdraw your funds from your new plan, and not at the time of your transfer.

OPTION 1: Leave your benefit in the plan and receive a pension in retirement

You are entitled to a lifetime pension at the normal retirement age of 65, or you can take a reduced pension as early as age 55. Keeping your benefit in the plan has the following advantages:

- Because you'll receive a pension for your lifetime, you won't risk outliving your savings. You can count on receiving the same income every month, for all of your years in retirement.
- At retirement you'll have the option of providing coverage for your spouse or beneficiary, so they are financially protected should they outlive you. If you die before you start to collect your pension, your surviving spouse, beneficiary or estate will also receive a benefit from the plan.
- Your funds are managed by a team of professionals. Plus, as a large plan with many assets, the plan is able to select investments that are not typically available to retail investors, and our investment management costs are usually lower than group RRSPs.



TO COMPLETE

Carefully complete the following form:

Break in service election form

1. Select ***Option 1*** in ***Section C***.

TO RETURN

Mail the following to the Plan Office:

1. Your completed ***break in service election form***.
2. A copy of your ***proof of age document*** (see page 11).
3. A copy of a ***name change document***, such as a ***marriage certificate*** (if your ***proof of age*** does not show your current name).

COLLECTING YOUR PENSION

Because you can choose to start your retirement anywhere between the ages of 55 to 65, your pension will not start automatically. Instead, you must apply for your pension. Contact the Plan Office at least three months before you wish to retire, and ask us anytime for a full pension estimate.

IMPORTANT PROVISIONS FOR OPTION 2

TRANSFER YOUR LUMP-SUM BENEFIT OUT OF THE PLAN

If you do not wish to receive a pension from the plan in retirement, you may choose to transfer your lump-sum benefit out of the plan. If you choose to transfer your lump-sum benefit out of the plan, the following provisions may apply:

LOCKED-IN PROVISION

As legislated by the *Pension Benefits Standards Act*, if your lump-sum benefit is greater than the legislated threshold, you CANNOT withdraw it as cash. Instead, it must remain either in the plan, or transferred to another locked-in retirement account. Either way, you will only be able to access your benefit when you retire and no earlier than age 55.

The threshold is calculated as 20% of the year's maximum pensionable earnings (YMPE). Refer to your *break in service statement* to see if this applies to you.

If your lump-sum benefit is below the legislated threshold, you may still choose to transfer your benefit into a locked-in retirement account, but are not required to do so. In this case, you would not need to submit a *locked-in agreement*.

ENDING YOUR MEMBERSHIP WITH THE PLAN

Remember that if you transfer your benefit out of the plan, you will no longer be considered a plan member and will not be eligible for any further coverage from the plan.

MAXIMUM TRANSFER VALUE

Income tax regulations may limit the amount of money that can be transferred tax-free from a registered pension plan and into an annuity, another employer pension plan, or an RRSP. This limit is called your maximum transfer value (MTV).

If your lump-sum benefit is greater than your MTV, you can either:

1. Take the amount above your MTV as cash, less tax, or
2. If you have remaining RRSP/PRPP contribution room, transfer the amount above your MTV to your retirement account.

DID YOU KNOW?

The YMPE is set by the Canadian government every year.

The locked-in provision is also established by the government to protect member's financial well being in retirement.

OPTION 2A: Transfer your lump-sum benefit to a deferred annuity

Similar to a pension plan, an annuity provides a stream of payments for your lifetime. These payments are calculated according to your age, current interest rates, and the type of annuity you choose. You can purchase an annuity from an insurance company or other financial institution. Be sure to compare any annuity payments to your estimated monthly pension payments from the plan, and determine what would happen to your funds if your spouse should outlive you. Some annuities provide a lump-sum payment to a surviving spouse, but not all.

LOCKED-IN PROVISION

If your benefit is greater than the legislated threshold, by law your benefit is locked-in. This means that you cannot receive any annuity payments before you reach 55 years of age.



TO COMPLETE

Along with your financial institution, carefully complete the following forms:

Break in service election form

1. Select **Option 2A** in **Section C**.

T2151 - RRSP transfer request form

2. You complete **Section A**.
3. Your financial institution must complete **Section B**.
4. You must sign **Section B - Applicant's signature**.
5. The Plan Office will complete **Section C**.
6. Once your benefit has been transferred, the receiving institution will complete **Section D**.

Locked-in agreement (if applicable)

7. If your benefit is greater than the legislated threshold, your financial institution must complete this agreement, to ensure that your benefit will be locked-in until at least age 55.

TO RETURN

Mail the following completed forms and documents to the Plan Office:

1. Your completed **break in service election form**.
2. Your completed **T2151 - RRSP transfer request form**.
3. Your completed **locked-in agreement** (if applicable).
4. A copy of your **proof of age document**.
5. A copy of a **name change document**, such as a **marriage certificate** (if your **proof of age** does not show your current name).

OPTION 2B: Transfer your lump-sum benefit to another pension plan

If you work for an employer that has its own pension plan, you may wish to transfer your benefit into that plan, and receive a pension in retirement from that plan. Note that not all plans accept incoming transfers, so be sure to check with your employer pension plan first to determine whether or not it accepts transfers.

LOCKED-IN PROVISION

If your benefit is greater than the legislated threshold, by law your benefit is locked-in. Your employer pension plan will need to certify that your funds will remain locked-in and inaccessible until age 55, if you terminate your employment before retirement.



TO COMPLETE

1. Ask a representative from your employer's pension plan to write a **letter** stating that it accepts incoming transfers.

