

Alberta School Boards Association Supplemental Integrated Pension Plan (SiPP)

Employer Manual

2020/2021

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Responsible Parties and Contact Names

Your contacts for day to day matters associated with the SiPP are as follows:

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For general inquiries, please also feel free to contact us at asbapension@morneaushepell.com.

The mailing address of the Morneau Shepell Vancouver office is:

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Vancouver, BC V6B 1X4

Fax: (604) 632-9930

Steps for Requesting Calculations

PENSION ESTIMATES

The following procedure should be followed when a plan member requests an estimate of a current or future pension and/or commuted value. Members are entitled to one SiPP estimate per year.

Step 1

Please complete a *Benefit Calculation Data Request Form* and email it to Morneau Shepell. If the estimated date of termination or retirement is more than one year away, please also indicate the annual earnings to be used in future years.

Step 2

Morneau Shepell will provide an estimate of the current or future pension and/or commuted value to which the member may be entitled from the plan. Morneau Shepell will prepare an email outlining the estimates.

RETIREMENT, TERMINATION OR DEATH

Cessation of Membership of Active Member

The following procedure for payment of pension benefits is followed if a member retires, terminates employment, or dies. Please note that termination from the ATRF / LAPP will result in termination from the SiPP also.

Step 1

Please advise Morneau Shepell by email of the retirement, termination of employment, or death of a plan member. In order for Morneau Shepell to calculate the plan member's entitlement, please also complete a *Benefit Calculation Data Request Form* and include the completed form in your email.

Step 2

Morneau Shepell will then review the particular circumstance, request additional information, and calculate the benefit to which the member is entitled from the plan. Morneau Shepell will prepare a Termination, Retirement, or Death Statement, whichever the case may be, outlining the benefits and the available options for payment. Morneau Shepell will forward all of these directly to the School Division for distribution to the plan member for completion. The Statement and forms will be sent within ten business days from the date of receipt of all necessary information, unless the member's last day of employment is beyond two months from the date of notice. In that case, the documents will be sent within two months of the member's last day of employment. Please note that the interest rates used in the calculations are not available until the month of termination. An estimate can be requested in advance of the member's termination date if required.

Step 3

The plan member will be directed to return the completed Statement and all necessary forms and documentation directly to Morneau Shepell. An example of other required documentation would be proof of age, proof of death, etc. Once all of the documents are received, Morneau Shepell will review them to ensure that all required information has been completed. If the forms have not been completed correctly, Morneau Shepell will return them to the plan member with advice on which areas need to be reviewed.

Step 4

Once the forms have been completed correctly, and the plan member has returned them to Morneau Shepell, Morneau Shepell will then provide the necessary instructions to the Alberta School Boards Association to authorize the payment. The payment process will take approximately 2-3 weeks from the time Morneau Shepell receives the completed forms from the member to the date of payment.

Death of Retired Member or Beneficiary

The following procedure for payment of benefits, or record updating, is followed if a pensioner or surviving beneficiary dies.

Step 1

Advise Morneau Shepell by email of the death of a pensioner or death of a beneficiary who is currently receiving pension payments. A copy of the death certificate should be forwarded to Morneau Shepell as well.

Step 2

Morneau Shepell will then review the particular circumstance, request additional information, and determine if there is any further benefit payable to a surviving pension partner or other beneficiary.

Step 3

If there is no further benefit payable, Morneau Shepell will notify Manulife to stop the monthly pension payment. If there is a remaining benefit payable to either a surviving pension partner or other beneficiary, Morneau Shepell will determine the amount payable. Morneau Shepell will then provide the necessary instructions to the Alberta School Boards Association to authorize the payment to the surviving pension partner or other beneficiary, whichever the case may be.

Instructions for Preparing 2020 Pension Adjustment (PA)

For every year in which benefits accrue under a pension plan, each member of the plan must have their personal RRSP room reduced by a prescribed value of their pension plan benefits. In order to determine the reduction of RRSP room, it is the employer's responsibility to report a PA for each member of the plan on their respective T4 slips.

Each school division is responsible for the PA calculations for their LAPP or ATRF members. An additional PA in respect of the SiPP must also be calculated and filed with the Canada Revenue Agency (CRA). The SiPP PA should be calculated using the member's annualized earnings¹ for the year according to the following:

- a) Annualized earnings exceed \$172,221
PA for SiPP = \$0

- b) Annualized earnings less than \$58,700 in 2020
PA for SiPP = .006 x (annualized 2020 earnings¹) x (SiPP service in 2020²) x 9

- c) Annualized earnings in excess of \$58,700 but less than \$154,611 in 2020
PA for SiPP = .006 x \$58,700 x (SiPP service in 2020²) x 9

- d) Annualized earnings in excess of \$154,611 but less than \$172,221 in 2020
PA for SiPP =
$$\{ \$3,092.22 - [.014 \times \$58,700 + .02 \times (\text{annualized 2020 earnings} - \$58,700)] \} \times 9 \times (\text{SiPP service in 2020}^2)$$
(which is equivalent to \$27,230 - LAPP or ATRF PA if the member has a full year of service)

¹ **Annualized earnings** is a calculation of the member's earnings if he/she had worked a full year. E.g. a member worked 3 months only in 2020 and earned \$30,000. The annualized earnings are calculated as $\$30,000 \times 12 / 3 = \$120,000$.

² **SiPP Service in 2020** means the number of months during which he/she was a SiPP member in a year divided by 12. E.g. a member was in the plan for 3 months in 2020, the PA calculated based on an annualized earnings should be multiplied by 3 divided by 12, i.e. 0.25 years of service in 2020. **Please contact us to assist with the PA calculation for any members whose SiPP service in 2020 is less than one.**

Please report the combined PA amounts for SiPP and LAPP/ATRF and other information as follows:

T4 SLIPS

- Box 14 Please ensure that employer contributions are not included in the member's earnings.
- Box 50 Enter the pension plan's Canada Revenue Agency (CRA) registration number. As members will be participating in the ATRF/LAPP in addition to the SiPP, please enter the registration number for the plan under which the member has the largest pension adjustment.
- Box 52 Enter the PA for the member (SiPP and LAPP/ATRF combined).
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T4 SUMMARY

- Box 52 Enter the total of box 52 from all T4 slips.
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Should you have any questions please do not hesitate to contact Brendan Engle at (604) 499-6205 or asbapension@morneaushepell.com.

Morneau Shepell is the only human resources consulting and technology company that takes an integrative approach to employee assistance, health, benefits, and retirement needs. The Company is the leading provider of employee and family assistance programs, the largest administrator of retirement and benefits plans and the largest provider of integrated absence management solutions in Canada. Through health and productivity, administrative, and retirement solutions, Morneau Shepell helps clients reduce costs, increase employee productivity and improve their competitive position. Established in 1966, Morneau Shepell serves approximately 20,000 clients, ranging from small businesses to some of the largest corporations and associations in North America. With almost 4,000 employees, Morneau Shepell provides services to organizations across Canada, in the United States, and around the globe. Morneau Shepell is a publicly-traded company on the Toronto Stock Exchange (TSX: MSI). For more information, visit morneaushepell.com.

