



Pension Plan for Elected Officials of The City of Calgary Member's Handbook

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INTRODUCTION

This handbook provides a summary of the Pension Plan for Elected Officials of The City of Calgary (EOPP). It highlights the key provisions, benefits, and rules of the plan.

A glossary is included at the end of this handbook for reference. Terms appearing in **bold** throughout the handbook are defined there.

For complete details or precise interpretation, the official EOPP plan documents must be consulted.

The EOPP is registered under the Alberta Employment Pension Plans Act and the Income Tax Act. Members are required to make contributions to the EOPP. The City of Calgary is responsible for the balance of the funding requirements.

The design of the EOPP is commonly referred to as a **defined benefit pension plan**. This means:

- Your pension benefits are defined by a formula, not investment performance.
- The City of Calgary bears the investment risk.

The pension benefit formula under the EOPP is:

2% x Best Average Earnings x Credited Service.

This handbook outlines the plan's key features but does not cover every circumstance. For a copy of the official plan text or further details, please contact the plan administrator, Aon, at 403-303-1516.

PARTICIPATION

- Participation is optional.
- You may enroll in the EOPP:
 - On the date you assume office, or
 - On the first day of any subsequent month.

If you choose to enroll, you must remain a member throughout your service as an elected official.

Exact terms and conditions of the pension program are described in the Plan Text held by The City of Calgary. In the event of a discrepancy between this document—or Web content—and the Plan Text, the Plan Text will be deemed accurate.



CONTRIBUTIONS

- **Member Contributions:** 9% of your taxable remuneration.
- **City Contributions:** Determined by the plan actuary.

VESTING

- Vesting is immediate upon enrolment.
- You are entitled to the pension benefit you have earned when you leave the plan.

PENSION BENEFIT

Your annual pension benefit is calculated as follows:

2% x Best Average Earnings x Credited Service.

Pension Benefit Calculation - Example 1				
Accrual Rate	Best Average Earnings	Credited Service	Annual Pension	Payment Form
2%	\$120,000	12 years	\$28,000/year	Normal form

RETIREMENT AGE AND REDUCTIONS FOR EARLY RETIREMENT

If you have attained the age of 55 years when you leave office, you will be deemed to be a retirement for purposes of the pension plan.

1. **Early Retirement Age: 55 (Reduced Pension):** If you retire on or after age 55 but before age 60 your pension benefit is reduced by 0.25% per month (3% per year) before age 60.
2. **Unreduced Retirement Age: 60:** The pension benefit is payable without reduction if you retire on or after age 60. Some plan members choose to work past age 60 to increase their pension or continue receiving salary and benefits.
3. **Normal Retirement Age: 65:** The standard age used in EOPP pension calculations. You may retire earlier with a reduced or unreduced pension.
4. **Latest Retirement Age: 71:** You must start receiving your pension by the end of the year of your 71st birthday.

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Pension Benefit Calculation - Example 2 (Early Retirement at Age 56)					
Accrual Rate	Best Average Earnings	Credited Service	Reduction (60-56 = 4 yrs)	Reduced Annual Pension	Payment Form
2%	\$120,000	12 years	12% (4 yrs x 3%/year)	\$25,344/year (100%-12%=88%)	Normal form

NORMAL FORM OF PENSION

The **normal form** of pension is payable for your life, with a guarantee that at least five years of payments will be made. The optional forms of pension outlined below are equivalent in value at retirement to this **normal form**.

OPTIONAL FORMS OF PENSION

At retirement, you must elect how your pension will be paid. In addition to the **normal form**, you have the option to choose the level of survivor benefits for your **pension partner** or, if you have no **pension partner**, the benefit guarantee period. Electing an optional form of pension is an important decision that is irrevocable once your pension begins.

- **Member without a pension partner at retirement:** If you do not have a **pension partner** when you retire, or if your **pension partner** waives the right to the survivor pension, you may elect a single life pension with a guarantee period of 10 or 15 years.
- **Member with a pension partner at retirement:** If you have a **pension partner** when you retire, you may elect a joint life pension that provides a survivor pension to your **pension partner** that is equal to 100%, 75%, 66.67% or 50% of your original life pension, plus a five-year guarantee.



DEATH BENEFITS

Pre-Retirement Death

Should you die prior to retirement, the **commuted value** of your accrued pension is payable to your surviving **pension partner**, or if you have no **pension partner**, your beneficiary.

Your **pension partner** may also choose between:

- A transfer to another pension plan, if and to the extent that the other plan permits the transfer; or
- A transfer to a **LIRA**.

If you have no **pension partner**, your **beneficiary receives** a taxable lump sum equal to the **commuted value** of your pension.

