SCHOOL DISTRICT MEMBER INFORMATION SESSION

TNPP and MPP Comparison

February 14, 2020

Prepared by TNPP

EXAMPLE MEMBER PROFILE

- Member works 2080 hours per year
- Hourly wage $22
- Annual Income: $45,760
- Hourly Contribution to TNPP $2.00/$2.61
- 10 years of service

YEARLY MAXIMUM PENSIONABLE EARNINGS (YMPE)

YMPE is the maximum amount of earnings used to calculate contributions and benefits under the Canada Pension Plan.

2020 YMPE $58,700 (Yearly Maximum Pensionable Earnings

The YMPE forms the basis on which the MPP pension calculations are made.

ANNUAL CONTRIBUTIONS

TNPP

Employer contributions

- $2.00/$2.61 per hour

Employee contributions

- Zero

MPP

Employer contributions

- 9.66% of earnings up to the YMPE
- 11.16% on the portion over the YMPE

Employee contributions

- 8.5% of earnings up to the YMPE
- 10% on the portion over the YMPE

Membership

- Please note this is based on Group 1 Membership

SUMMARY - ANNUAL CONTRIBUTIONS BASED ON ANNUAL INCOME OF $45,760

Annual Contributions	TNPP	MPP
Employer	$4,160.00 (9.00%)	$4,420.42 (9.66%)
Employee	$0 N/A	$3,889.60 (8.5%) (Mandatory)
Total Contributions	$4,160.00 (9.00%)	$8,310.02 (18.16%)

BENEFIT FORMULA

TNPP

- 2080 hours x $2.00 = $4,160
- $4,160/1000 = 4.160
- 4.160 x $12.75 = $53.04
- $53.04 x 10 years of service = $530.40
- *Same formula with 1820 hours would be $464.10*.

15% Contingency has already been accounted for in this calculation which also assumes a constant rate of contribution throughout the 10 year period.

- $12.75 of monthly pension at retirement for every $1,000 of Employer contributions.
- No cap.

MPP

- 1.3% of highest 5 year average annual earnings up to the YMPE of $58,700
- 2.0% of the portion over the YMPE of $58,700
- Multiplied by years of service in Plan divided by 12.
- Capped at 35 years

Example A < $58,700

- 1.3% x $45,760 = $594.88
- $594.88 x 10 years of service divided by 12 = $495.73
- Based on annual earnings remaining the same throughout career.

Example B > $58,700

- 1.3% x $58,700 = $763.10
- 2.0% x ($60,000 – 58,700) = $26.00
- $789.10 x 10 years of service divided by 12 = $657.58

FUNDING SHORTFALL

TNPP

- Benefits can be changed or reduced.
- The shortfall is not taken from your salary but is reflected in your benefit.

MPP

- Any funding shortfalls are made up by Employee contributions.
- This means increased deductions from your bi-weekly payroll.

For both Plans, legislated funding minimums must be met. Changes can occur to ensure compliance with legislation. FICOM has now been replaced by BCFSA – BC Financial Services Authority.

EARLY RETIREMENT

TNPP

- **Age 67 – Normal Age of Retirement, Unreduced Pension**
- Early retirement reduction is 6% per year
- Retirement Options integrated with Old Age Security – based on the amount of your monthly pension
- We note most of the District Employees retire later than 65.

MPP

- **Age 65 – Normal Age of Retirement, Unreduced Pension**
- Early retirement reduction is 3% per year.
- Should you retire before age 65, you will receive the bridge benefit.
- The bridge benefit covers the difference between your early retirement income and the additional government sponsored plans you will receive at the age of 65.
- The bridge benefit calculation is .7% x averaged earnings x your service years.
- **Age 55 and over when age plus service is = to or > than 90.**
- *You would have to start work at the age of 20 to get an unreduced benefit at age 55.*
- **Age 60 with 2 years of service**
- *A good benefit if your income supports retiring at this age.*
- *A lower income Member may not be able to afford to retire at 60*.
- *It is important to note, the higher contribution rates in this Plan are designed to subsidize this unreduced early pension.*

DISABILITY

BOTH PLANS OFFER CONTINUED ACCRUAL WHILE RECEIVING DISABILITY BENEFITS FROM A LTD PLAN.

BOTH PLANS OFFER AN UNREDUCED PENSION FOR ELIGIBLE MEMBERS WHO ARE TOTALLY DISABLED.

THE MPP PROVIDES AN ADDITIONAL TOP-UP FOR PERMANENTLY DISABLED MEMBERS WHO START THEIR PENSION.

RETIREE BENEFITS

TNPP

- Offered through the TNBP.
- Must have 15 years of continual service
- $120 per month, includes Spouse if covered at the date of retirement.
- 5 year maximum
- Capped at age 72

MPP

- Offered through the MPP Plan.
- Premiums are subsidized by pension contributions.
- Premiums are lower for those with a longer service period.
- At retirement, any premiums required for healthcare are automatically deducted from the monthly pension payment.

SUMMARY

TNPP

- Pension is determined by rate of contribution and number of hours worked.
- Formula is the same for all Plan Members so as to treat all Members fairly.
- Monthly pension increases by $12.75 for each $1,000 contributed.
- Contributions are paid 100% by Employer.

MPP

- Pension is determined by the highest 5 year average of annual earnings.
- Formula favours higher income earners.
- Monthly pension increases by $5.97 for each $1,000 contributed.
- Contributions are paid jointly by Employer **and Employee,**