



HEB Manitoba

HEALTHCARE EMPLOYEE BENEFIT PLANS

A Secure Tomorrow Together



Applying
**FOR YOUR
PENSION**

Table of Contents

Eligibility	1
Contributions	2
Service	2
The Pension Formula	2
Early Retirement Reduction	3
Bridging Benefit	3
Supplementary Pension Benefit	3
Pension Options	3
Single Life Options	4
66.67% Joint & Survivor Options	4
100% Joint & Survivor Options	4
Guarantee Periods	4
Level Income Option	5
Frequently Asked Questions	6
Privacy	9



HEALTHCARE EMPLOYEES' PENSION PLAN

The following information provides you with important details about the Healthcare Employees' Pension Plan (HEPP) to assist you in making an informed decision about your retirement.

ELIGIBILITY

You are eligible to receive a lifetime monthly pension if you have a minimum of two years of service and are at least age 55. However, if you are under age 60 at the time of your retirement, an early retirement reduction will apply. If, at any age, you attain Magic 80 (*i.e. your combined age plus service is equal to or greater than 80*), you are eligible to receive an unreduced lifetime monthly pension.

If your annual pension is less than 4% of the Yearly Maximum Pensionable Earnings (YMPE*) you will receive the lump sum commuted value of your pension benefit rather than a monthly pension.

**The YMPE is determined by the Canada Revenue Agency (CRA) and is used to determine the maximum amount you are required to pay into the Canada Pension Plan each year. It is also used to determine the amount you contribute to HEPP.*

CONTRIBUTIONS

The pension contribution rate is determined by the Plan's signatory unions and employers.

During your career, you contribute a percentage of each paycheque to the Plan. Those contributions are matched by your employer(s). The money contributed from all members and employers is pooled and invested.

For current contribution rates, please contact our Member Services team at HEB Manitoba.

SERVICE

There are two types of "service" used at HEPP:

- 1. Service:** the uninterrupted period of employment from your first date of hire by one or more participating employers. This service is used to determine your eligibility for pension (e.g. Magic 80).
- 2. Credited Service:** the years and/or partial years you contributed to the Plan. This service is used to calculate the amount of your monthly pension.

Note: Maximum total credited service in any given year is one year.

THE PENSION FORMULA

HEPP is a defined benefit plan. This means your pension is calculated using a formula. The two key components in the formula are your Highest Average Earnings and your total years of Credited Service.

To determine your Highest Average Earnings we use the highest five years of annualized earnings from the last 11 years in the Plan. If you have not completed five years of participation, your actual annualized earnings will be used to determine the average. The formula used to calculate your monthly pension is:

- 1.5% of your Highest Average Earnings up to the YMPE, plus
- 2.0% of your Highest Average Earnings over the YMPE,
- Multiplied by your years of Credited Service,
- Divided by 12.

Early Retirement Reduction

If at retirement, you are under age 60 and have not attained Magic 80, an early retirement reduction will be applied to your pension.

Bridging Benefit

If you are entitled to a bridging benefit, it will be quoted on your Pension Estimate. The bridging benefit is paid until age 65, and is designed to offset a portion of the early retirement reduction.

Supplementary Pension Benefit

If you are less than age 65 and qualify for an immediate pension when you retire, you are eligible to receive the supplementary benefit. This benefit is payable only to you as the member, until age 65 or your death, whichever occurs first. Please refer to your Pension Estimate for the estimated amounts of your supplementary pension benefit.

PENSION OPTIONS

It is important to select a pension option that best suits your situation. You will notice on your Pension Estimate that each option quotes a different amount of monthly pension. All the options have an equal value; however, the amount of pension income for each option differs because it is actuarially adjusted to reflect the cost of such factors as a longer guarantee period or a different percent of survivor benefit.

If you are single, you are only eligible for the Single Life options.

