



**Northern Employee Benefits Services
(NEBS)
Pension Plan**

PLAN SUMMARY



Plan administered by:

Northern Employee Benefits Services

#700, 5201 50th Avenue

Yellowknife, NT

X1A 3S9

Telephone: (867) 873-4965

Fax: (867) 873-5801

PREFACE

The information contained in this summary will answer the most common questions of the NEBS Pension Plan, however, this summary is for information purposes only. In the case of a discrepancy between this summary and the NEBS Pension Plan Text, the Plan Text shall be the final basis for determining eligible retirement benefits.

Although the information in this booklet applies to the great majority of circumstances it is not possible to cover every situation. If you wish to confirm if particular provisions apply in your case you should contact the NEBS Office:

Manager Pension and Group Benefits Plans
(867) 873-4965

OVERVIEW

Eligibility Requirements

To be eligible for the Plan your employer must be a participating employer member in the NEBS Pension Plan.

***Check with your employer to find out if they offer the NEBS Pension Plan.*

You are eligible for the NEBS Pension Plan if you are employed on a full-time basis and have completed the waiting period chosen by your employer (zero, three or six months). If you are employed on a part-time basis, you may join the NEBS Pension Plan after having completed 24 months of continuous employment with your employer, provided you meet the minimum earnings

Contribution Rates

You and your employer contribute to the NEBS Pension Plan. Your current contribution rate is 8% of your regular earnings each month and your employer contributes an equal amount.

Types of Retirement Benefits

Depending on your circumstances several options may be available to you for receiving pension benefits. Depending on your age and how many years of pensionable service you have to your credit, you will be entitled to either an immediate or a deferred pension. You may also have the option to transfer the value of your earned pension benefits. NEBS will advise you of the options to which you are entitled when you retire or terminate employment.

To be eligible for pension benefits you must have at least two years of continuous service with an employer who is a member of the NEBS Pension Plan. If you have less than two years continuous service you will receive a lump sum payment equal to your contributions plus interest, or you may transfer this amount to a RRSP.

How Retirement Benefits are Determined

For qualified members, the NEBS Pension Plan provides a guaranteed regular monthly income after you retire.

The pension you receive is based on your earnings, the length of credited service with the NEBS Pension Plan and when you choose to begin receiving pension benefits.

If you are 50 years of age or older and have 5 years or more of credited service when you terminate...

You will receive an unreduced pension benefit beginning when you are age 60. Your benefit will be calculated using the following formula.

2% times your **best average earnings** while a member of the NEBS Pension Plan, times the years of participation in the pension plan.

"**Best average earnings**" is the average of your best six consecutive years of earnings with a participating NEBS employer.

If you resign your employment prior to age 50 or with less than 5 years of credited service*...

You will receive an unreduced pension benefit beginning when you are age 65. Your benefit will be calculated using the formula below.

** Members actively employed on January 1, 2004 but who resign with less than 5 years of credited service have special conditions that apply.*

Integration of Benefits with CPP

At age 65 you become eligible to receive your Canada Pension Plan benefits. The NEBS Pension Plan is integrated with the Canada Pension Plan* and at age 65 your pension benefit will be based on the following formula.



- 2% times your best average earnings while a member of the NEBS Pension Plan, times the years of participation in the pension plan,

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- 0.7% times the **Average Years Maximum Pensionable Earnings (YMPE)**, times the years of participation in the NEBS Pension Plan.

"**Average Years Maximum Pensionable Earnings (YMPE)**" is the average of the YMPE in the year of retirement (or termination if earlier) and the YMPE for the preceding two years. YMPE means the "Years Maximum Pensionable Earnings" as set by the Canada Pension Plan (CPP).

**You must apply directly to Health and Welfare Canada to receive benefits from this program.*

PENSION BENEFITS PROVISIONS

Early Retirement

All pension members have options for early retirement but in many cases pension deductions apply.

- **Retirement with thirty or more years of service**

If you are age 55 or older and have at least 30 years of continuous service with a participating NEBS employer, you can retire with no reduction to your pension benefits.

If you are age 45 or older and have at least 30 years of continuous service with a participating NEBS employer, you may retire early. Your pension will be actuarially reduced. NEBS will complete an estimate of the actuarially reduced benefit at your request. The actuarial reduction takes into account the earlier commencement of your pension.

- **Retirement with twenty-five or more years of service**

If you are age 50 or older and have at least 25 years of continuous service, you can retire with your pension benefits being reduced by the greater of 5% for each year that you are under age 55, or 5% for each year of service less than 30 years.

- **Retirement with five years of service***

If you are 50 or older and have at least 5 years of credited service, you can retire with your pension benefit being reduced by 5% for each year you are under age 60.

If you resign or terminate your employment prior to age 50 or with less than 5 years of credited service, refer to the "Termination of Employment" section that follows.



** If you were a contributing member on January 1, 2004 and subsequently retire at age 50 or older but with less than 5 years of service, special provisions apply to your pension benefits.*

Termination of Employment

If you have participated in the NEBS Pension Plan for less than two continuous years at the date of your termination of employment, you will receive a lump sum refund of your contributions with interest to your date of termination, or you may transfer your contributions with interest to your RRSP.

