



Pension Plan Summary

The Pension Plan of
The United Church of Canada



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About the Plan

The Pension Plan of The United Church of Canada was established by the Third General Council in Winnipeg, Manitoba, in September 1928. It is a contributory, multi-employer, career-average, defined benefit pension plan. The plan is registered under the federal Income Tax Act and falls under the rules of the Ontario Pension Benefits Act and the Financial Services Regulatory Authority, registration number 0355230.

The plan is administered by the Pension Board under delegated authority from the General Council Executive. The plan and the investment of its assets comply with the requirements of all applicable legislation and with the investment policies of the Pension Board.

The pension plan is operated on a day-to-day basis through the Ministry and Employment Unit at the General Council Office. All administrative expenses of the plan are paid out of the plan.

For additional information, contact The United Church of Canada Benefits Centre:

Phone: 1-855-647-8222

E-mail: pension@united-church.ca

Web: uccan-benefitscentre.ca/pension/

This summary is intended as a general description of the plan. For detailed information, please refer to the plan text. Should there be any discrepancy between this booklet and the official pension plan text in effect at the time, the pension plan text will apply.



Who Is a Member?

If you are an eligible employee working for a participating employer and you work an average of **14** or more hours per week, you must join the plan. There is no waiting period for ministry personnel. Lay employees are enrolled after completing three months of employment.

Once you join the plan, you will remain a contributing member even if you work fewer than 14 hours per week.

A Pension for Life

The plan is a career-average defined benefit pension plan. As a member, you earn a valuable lifetime pension while you work. Once you retire, you will receive pension payments every month for the rest of your life.

With a defined benefit pension, you receive a specified, guaranteed amount for life when you retire. You avoid the burden and risk of investing your retirement savings, both before and after retirement. You don't have to worry about investment decisions or fees or base your retirement plan around market performance.

Contributions

You make **contributions** on every pay, based on **6% of your pensionable earnings**, and your employer contributes **9% of your pensionable earnings**. When you retire, you'll collect pension payments every month for the rest of your life.

Pensionable earnings are used to calculate pension benefits and contributions.

- For ministry personnel who live in a manse, pensionable earnings are equal to 140% of salary.
- For all other members, pensionable earnings are equal to 100% of salary.

Salary excludes any non-pensionable allowance.

Earning Pension Credits

The benefit, or “pension credit,” you earn is based on your pensionable earnings during each year that you contribute to the plan and are either

- employed by a participating employer
- or
- in search of a call

The rate at which you earn pension credits has changed over the years.

Before January 1, 2020, the rate was 1.4% of pensionable earnings.

- For 2020, the rate increased to 1.85% for one year only.
- For 2021, the rate is 1.625%.
- For 2022, the rate is expected to go back to 1.4%.

Each year’s pension credit is added to what you have already earned, forming the total amount of annual pension at termination or retirement.

Example: Meet Reverend Jay

Jay joined the pension plan in 2019. Jay’s pensionable earnings are \$60,000 per year. Jay retires after 10 years.

For easy figuring, let’s assume Jay’s salary remains constant

- For 2020, Jay earned 1.85% of \$60,000 = \$1,110
- In 2021, Jay earns 1.625% of \$60,000 = \$975
- In 2022 and in future years, Jay earns 1.4% of \$60,000 = \$840

Jay earns:

2019:	\$ 840
2020:	1,110
2021:	975
2022:	840
2023:	840
2024:	840
2025:	840
2026:	840
2027:	840
2028:	840

Total: \$8,805

After working for 10 years, Jay has earned an annual pension of \$8,805, payable at age 65. This pension will be paid every year for the rest of Jay’s life.

If Jay decides to take early retirement and receives the pension before age 65, the amount of pension will be reduced to reflect the longer period of time Jay will receive payments.

If Jay decides to postpone retirement and continues working past age 65, in addition to earning additional pension credit, the amount of pension earned to age 65 will be increased to reflect the shorter period of time Jay will receive payments.

Earning Pension Credits while Receiving Long-Term Disability Benefits

If you become disabled and qualify for long-term disability benefits from the group insurance plan, you will continue to earn pension credits for as long as your long-term disability benefits are approved.

