

CHOOSING YOUR PENSION OPTION

I N F O R M A T I O N

R E T I R E M E N T

B E N E F I T S

O P T I O N S



Alberta Teachers'
Retirement Fund Board

TABLE OF CONTENTS

INTRODUCTION	1
WHAT IS A PENSION OPTION?	1
CHOOSING A PENSION OPTION	1
Factors to Consider	1
IF YOU HAVE A SPOUSE/PENSION PARTNER	2
Spouse/Pension Partner	2
Spouse/Pension Partner Waiver	2
SEVEN PENSION OPTIONS	2
Single Life	2
Four Single Life Options	3
Joint and Survivor Options	3
If You Don't Choose a Pension Option	4
Cancelling Your Pension Application	4
Changing Your Pension Option	4
ATRF ADVANCE AND REDUCTION	4
The Advance Payment	4
The Repayment or Reduction	5
Example – ATRF Advance/Reduction and CPP at 65	5
Example – Advance/Reduction and CPP at Age 60	6
Cancelling Your ATRF Advance/Reduction	6
Canada Pension Plan Estimate	6
FOR MORE INFORMATION	7
ATRF	7
Website	7
Information Kits Available	7

This information kit is a summary of some of the provisions of the Plan. If there is any discrepancy between this information kit and the Plan, the provisions of the *Teachers' Pension Plan Act* and applicable legislation will determine the entitlements and options available. August 2013

INTRODUCTION

These information kits provide detailed information about retirement, pensions, and other benefits for ATRF Plan Members. They were designed to assist you with retirement and pension decisions and strategies. Information kits available on other topics are listed at the back of this kit.

WHAT IS A PENSION OPTION?

There are seven Pension Options: four Single Life pensions and three Joint and Survivor pensions.

Each Pension Option provides a different survivor benefit. The Option you choose at retirement will affect the amount of monthly pension you will receive. Generally, the greater the survivor benefit, the smaller the monthly pension payment.

After you apply for your pension, you will have to choose one of the Pension Options.

CHOOSING A PENSION OPTION

FACTORS TO CONSIDER

Only you can decide which Pension Option is the right one for you. You should consider factors such as:

- your age
- spouse/pension partner's age
- health
- dependants
- difference in pension amounts after tax is deducted
- family and financial situation
- lifestyle
- income needs
- other sources of income
- future plans

IF YOU HAVE A SPOUSE/ PENSION PARTNER

SPOUSE/ PENSION PARTNER

If you have a spouse/pension partner at retirement, you must choose one of the Joint and Survivor Pension Options and name your spouse/pension partner as your nominee.

For the purposes of the Plan, your spouse/pension partner is:

- a person who, at the relevant time, is married to you, providing you have not been living separate and apart for three or more consecutive years or
- if there is no such person, a person who, as at and up to the relevant time, has lived with you in a conjugal relationship for a continuous period of at least three years and was, during that period, held out by you in the community in which you lived as being in that conjugal relationship.

SPOUSE/ PENSION PARTNER WAIVER

If your spouse/pension partner waives their right to a Joint and Survivor pension (by completing a statutory declaration), you can:

- choose a Single Life Pension Option or
- name a dependant as your nominee under tax rules and choose a Joint and Survivor pension.

The statutory declaration may not be signed more than 90 days before the effective date of your pension.

SEVEN PENSION OPTIONS

SINGLE LIFE

Single Life pensions are payable for your lifetime or to the end of a guaranteed period, whichever is longer. The guarantee period starts from the effective date of the pension.

If you die before the end of the guarantee period, the pension will continue in the same amount to a beneficiary until the end of the guarantee period.

You may change beneficiaries at any time until the end of the guarantee period (unless there is a Matrimonial Property Order on file with ATRF that prevents you from making a change).

FOUR SINGLE LIFE OPTIONS

Single Life, No Guarantee (payments cease on your death regardless of the number of monthly payments that have been made)

Single Life, 5-Year Guarantee

Single Life, 10-Year Guarantee

Single Life, 15-Year Guarantee

For example, if you chose a 10-Year Guarantee and died 7 years after your pension started, your beneficiary would receive the pension for the remaining 3 years. If you died 12 years after your pension started, your beneficiary would not receive any pension payments because you died after the 10-Year Guarantee.

JOINT AND SURVIVOR OPTIONS

Joint and Survivor pensions are based on two lives – yours and your nominee's. The amount of pension that continues to your nominee after your death depends on the Pension Option you choose.

- The nominee may not be changed once the pension begins.
- If the nominee is your spouse/pension partner, a pension is paid for your lifetime and for your spouse/pension partner's lifetime.
- If the nominee is a dependant under the tax rules, the pension is paid for your lifetime and, after your death, only for as long as the nominee remains a dependant.

All the Joint and Survivor Pension Options have a 5-year guarantee period. If you and your nominee die before receiving 60 monthly pension payments, the remainder of the 60 payments will be paid to your beneficiary or estate.

Joint Equal

If you die first, the payments stay the same and continue to your nominee for their lifetime. If your nominee dies first, the payments also stay the same and continue to you for your lifetime.

Joint Reduced by One-Third

If you die first, the payments reduce by one-third and two-thirds of the pension continues to your nominee for their lifetime. If your nominee dies first, the payments also reduce by one-third and two-thirds of the pension continues to you for your lifetime.

Joint 100/60

If you die first, 60% of the pension continues to your nominee for their lifetime. If your nominee dies first, you will continue to receive 100% for your lifetime.