If you have been in the NEBS Pension Plan for two or more years continuous, your benefits will be vested and locked-in, as is required by federal law. If you are under age 50, or have less than 5 years credited service at your termination date, you will be entitled to receive a pension at age 65. If you elect to start your pension prior to age 65, your benefit will be actuarially reduced to reflect the early commencement of your pension. In lieu of your pension benefits you can elect to transfer the value of your benefits, as explained in the following section.

If you terminate your employment but go to work for another participating NEBS employer within 12 months of termination, your pension credit may be transferred from your old employer to your new employer, provided you have not transferred the value of your benefits.

Transfer of Value of Benefits

Upon termination of service prior to age 50, or with less than 5 years of credited service, the value of your benefits may be transferred to another registered pension plan (provided the other plan permits this transfer), to a locked-in retirement account (a registered retirement savings plan for locked-in pension transfers), or used to purchase a life annuity.

If your benefits are vested and locked-in at the time you terminate your employment, the transferred amounts must remain locked-in. Any payment made to you must be made in the form of a retirement income. No lump sum payments are permitted, except for small benefits as described in the Plan Text.

If you die while a member of the plan, your spouse may elect to receive a pension or transfer the value of your death benefit as described above.

A transfer of your pension benefit is in lieu of all other pension benefits described in this booklet. You and your beneficiaries will cease to have any claim to benefits under the NEBS Pension Plan.

Postponed Retirement

You may remain in the NEBS Pension Plan past age 65 if you continue to work for a participating NEBS employer. You can continue to accumulate additional years of service until the end of the calendar year in which you reach age 69, at which time you must start to receive your NEBS Pension Plan benefits.



Pension Increases (Indexing)

Your pension benefits will increase each January after you retire to take into account the increase in the Consumer Price Index (CPI) in the prior year. The first increase payable the year after you retire will be prorated to reflect the number of full months since your retirement date.

If there is no change in the CPI, or if it decreases, your pension will not be adjusted that year.

If you retire with entitlement to a deferred annuity, your basic pension, when it is payable, will be increased by the total accumulated CPI percentage increases from your date of retirement.

Disability before Retirement



If you become disabled you may continue to earn pensionable service under certain conditions. Accrual of pensionable service will apply if your employer is a participating member of the NEBS Group Insurance and Health Benefits Plan and you have been approved for disability benefits under the Long Term Disability provisions of the Plan.

If it is determined you are totally disabled and unable to work at any occupation under the terms of the NEBS Group Insurance and Health Benefits Plan, or you begin to receive CPP disability benefits, you will be entitled to receive an immediate disability retirement benefit and will no longer earn pensionable service.

Survivor Benefits

Regardless of your circumstances after retirement your pension benefits will be payable for as long as you live.

The benefits payable following your death will depend on whether you have eligible survivors. Eligible survivors are your spouse at your retirement date, or dependent children.

For purposes of the NEBS Pension Plan, your spouse is your legally married spouse, or common-law spouse with whom you have resided for a minimum of 12 months. Following your death, your spouse will receive a survivor's pension equal to 50% of your earned pension for the remainder of his/her life.

A dependent children's benefit will be paid for each eligible dependent child, up to a maximum of four children, as long as they are under age 18, or age 25 if in full-time attendance at school. Children must be dependents as defined in the Pension Plan Text. If you have a spouse the benefit payable will be 10% for each dependent child. If you do not have a spouse but eligible dependent children, the benefit payable is 20% for each eligible dependent child.

Survivor benefits will be calculated without taking into account the reduction in pension for integration with the Canada Pension Plan. If you do not have eligible

survivors at the time of your death, your beneficiary may be entitled to receive pension benefits. If your death occurs after your early retirement date, your beneficiary will be entitled to receive five years of benefits, or any remaining portion of the five years of benefits you have not received. If your death occurs prior to your early retirement date, your beneficiary will be eligible to receive a lump sum payment equal to the greater of the commuted value of your pension benefit or your contributions plus interest.

OTHER PLAN PROVISIONS

Pension Transfer Agreements

NEBS has entered several transfer agreements that provide portability of accrued pension benefits and service between the NEBS Plan and another eligible Plan. NEBS has an agreement with the Government of Canada's Public Service Superannuation Plan which serves federal and territorial government employees, and an agreement with the Ontario Municipal Employees Retirement Board Plan which serves municipal employees in Ontario.

Annual Pension Statement

Copies of an employee benefit statement will be sent to you and your spouse (if applicable) every year. The benefit statement will detail how much pension service you have earned to date and what you may receive at your normal retirement date. It is advisable to keep the Benefits Statements in a safe place for your future reference.

No Assignment of Benefits

Pensions provided by the NEBS plan cannot be assigned or given as security unless they are being split as a result of a divorce, annulment or separation.

Member's Rights to Information

You and your spouse have the right, once each year, to examine the following documents of the NEBS Pension Plan:

- Pension Plan Text and any amendments;
 - trust agreement;
 - annual information returns;
 - annual financial reports filed with the Canada Revenue Agency; and,
 - Plan valuation reports as required under applicable legislation.
- You or your spouse may examine these documents in person or you may authorize an agent in writing to examine the documents on your behalf. You may also order a photocopy, in writing, of any of these documents. You may examine the documents at the offices of the Northern Employee Benefits Services at the address noted on the back of this booklet.



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