Ask the same representative to complete the following forms with you:

Break in service election form

2. Select **Option 2B** in **Section C**.

T2151 - RRSP transfer request form

3. You complete **Section A**.
4. Your financial institution must complete **Section B**.
5. You must sign **Section B - Applicant's signature**.
6. The Plan Office will complete **Section C**.
7. Once your benefit has been transferred, the representative must complete **Section D**.

Locked-in agreement (if applicable)

8. If your benefit is greater than the legislated threshold, your financial institution must complete this agreement, to ensure that your benefit will be locked-in until at least age 55.

TO RETURN

Mail the following completed forms and documents to the Plan Office:

1. **Letter** from your employer's pension plan.
2. Your completed **break in service election form**.
3. Your completed **T2151 - RRSP transfer request form**.
4. Your completed **locked-in agreement** (if applicable).
5. A copy of your **proof of age document**.
6. A copy of a **name change document**, such as a **marriage certificate** (if your **proof of age** does not show your current name).

OPTION 2C: Transfer your lump-sum benefit to a registered retirement account

Like pension plans, registered retirement accounts such as RRSPs shelter your money from tax until you withdraw your funds in retirement, when you are taxed at your marginal rate.

You can choose to keep different investments in a registered retirement account, from cash and term deposits to mutual funds. Note that some investment options offered by financial institutions can have high investment fees. Make sure you know what all the fees are before deciding if this option is right for you.

LOCKED-IN PROVISION

If your benefit is greater than the legislated threshold, by law your benefit is locked-in. This means that you cannot make withdrawals from your registered retirement account before you reach 55 years of age.



TO COMPLETE

Along with your financial institution, carefully complete the following forms:

Break in service election form

1. Select **Option 2C** in **Section C**.

T2151 - RRSP transfer request form

2. You complete **Section A**.
3. Your financial institution must complete **Section B**.
4. You must sign **Section B - Applicant's signature**.
5. The Plan Office will complete **Section C**.
6. Once your benefit has been transferred, the receiving institution will complete **Section D**.

Locked-in agreement (if applicable)

7. If your benefit is greater than the legislated threshold, your financial institution must complete this agreement, to ensure that your benefit will be locked-in until at least age 55.

TO RETURN

Mail the following completed forms and documents to the Plan Office:

1. Your completed **break in service election form**.
2. Your completed **T2151 - RRSP transfer request form**.
3. Your completed **locked-in agreement** (if applicable).
4. A copy of your **proof of age document**.
5. A copy of a **name change document**, such as a **marriage certificate** (if your **proof of age** does not show your current name).

OPTION 2D: Transfer your lump-sum benefit out as a cash payout

If your benefit is less than the legislated threshold, you can take your lump-sum benefit as cash, less income tax. Refer to your *break in service statement* to see if this applies to you. Once the Plan Office has received your completed forms, we will mail you a cheque. Next year in February, we will mail you a *T4A*. Use this *T4A* to complete your income tax return. Let the Plan Office know if you change your mailing address, otherwise you won't receive your *T4A*.



TO COMPLETE

Carefully complete the following form:

Break in service election form

1. Select *Option 2D* in *Section C*.

TO RETURN

Mail the following completed forms and documents to the Plan Office:

1. Your completed *break in service election form*.
2. A copy of your *proof of age document*.
3. A copy of a *name change document*, such as a *marriage certificate* (if your *proof of age* does not show your current name).

EXCESS CONTRIBUTIONS

If your contributions plus interest make up more than half of your lump-sum benefit, any amount over 50% is called excess contributions. If you decide to transfer your lump-sum benefit out of the plan, you are entitled to a refund of your excess contributions—if you have any. Refer to your *break in service statement* to see if this situation applies to you.

RECEIVING YOUR REFUND

Any excess contributions are not locked-in—you can choose to receive them as cash, less tax, or transfer them to another retirement account, such as an RRSP.



TO COMPLETE AND RETURN

To claim your refund, complete *Section D* of your *break in service election form*:

- If you would like to receive your excess contributions as cash or transfer them to the same retirement account as your transferred lump-sum benefit, you do not need to complete an additional *T2151 - RRSP transfer request form*.
- If you would like to transfer your excess contributions to a retirement account that is different from your transferred lump-sum benefit, you will need to complete an additional *T2151 - RRSP transfer request form*.

IDENTIFICATION DOCUMENTS

ACCEPTABLE PROOF OF AGE DOCUMENTS

- ✓ *Birth certificate*
- ✓ *Valid Canadian passport*
- ✓ *Citizenship card*
- ✓ *Valid NEXUS card*
- ✓ *Valid driver's license*

NAME CHANGE DOCUMENT

If your *proof of age document* does not show your current name, you must also provide any *name change documentation* (such as a *marriage certificate*).



HOW TO CONTACT US

Plan Office

General inquiries

2100-3777 Kingsway

Burnaby BC V5H 3Z7

T 604.433.6310

TF 1.800.663.4384

F 604.433.0518

IWAFIBP.CA

Pension inquiries

T 604.433.5862

TF 1.800.913.0022

pension@iwafibp.ca

LTD and Rehabilitation inquiries

T 604.433.6310

TF 1.800.663.4384

ltdrehab@iwafibp.ca

Employer and contributions inquiries

T 604.433.6310

TF 1.800.663.4384

contributions@iwafibp.ca

Service feedback

Questions or comments about the service you received from the Plan Office? Send your feedback to service@iwafibp.ca or visit iwafibp.ca/service.