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3 TERMINATION OF EMPLOYMENT

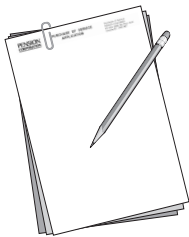
The normal retirement age for College Pension Plan members is 65, and the earliest retirement age is 55.

When a plan member terminates employment prior to age 55, the member is eligible for a benefit. The type and amount of the benefit payable depends on the member's age and service at the time of termination, and may include:

- a refund of the member's contributions to members who were not vested before September 30, 2015,
- a retirement benefit payable at a later date, or
- a lump-sum payment of the value of that pension.

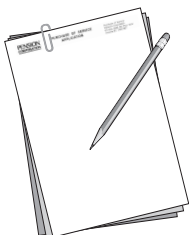
We will notify the member of the benefit options available and make payments when required.

3.1 When has a member terminated employment from the pension plan?



Termination of employment for pension plan purposes happens when a plan member stops working and the member and employer are no longer required to make contributions to the pension plan. This includes a member on a recall/seniority list for one year without making a contribution. When a member terminates employment, you must submit Employee Information at Termination/Retirement online to report:

- the date that the member terminated employment, and
- salary and service information for the part of the reporting period they worked. You will also report this information on your annual *Payroll Report*, but we need the information in the meantime to process the member's termination benefits.



The *College Pension Plan Rules* outline the rules for members who terminate employment from the pension plan:

“termination of employment” or “terminated employment” means,

- (a) subject to paragraph (b), the cessation by a member of employment with an employer, or

(b) if a member is entitled to receive benefits under an LTD plan, the cessation of the member's entitlement to benefits from the group disability plan unless the member resumes employment with an employer,

but does not include cessation of employment by the member if, at the time of cessation of employment, the employer and the member or the member's bargaining agent, on behalf of the member, have made an agreement

(c) for the member to resume employment with the employer, or

(d) establishing a right for the member to resume employment with the employer, provided further that, if a member has not resumed employment with the employer by the date that is one year after the date the member ceased employment with the employer, the member will be deemed to "terminate employment" on that date.

A plan member has not terminated employment for pension plan purposes if:

- the member is on an approved leave of absence,
- the member has stopped working but has made an agreement or retains a right (including if the member is on a recall or a seniority list) to resume employment, and has made a contribution within one year,
- the member is an employee who has not worked recently or has been laid off, but has not resigned or been dismissed,
- the member is receiving benefits from under an LTD plan, even if the member's employment has been terminated for all other purposes, or
- the member changes employment status, but does not resign and is not dismissed (for example, the member changes from full-time to part-time).

If a plan member has been dismissed and is appealing the dismissal, it may make sense to delay reporting a termination of employment until the issue is resolved. If the member takes a refund or commuted value and later returns to the position, the refund or commuted value cannot be reinstated. For further information, please contact us.

3.2 Termination benefit eligibility

Terminating members have the option of leaving their contributions on deposit.

A member's eligibility for termination benefits depends on their age at the date of termination of employment.

The following table outlines the options available based on age for active members who terminate employment.

BENEFIT ELIGIBILITY OPTIONS	
Age	Options
Under 55	Deferred retirement benefit Or Locked-in commuted value payment (you must apply to withdraw funds before age 55)
55 but under 60	Deferred retirement benefit Or Immediate retirement benefit (your pension is reduced if you have fewer than 35 years of contributory service)
60 but under 65	Deferred retirement benefit Or Immediate retirement benefit (the portion of your pension for post-2015 service is reduced if you have fewer than 35 years of contributory service; and the portion of your pension for pre-2016 service is reduced if you have fewer than two years of contributory service)
65 or over	Unreduced retirement benefit

Note:

- Benefit eligibility is subject to plan rules in place at the termination date.
- Immediate and deferred retirement benefits are subject to reduction rules. See Section 4.3 Reduced and unreduced retirement benefits for more information.