If you are married or have a common-law partner, you may select any one of the Single Life or Joint & Survivor options. However, under the Plan, the minimum benefit provided to a spouse/common-law partner is 66.67% of the Plan member's pension, unless you and your spouse/common-law partner waive this requirement.

To do this, you and your spouse/common-law partner must complete the Spousal/Common-law Partner Waiver form and submit it to the Plan at the time you apply for your pension.

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Note: The “automatic” pension for a married/common-law partner is the 66.67% Joint & Survivor 5-year guarantee option.
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Single Life Options

Single Life provides a monthly pension payable for your lifetime, with a guarantee period of 5, 10 or 15 years. If a 10 or 15-year guarantee is selected, your monthly pension is reduced slightly to account for the small cost of guaranteeing the pension for a longer period of time.

66.67% Joint & Survivor Options

66.67% Joint & Survivor provides a monthly pension payable for your lifetime, with the full amount of pension guaranteed for 5, 10 or 15 years.

If you die *before* the guarantee period ends, your spouse/common-law partner will continue to receive the full pension until the end of the guarantee period. After the guarantee period, your spouse/common-law partner receives 66.67% of the amount of pension you would have received had you not died. Your spouse/common-law partner continues to receive that portion until death.

If you die *after* the guarantee period ends, your spouse/common-law partner will receive 66.67% of the amount of pension you would have received had you not died. This portion is paid to your spouse/common-law partner until death.

100% Joint & Survivor Options

100% Joint & Survivor provides a monthly pension with the full amount of pension payable for your life and your spouse/common-law partner’s life. The full pension is guaranteed for the selected 5, 10 or 15 years.

Guarantee Periods

Regardless of the option you choose, the full amount of pension will continue to be paid to the end of the 5, 10 or 15-year guarantee period you select.

Example 1: If you started your pension at age 60, selected the 66.67% Joint & Survivor with a 5-year guarantee option, then died at age 62, your spouse/common-law partner would receive the full amount of pension for the three years remaining in the guarantee

period, then 66.67% of the amount that would have been payable to you, had you not died.

Example 2: If you started your pension at age 55, selected the Single Life with a 10-year guarantee option, then died at age 59:

- If your beneficiary is someone other than a spouse/common-law partner: a lump sum payment equal to the present value of the remaining six years of pension payments would be paid.
- If your beneficiary is a spouse/common-law partner: your beneficiary would continue to receive the monthly pension for the remaining six years of the guarantee period.

Level Income Option

As with selecting your pension option, deciding whether or not to select the Level Income Option should be based on your own personal situation.

If you are under age 65 when you retire, the Level Income Option provides a way to balance your retirement income between your HEPP pension and your Old Age Security (OAS) benefit. *OAS is a Federal Government benefit that you may be eligible for at the age of 65.*

How it works: Using the current OAS amount available to individuals age 65, the Plan advances an amount to you, in addition to your monthly HEPP pension. At age 65:

- Your monthly HEPP pension is reduced to recover the amount advanced to you, and
- You may be eligible to start receiving a monthly OAS benefit.

The amount you receive from OAS should offset the reduction. The HEPP reduction continues for the remainder of your pension payments.

Choosing the Level Income Option does not affect the OAS benefit you may be eligible to receive from the Federal Government. For more information on Federal Benefits, contact Human Resources and Skills Development Canada at 1-800-277-9914.

FREQUENTLY ASKED QUESTIONS

Q: What are the definitions of “spouse” and “common-law partner?”

A: “Spouse” refers to the person who is married to the Plan member/former Plan member.

“Common-law partner” refers to:

- A person who is in a registered common-law relationship with the Plan member/former Plan member under section 13.1 of The Vital Statistics Act, or
- A person who is not married to the Plan member/former Plan member but has cohabitated with him/her in a conjugal relationship for a period of:
 - At least three years (if either of them is married), or
 - At least one year (if neither of them is married).

Q: What does it mean if I defer my pension?

