

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 ONE-TIME option to:

<p><u>Option 1:</u> Keep your benefit in the plan and receive a pension in retirement</p>	<p><u>Option 2:</u> 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:</p> <ul style="list-style-type: none">• (2A) annuity,• (2B) another pension plan,• (2C) registered retirement account, or• (2D) withdraw it as cash, less tax.
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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.

RECEIVING YOUR BENEFIT

Once you have decided which option you would like to take, complete and return the required forms and documents to the Plan Office. 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. We will process your application **within 90 days** of receiving all completed documents.

HOW YOUR BENEFIT IS CALCULATED

Pension in retirement	Lump-sum benefit										
<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 working for approximately 26 years, you would be entitled to receive a \$1,200 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="167 940 673 1262"> <thead> <tr> <th data-bbox="167 940 305 1020">Monthly benefit level</th> <th data-bbox="305 940 673 1020">Effective date</th> </tr> </thead> <tbody> <tr> <td data-bbox="167 1020 305 1081">\$60</td> <td data-bbox="305 1020 673 1081">January 1, 2003 to current</td> </tr> <tr> <td data-bbox="167 1081 305 1142">\$50</td> <td data-bbox="305 1081 673 1142">January 1, 2001 - December 31, 2002</td> </tr> <tr> <td data-bbox="167 1142 305 1203">\$40</td> <td data-bbox="305 1142 673 1203">July 1, 1993 - December 31, 2000</td> </tr> <tr> <td data-bbox="167 1203 305 1262">\$35</td> <td data-bbox="305 1203 673 1262">July 1, 1988 - June 30, 1993</td> </tr> </tbody> </table>	Monthly benefit level	Effective date	\$60	January 1, 2003 to current	\$50	January 1, 2001 - December 31, 2002	\$40	July 1, 1993 - December 31, 2000	\$35	July 1, 1988 - June 30, 1993	<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 \$1,200 beginning at age 65, your lump-sum benefit would be approximately \$69,027. This is the amount you would need to invest today, for the next 14 years (until you reach age 65), to receive a \$1,200 monthly pension benefit for the rest of your life.*</p> <p>*At a rate of return equal to the plan's interest rate of 6.35%</p>
Monthly benefit level	Effective date										
\$60	January 1, 2003 to current										
\$50	January 1, 2001 - December 31, 2002										
\$40	July 1, 1993 - December 31, 2000										
\$35	July 1, 1988 - June 30, 1993										

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.
- 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 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.

If your lump-sum benefit is greater than your maximum transfer value, you can either:

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

If you are impacted by this maximum transfer value, the Plan Office will contact you after all your completed forms have been received.

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 - direct transfer request

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 - direct transfer request*.
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

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

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

T2151 - direct transfer request

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 representative must 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. *Letter* from your employer's pension plan
2. Your completed *break in service election form*
3. Your completed *T2151 - direct transfer request*
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 - direct transfer request

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 - direct transfer request**
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.

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 - direct transfer request*.
- 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 - direct transfer request*.

IDENTIFICATION DOCUMENTS

ACCEPTABLE PROOF OF AGE DOCUMENTS

- ✓ *Birth certificate*
- ✓ *Valid Canadian passport*
- ✓ *Citizenship card*
- ✓ *Valid NEXUS card*

UNACCEPTABLE PROOF OF AGE DOCUMENTS

- × *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

ltrehab@iwafibp.ca

Employer and contributions inquiries

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.