Post-Retirement Death

The benefit your surviving **pension partner** or **beneficiary** receives on your death after retirement depends on the form of pension you elected at retirement:

- All options include at least a five-year guarantee (60 monthly payments).
- If you die before receiving 60 monthly pension payments, your surviving **pension partner** continues to receive the full pension payments for the balance of the 60 months.
- After 60 months, your surviving **pension partner** continues to receive the survivor benefit level you elected at retirement for their lifetime.
- If both you and your **pension partner** die before 60 payments are made, your **beneficiary** receives a taxable lump sum equal to the **commuted value** of the balance of the 60 payments.
- If you have no **pension partner**, or your **pension partner** waived their right to a survivor pension, your **pension partner** or **beneficiary** receives a taxable lump sum equal to the **commuted value** of the balance of the guarantee level you selected at retirement.

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TERMINATION BENEFITS

- If you leave office before age 55:
 - You are entitled to a deferred pension payable at age 65, based on credited service and best average earnings as of the date of leaving office.
 - You may start receiving your deferred pension on the first day of any month following age 55 (with early retirement reductions).
 - You may start receiving your deferred pension on the first day of any month following age 60 (unreduced).

PORTABILITY

Instead of a deferred pension, you may transfer the **commuted value** of your pension, up to **Canada Revenue Agency** limits, out of the plan as follows:

- To a **LIRA**,
- To another registered pension plan, provided that such pension plan permits the transfer; or
- Directly to an **RRSP** or paid to you as a taxable lump sum if the **commuted value** of your benefit is below the small benefit threshold.

EXCESS MEMBER CONTRIBUTIONS

If contributions made (with credited interest) exceed 50% of the **commuted value** of your pension, you are entitled to receive a refund of the excess contributions.

INDEXING

All pensions (immediate or deferred) are adjusted annually each January 1 by two-thirds (or 66.7%) of the increase in the Canada Consumer Price Index (CPI).

PLAN REGISTRATION

The EOPP is registered with Alberta Treasury Board and Finance, and **Canada Revenue Agency** under Registration Number 0983163.

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GOVERNANCE

The Pension Governance Committee (PGC) oversees the plan, ensuring accountability and sound management to create value for both The City and members of the pension plans in which The City's employees participate. There are two elected official appointees on the PGC.

QUESTIONS

If you have questions about the EOPP, please contact the plan administrator, Aon, at 403-303-1516.

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GLOSSARY

Actuary

A financial professional trained to calculate the value of pension payments and is a Fellow of the Canadian Institute of Actuaries.

Beneficiary (*other than pension partner*)

The person(s) you name to receive benefits if you die before retirement, or to receive the remaining pension payments under a guaranteed term if you die after retirement. If you do not have a **pension partner** and you do not name a beneficiary, your estate is your beneficiary.

Best Average Earnings

The annual average of a member's **earnings** during the period of 36 consecutive calendar months of **credited service** for which the highest average is attained.

Canada Revenue Agency

The federal government agency responsible for administering the Income Tax Act including registered pension plans provisions.

Commutated Value

The amount of money paid in a lump sum that is equal to the actuarial present value of your future pension payments, as determined by the plan **actuary**.

Continuous Service

Unbroken service as an elected official from election date to retirement, termination of office, or death.

Credited Service

Service brought forward from the previous plan (prior to October 1989) along with **continuous service** that the member receives remuneration from The City while a member of the plan.

Defined Benefit Pension Plan

A pension plan that pays a lifetime monthly pension defined by a formula that is used to calculate your benefit. Your benefit is set at retirement and is independent of the pension fund's investment returns.

Earnings

Taxable remuneration received by a member from The City during a plan year.

Investment Manager

A professional investment firm which has been selected by the PGC to invest the funds held in the SPP pension plan trust and is reviewed at regular intervals.

LIRA (Locked-In Retirement Account)

A locked-in type of **RRSP** offered by financial institutions approved by the Superintendent of Pensions that requires the owner to use at least 50% of the funds to provide retirement income beginning no earlier than age 50.

Normal Form

The form of pension defines how long the pension is paid for (the member's lifetime), who it is paid to (member only or jointly with a **pension partner**), and under what conditions (guaranteed terms). The normal form describes the form of pension that the benefit formula would pay and is the basis for all **commuted value** calculations.

Pension Partner

A person to whom you are married and have not been separated from for more than three consecutive years. If no such person exists, a person who has lived with you in a marriage-like relationship for three years before your pension starts, or, a person in a relationship with you of some permanence where there is a child from the relationship.

RRSP (Registered Retirement Savings Plan)

A tax-sheltered investment account that is registered with the **Canada Revenue Agency**. Retirement savings within the plan are allowed to grow tax free and are taxed when withdrawn. RRSP funds are not locked-in and can be withdrawn anytime.