A: At retirement, you have the option of deferring your pension payment to a later date. For example, you could retire in May and choose to start receiving your pension benefit in February of the following year. If you defer your pension, payments are not made retroactive to your original retirement date. As deferring pension is not normally to a member’s advantage, please contact our Member Services team before you decide whether or not to defer your pension.

Q: Who can I name as my beneficiary?

A: If you are single, you can name anyone as your beneficiary. If you have a spouse/common-law partner who has not signed the Spousal/Common-law Partner Waiver form, your spouse/common-law partner must be your beneficiary.

Q: How do I start my monthly pension?

A: Four to five months prior to the date you are eligible to retire, contact HEB Manitoba and request a retirement application package. Complete and return it to HEB Manitoba along with proof of your age (e.g. Birth Certificate or Passport).

Q: When is my pension paid?

A: Your monthly pension payments are directly deposited on the first of each month into the Canadian bank account you have chosen.

If you work in the month before your pension starts, your employer and HEB Manitoba will need time to verify and process your actual earnings, contributions and service to your employment end date. In this situation, your first pension payment will be made during the month in which your pension is scheduled to start, and regular payments will begin on the first of the next month. For example, if you work until June 28 and your pension start date is July 1, your first payment will be made during the month of July and your second payment will be made on August 1. Subsequent payments will then be made on the first of each month.

Q: What deductions are taken off my pension cheque?

A: HEPP is required to deduct income tax based on your gross monthly pension income.

If you choose post-retirement life insurance, the premiums will be deducted from your monthly pension payment.

If you apply for Retiree Healthcare Plan coverage, premiums will be deducted from your pension payment.



Q: What happens if I return to work after I've already started receiving my HEPP pension?

A: If you return to work with a healthcare facility that participates in HEPP, you have the following choices:

1. Continue to receive your monthly pension.

In this situation, you would be required to sign a participation waiver with the facility, indicating that you are receiving your pension and do not want to contribute to the Plan.

2. Suspend your current pension payments while you are re-employed. In this situation, your monthly pension would stop, and you would be required to contribute to the Plan for your period of re-employment. When you stop contributing, we would reactivate your original pension and calculate an additional pension for the period you began contributing again. Normally, it would not be in a member's best interest to select this option.

Before you decide to continue or suspend your pension, please contact our Member Services team at HEB Manitoba.

Q: I was involved in a marriage break up after December 31, 1983. Does this impact the pension I receive from HEPP?

A: The Pension Benefits Act of Manitoba states that if a marriage break up occurs on or after January 1, 1984, and there is a written agreement dividing family assets, the value of pension benefit credits earned during the period of marriage must also be divided. You will need to contact the Plan to have the value determined.

The division of the pension benefit credits may be waived, or paid out. If your former spouse/common-law partner receives a share of your pension, there will be an offset applied to your monthly pension. Please contact a HEB Manitoba Senior Pension & Benefits Specialist if you would like further information.

PRIVACY

HEB Manitoba is committed to protecting the privacy of our members.

For information on privacy initiatives, please visit the HEB Manitoba website at www.hebmanitoba.ca. Please direct any privacy-related questions, comments or requests to:

HEB Manitoba

900-200 Graham Avenue

Winnipeg Manitoba R3C 4L5

Phone: (204) 975-3197

Toll-free: 1-855-975-3197 (outside Winnipeg)

Fax: (204) 943-3862

E-mail: privacy@hebmanitoba.ca

This document provides general information about the Healthcare Employees' Pension Plan (HEPP). We encourage you to schedule an appointment with our Member Services team at HEB Manitoba to discuss how this information applies to your specific situation. Plan operation and benefits are subject to the Pension Benefits Act of Manitoba, and are detailed in the Healthcare Employees' Pension Plan (HEPP) Plan Text.



HEB Manitoba

HEALTHCARE EMPLOYEE BENEFIT PLANS

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