Your pensionable earnings at your date of disability are used to calculate the pension credit you earn while disabled, and may be increased by up to 3% in subsequent years at the discretion of the Pension Board.

You will not be required to make member contributions while you are receiving long-term disability benefits under the group insurance plan.

Purchase of Service

Purchase of Service Before the Date of Plan Membership

If you had an eligible period of service with a participating employer before the date you joined the plan, you may be able to purchase past-service pension credits. This service could be pre-ordination/commissioning employment or a probationary period, for example.

Eligible service does not include service during which you previously participated in the plan and for which you received a refund from the pension plan (either in cash or by transfer to another registered retirement plan).

Depending on the circumstances, the purchases may be paid for solely by you, by you and your employer, or solely by your employer. Any portion paid by you is generally deductible for income tax purposes. Purchases of post-1989 periods of service reduce RRSP contribution room.

Purchase of Unpaid Employment Leave

You can also purchase pension credit for certain approved periods of employment leave. These include approved leaves of absence, maternity/parental/adoption and other statutory leaves, periods while in search of a call/appointment, and study leaves. Plan membership must be established before the leave.

Beginning to Receive Your Pension

When you are ready to begin receiving your pension, contact the Benefits Centre at 1-855-647-8222 or pension@united-church.ca, and they will send you the necessary paperwork. They will calculate your monthly pension under each available option and send you the forms to fill out.

Please contact the Benefits Centre three months before the date you want payments to start.

Your pension will be deposited directly into your Canadian bank account on the first day of each month. If you live outside Canada, cheques will be mailed to you.

As a retired member, you may be eligible to join the pensioner health and dental plans as long as you remain eligible for provincial health coverage. To be considered retired from the United Church, you must be receiving a monthly pension paid directly from the United Church's pension fund.

Normal Retirement

Your pension is calculated based on payments starting at age 65. Your annual pension statement shows your estimated pension at age 65. However, you can choose to begin receiving your pension earlier than age 65 if you have stopped working with a participating employer. If you continue working with a participating employer beyond age 65, you will begin receiving pension payments after you terminate employment.

Early Retirement

- Early retirement is any time after age 55 and before normal retirement or unreduced early retirement.
- Your monthly pension amount will be reduced. One reason for this is to reflect the longer period of time you will receive pension payments.
- Your pension is reduced by 4% per year for each year by which your early retirement date precedes your normal retirement date (or your unreduced early retirement date, if earlier). Partial years are reduced by 0.33% per month.

Unreduced Early Retirement

You can retire before age 65 with an unreduced pension

- if you have reached age 60 when you terminate employment and have 35 years of credited service

or

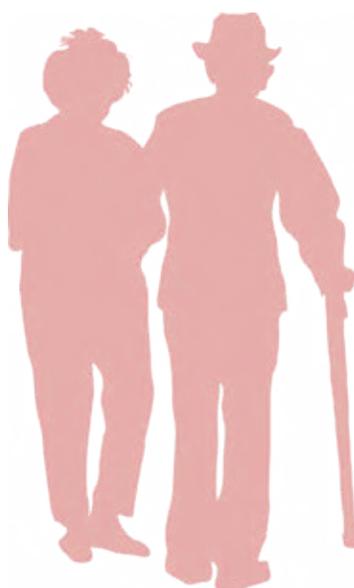
- if you have reached age 55 when you terminate employment and have 35 years of credited service, and you wait until age 60 to begin receiving your pension

or

- if you joined the plan before 1988, you have reached age 55 when you terminate employment, and you have 40 years of credited service

Postponed Retirement

- If you continue working with a participating employer after age 65, your pension will begin after you terminate employment (but it must begin no later than December 1 of the year you turn age 71 even if you are still working).
- Your monthly pension amount will be increased in two ways:
 - You earn additional pension credits.
 - For each month you postpone retirement beyond age 65, the pension earned to age 65 is increased to reflect the anticipated shorter payout period.



Forms of Pension

At retirement, plan members choose from four forms of pension. All options provide a monthly payment for life and come with a minimum guaranteed number of payments.

Minimum Guaranteed Number of Payments

You will receive your pension for the rest of your life. If you should die within a certain number of years after your pension starts, however, the value of the remaining payments will be paid to your spouse or beneficiary in a lump sum. The minimum guarantee depends on the form of pension you choose. See the table below.