IF YOU DON'T CHOOSE A PENSION OPTION

If you don't choose a Pension Option within 60 days after the Pension Package has been sent to you, you will receive one of the following default pension options:

- Single Life, 5-Year Guarantee, if you don't have a spouse/pension partner, or
- Joint 100/60, 5-Year Guarantee, if you have a spouse/pension partner.

CANCELLING YOUR PENSION APPLICATION

If you cannot meet the 60-day deadline and do not want the default Pension Option, you may cancel your pension application, by writing to ATRF, anytime within 60 days of the Pension Package being sent to you.

You can reapply for a pension at a later date. The pension will be paid retroactively to the first eligible date.

CHANGING YOUR PENSION OPTION

If you change your mind about which Pension Option you want, you may make a change by completing a new Pension Election Form. The new form must be received by ATRF no later than 30 days after the end of the month in which your first pension payment is paid.

ATRF ADVANCE AND REDUCTION

THE ADVANCE PAYMENT

An Option to Supplement Your ATRF Pension Amount

If you retire before age 64, you can choose to receive an optional "advance" with your monthly ATRF pension. This will level out your ATRF and Canada Pension Plan (CPP) payments before and after age 65.

The advance is a payment from the Plan that must be repaid with interest. The amount of your advance is based on what ATRF estimates your CPP pension will be at age 65 by using the service you have under ATRF. This amount may differ from the amount stated by CPP. The advance is paid for your lifetime as a supplement to your ATRF monthly pension.

What You Need to Know

- If you want the advance, you must choose it when you choose your Pension Option – you cannot choose to add it after your pension has been granted.
- The ATRF Advance and Reduction **cannot be changed or cancelled** once your pension payments begin.

- The ATRF Advance and the Reduction is calculated to be cost-neutral, resulting in no monetary benefit or cost to ATRF.
- If you live longer than the age used in our assumptions, the total amount of your reductions will exceed the total of the advances paid to you.
- Advances are considered as income and are taxed accordingly.
- Choosing an advance will not affect your CPP pension which is paid directly from the federal government.
- Cost-of-living adjustments are applied annually to the advance from pension commencement. This means the advance amount will increase each year for your lifetime.
- The advance, and any responsibility for repayment, stops at your death.

THE REPAYMENT OR REDUCTION

The “reduction”, or repayment, begins at age 65. ATRF will reduce your monthly pension payment. Your total monthly pension payment from ATRF is reduced for your lifetime regardless of when you start to receive your CPP pension, or whether the federal government changes eligibility requirements, benefits available or tax rules.

Cost-of-living adjustments are applied to the reduction amount starting at age 65. This means that the reduction amount will increase each year for your lifetime.

EXAMPLE – ATRF ADVANCE/ REDUCTION AND CPP AT 65

In this example, the plan member retires at age 55 and decides to take the ATRF Advance and Reduction. The monthly pension is \$2,165, the advance is \$235, the reduction at age 65 is \$600, and the CPP pension at age 65 is \$600, based on your service with ATRF.

Payments from age 55 to age 65:

ATRF pension	\$ 2,165
plus the ATRF Advance	235
Total payable from ATRF	\$ 2,400

Payments from age 65:

ATRF pension	\$ 2,165
plus the ATRF Advance	235
minus the ATRF Reduction	(600)
plus expected CPP pension	600
Total payable from ATRF and CPP	\$ 2,400

**EXAMPLE –
ADVANCE/
REDUCTION AND
CPP AT AGE 60**

A reduced CPP pension can start at age 60. If you decide to take the ATRF Advance and Reduction and your CPP pension starts before you are 65 years of age, you may experience a drop in overall income at age 65.

This example shows the impact of retiring at age 55, taking the ATRF Advance and Reduction, and starting your CPP pension at age 60. The monthly pension is \$2,165, the advance is \$235, the reduced CPP Pension is \$550, and the reduction at age 65 is \$600.

Payments from age 55 to 60:

ATRF pension	\$ 2,165
plus the ATRF Advance	235
Total payable from ATRF	<u>\$ 2,400</u>

Payments from age 60 to 65:

ATRF pension	\$ 2,165
plus the ATRF Advance	235
plus CPP pension	<u>550</u>
Total payable from ATRF and CPP	\$ 2,950

Payments from age 65:

ATRF pension	\$ 2,165
plus the ATRF Advance	235
minus the ATRF Reduction	(600)
plus CPP pension	<u>550</u>
Total payable from ATRF and CPP	\$ 2,350

**CANCELLING
YOUR ATRF
ADVANCE AND
REDUCTION**

If you decide you do not want the ATRF Advance and Reduction, you must notify ATRF no later than 30 days after the end of the month in which your first pension payment is paid. After that date no cancellation is possible.

**CANADA
PENSION PLAN
ESTIMATE**

You can contact Service Canada to obtain estimates of your Canada Pension Plan pension. The telephone number is 1-800-277-9914.

FOR MORE INFORMATION

ATRF Alberta Teachers' Retirement Fund Board
600 Barnett House
11010 142 St NW
Edmonton AB T5N 2R1

Telephone 780 451-4166
Toll free 800 661-9582
Fax 780 452-3547
Website www.atrf.com
Email member@atrf.com

WEBSITE Visit our website at www.atrf.com to download information kits, forms or the Plan Member Guide, and to register for *MyPension*.

INFORMATION KITS AVAILABLE

- *Accruing Pensionable Service While Disabled*
- *Benefits at Termination*
- *Choosing Your Pension Option*
- *Choosing Your Retirement Date*
- *Purchasing Service*
- *Starting Your Pension*
- *Steps to Retirement*
- *Your Pension Matters*