Deferred retirement benefit

A retirement benefit payable at a later date. The retirement benefit cannot start earlier than age 55.

Commuted value

The commuted value benefit is the amount of money that needs to be set aside today, using current interest rates, to provide enough funds at retirement to pay a pension similar to the pension the member would have received from the plan at the member's earliest retirement age.

3.3 Locking-in

When a person is entitled to a benefit (including a commuted value), that benefit is usually “locked-in.” This means that the benefit must be used to provide retirement income according to the *BC Pension Benefits Standards Act* (PBSA). A member can choose to take that benefit as a retirement benefit from the plan or may transfer the commuted value of the retirement benefit to another pension income provider. If a commuted value is transferred to another pension income provider, it must be transferred to:

- a locked-in retirement vehicle,
- another registered pension plan,
- a LIF (life income fund), or
- to a life insurance company to provide an annuity payable no earlier than age 50.

The financial institution or other pension plan must certify that the funds will be used to provide a retirement benefit.

If the retirement benefit or commuted value amount is under a certain threshold, the member may choose to take the commuted value paid directly to them or have it transferred to an RRSP without locking-in restrictions.

3.4 Income tax

A refund or commuted value payment is not subject to income tax deductions when it is transferred directly from the pension plan to a registered retirement vehicle listed above.

A refund or commuted value payment paid directly to the plan member will have income tax withheld at CRA’s flat rate of 10 per cent to 30 per cent, depending on the payment amount. The member may owe more or less tax when they file their income tax return.

3.5 Reporting employee information at termination

Select the EITR Submitted Report to view all the member information you have submitted within a specific time frame.

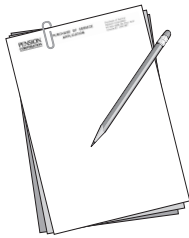
When a plan member terminates employment, PBSA requires us to provide them with their termination selection statement within 60 days. In order to enable us to comply, submit Employee Information at Termination/Retirement online within 14 days or as soon as the final payroll has been completed.

Sign in to the secure employer website, access the Employer Portal and then select *Employee Information at Termination/Retirement* in the Employer Reporting section. Follow the prompts to enter the data.

Also ask the member to submit any plan member documentation not already on file with the corporation, such as:

- proof of age and identity (see section 1.7),
- court orders or separation agreements pertaining to the division of benefits because of marital breakdown.

Termination benefits will not be paid to a member unless we have clear copies of the necessary documents.



It is important to submit Employee Information at Termination/Retirement data within the 14 day period so we can provide the plan member with their benefit options.

We will:

- calculate their termination benefit options, and
- send them a *Termination Selection Statement* outlining their options for disposition of their accumulated pension benefits.

The member can then select a benefit.

Information about termination options is available at college.pensionsbc.ca/what-happens-if-you-leave-your-job or from the plan.

You can access the *Employee Information at Termination/Retirement Report* to view a rollup of the member information you have submitted.

If the member is taking vacation time at the end of their employment, their termination date is the end of the vacation period, provided the member takes the vacation owed as time off with pay (see section 7.2.3).

If the member receives a lump-sum payment in lieu of vacation,

- the payment is not pensionable,
- the payment should not be included in reported salary,
- deductions should not be taken, and
- the termination date is the last day of employment.

If the member terminates employment immediately following an approved LOA, termination date is last day of leave. If the member resigns or is dismissed during their leave of absence, termination date is date of resignation or dismissal.

Termination checklist

Did you remember to...

- Submit Employee Information at Termination/Retirement online within 14 days (unless there is an appeal of the termination pending)?
- Advise the member that if they wish to purchase service, they must apply to do so within 30 days of terminating employment with you?
- Get a current address from the member?
- Have the member provide proof of age and identity documents?
- Make sure a current *Nomination of Beneficiary* has been filed with us (either online or by paper form)?
- Ask if the member is transferring to another job that is covered by a pension plan? If so, refer the member to the website for more information.