If you have a Spouse at retirement, your pension must be paid in a form that provides a survivor pension to your Spouse if you predecease them (unless your Spouse signs a waiver in the legally specified form).

Definition of Spouse

The plan generally defines a qualifying **Spouse** as a legally married spouse or a common-law partner who has cohabited with the plan member in a conjugal relationship for a specified period of time. The exact definition of “spouse” varies from province to province and depends on your province of employment. See [Definition of Spouse for Pension Plan Purposes](#) on the Benefits Centre website (uccan-benefitscentre.ca/document-library).

All of the forms of pension will be explained on the Option Election Form you will receive. If you have questions about the available options, Benefits Centre staff will be happy to answer them.

Form of Pension	Number of Guaranteed Payments	Spousal Survivor Pension
<p>Option 1 Joint and 66 2/3% spousal pension with 5-year guarantee This is the normal payment form if you have a qualifying Spouse at retirement.</p>	60 (5 years)	Yes Continues at 66 2/3% for Spouse's lifetime
<p>Option 2 Joint and 66 2/3% spousal pension with 10-year guarantee The pension payable under this option is less than under Option 1 to reflect the longer guarantee period.</p>	120 (10 years)	Yes Continues at 66 2/3% for Spouse's lifetime
<p>Option 3 Joint and 100% spousal pension with 5-year guarantee The pension payable under this option is less than under Option 1 to reflect the higher spousal survivor pension payable after your death.</p>	60 (5 years)	Yes Continues at 100% for Spouse's lifetime
<p>Option 4 Lifetime pension with a 15-year guarantee This is the normal payment form if you do not have a Spouse at retirement.</p>	180 (15 years)	No <i>If you have a Spouse you cannot choose this form of pension unless your Spouse waives their right to a spousal pension in the legally specified form.</i>

See [Definition of Spouse for Pension Plan Purposes](#) on the Benefits Centre website (uccan-benefitscentre.ca/document-library).

Exception for Small Pensions

The value of your pension can be paid out in a single lump sum (subject to withholding tax) instead of in monthly installments if the amount of the pension or its lump sum value is less than an amount specified by legislation. This amount varies from province to province.

Retirement before Age 71 Is Optional

If you elect to start your pension before age 71, you

- must first have a break in employment (and, for ministry personnel, end your call/appointment), according to Canada Revenue Agency requirements and the pension plan text
- can only accept an appointment going forward if you are ministry personnel (*The Manual*)

At age 71, you must start your pension (Canada Revenue Agency requirement).

- There is no need to cease employment or end your call/appointment.
- Ministry personnel: After you start receiving pension, you will not be eligible to apply for a new call but you may still apply for a new appointment.

When You Leave Your Employer

Because the United Church pension plan is a multi-employer plan, moving between pastoral charges and other participating employers does not affect your plan membership.

You continue to contribute to and earn benefits in the same pension plan each year that you work for a participating employer.

If your employment ends and you do not intend to return to the United Church as an employee, you become eligible for termination options, described below.

Vesting and Locking In

The plan grants immediate vesting and locking in of benefits. *Vesting* gives you the right to a pension. *Locking in* prevents your pension from being “cashed out” so it will be available to you during retirement.

Termination Options: When Employment Ends before Age 55

If your employment ends before age 55, you can choose one of the following:

- Leave your earned pension in the plan and begin to receive it from age 65.
- Leave your earned pension in the plan and begin to receive it at any time after age 55 (and before age 65) on a reduced basis.
- Transfer the value of the pension to another employer’s pension plan (if that plan accepts transfers).
- Transfer the value of the pension to an approved retirement savings plan.

Termination Options: When Employment Ends after Age 55 but before Age 65

If you are 55 or older when your employment ends, you cannot transfer your earned pension out of the plan. Only your excess contributions, if any, will be available in cash (see Excess Contributions, below). You must choose one of the pension options below.

If you have less than 35 years of credited service, you can choose one of the following:

- Begin your pension immediately (or any time before age 65) with an early retirement reduction.
- Wait until you turn 65 and receive an unreduced pension.

If you have 35 or more years of credited service, you can choose one of the following:

- Begin your unreduced early pension immediately if you are already 60.
- Wait until you turn 60 to begin your unreduced early pension.
- Begin your pension immediately with an early retirement reduction if you are under age 60.

If you joined the plan before 1988 and have 40 or more years of credited service, you can begin your unreduced early pension immediately.

Termination Options: When Employment Ends after Age 65

If you continue working past age 65, your pension will begin once you terminate employment. However, your pension must begin no later than December 1 of the year you turn age 71, even if you are still working.

You will not have the option to transfer your earned pension out of the plan. Only your excess contributions, if any, will be available in cash (see Excess Contributions, below).



Excess Contributions

When your benefit becomes payable (because you terminate employment, retire, or die before retirement), a calculation is performed to see whether the sum of your contributions with interest is more than 50% of the value of your pension credit. If so, the amount above 50% is called “excess contributions.”

If you terminate employment before retirement, your excess contributions may be dealt with in one of these ways:

- used to purchase a higher pension from the plan, if you are leaving your earned pension in the plan
- transferred, along with the lump sum value of the pension, out of the plan to another retirement savings plan
- refunded to you in cash, subject to withholding tax (where permitted under pension legislation)

If you die before retirement, your excess contributions will be paid to your beneficiary.

Example of Excess Contribution Calculation

Your contributions with interest:	\$4,600	
Value of pension at termination:	8,000	
50% of pension value		\$4,000

Your contributions with interest:	4,600
Less: 50% of pension value	<u>(4,000)</u>

Your excess contributions	\$ 600
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Survivor Benefits: Death before Retirement

Spousal Benefits

If you have a qualifying spouse (see [definition of spouse](#)) and you die before starting your pension, your spouse will receive a death benefit equal to

- the value of your earned pension on the date of your death plus
- any excess contributions with interest on the date of your death

Your surviving spouse can elect to do one of the following:

- Receive the benefit in monthly installments for life (see [Exception for Small Pensions](#)).
- Take the benefit in a lump sum as taxable income where permitted under pension legislation.
- Transfer the lump sum benefit, tax sheltered, into a retirement savings plan or their employer's pension plan (if their employer's plan accepts transfers).

Dependent Children Benefits

If no pre-retirement death benefit is payable to a qualifying spouse, each dependent child will receive a monthly child's pension until they cease to qualify as a dependent child.

A dependent child is a natural or adopted child who is under the age of 18, or age 18–24 if still in school.

Beneficiary Benefits

If no pre-retirement death benefit is payable to a qualifying spouse or dependent child, your designated beneficiary, or your estate in the absence of a beneficiary, will receive a taxable refund of the value of the pension.



Survivor Benefits: Death after Retirement

Spousal Benefits

If you have a qualifying spouse and you die after your pension begins, your surviving spouse will receive the survivor benefit according to the form of pension you chose at retirement.

See the [Forms of Pension](#) section for more information.

Dependent Children Pension

Each dependent child may be eligible to receive a monthly child's pension until they cease to qualify as a dependent child. Whether any pension is payable depends on the amount of any survivor pension payable to a qualifying spouse.

A dependent child is a natural or adopted child who is under the age of 18, or age 18–24 if still in school.

Beneficiary Benefits

If you do not have a qualifying spouse, any remaining guaranteed payments will be paid to your designated beneficiary, or your estate in the absence of a beneficiary, as a lump sum.



Marital Breakdown

Pension assets are family property and can be divided between spouses on marital breakdown, although this is not mandatory in most jurisdictions.

The value of the pension credit you accrue during the spousal relationship is generally included in your assets when calculating family property. In some jurisdictions, this value is calculated by the pension plan administrator when one of the spouses applies and pays a fee. In other jurisdictions, the spouses arrange their own calculations.

If a family property equalization payment is owing from the member spouse to the non-member spouse, the member is not required to split their pension to satisfy that payment if other assets are transferred to the non-member spouse. Similarly, spousal support/maintenance can but is not required to be satisfied through a pension split.

A court order or separation agreement must specifically require a split of the pension. The pension plan administrator will administer each split within the parameters of the order/agreement subject to the requirements of pension legislation.

