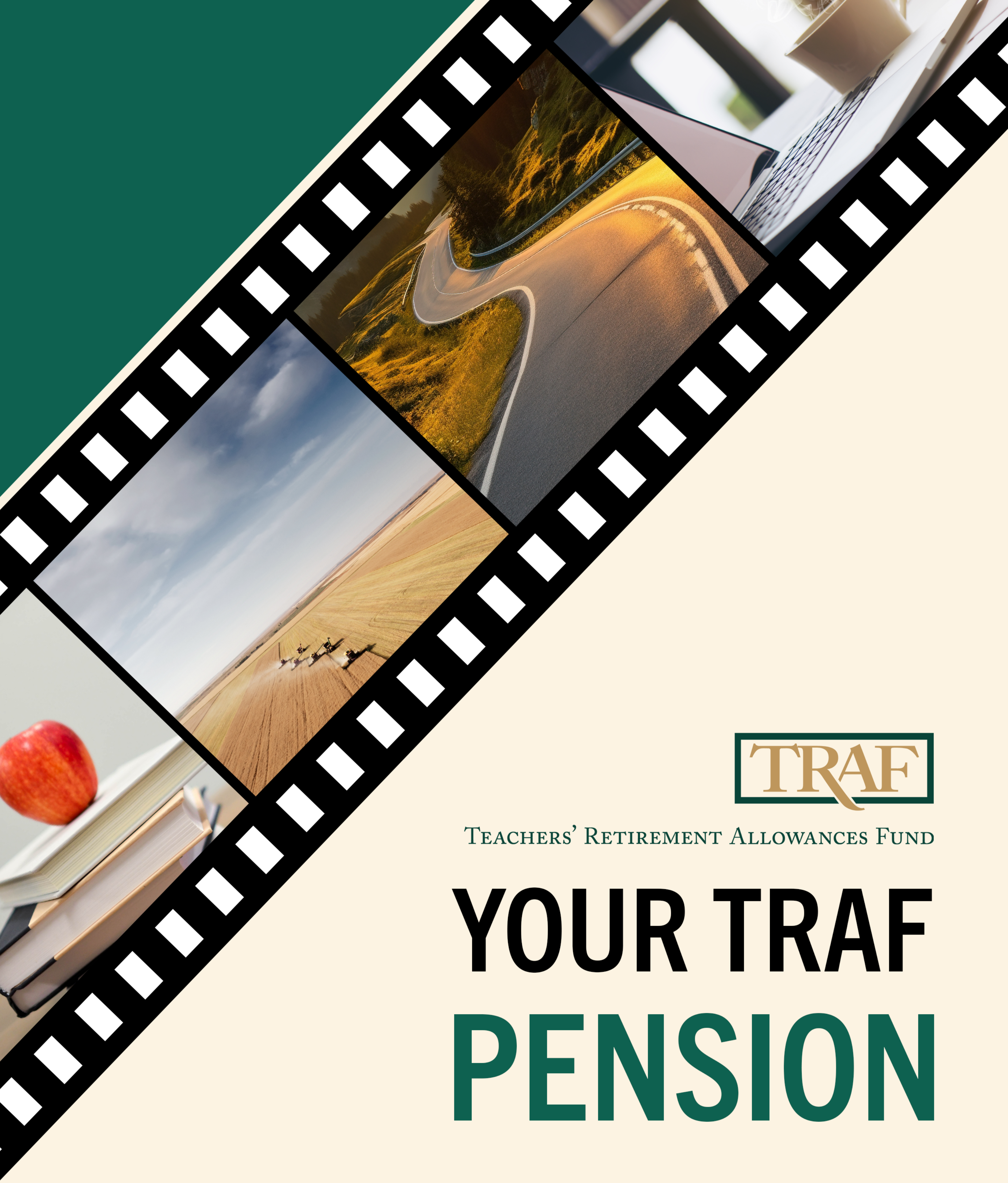


TRAF

Teachers' Retirement Allowances Fund

YOUR TRAF PENSION

CONTENTS

AN INTRODUCTION TO YOUR TRAF PENSION

Just like the scenes of a movie, your career tells a story, with each storyline leading to exciting possibilities. TRAF is here to help as you write the script for your next chapter.

Your TRAF pension is designed to provide you and your partner, if applicable, with lifetime retirement income. This booklet can help you understand how your pension works and the options available to you at any stage of your career or retirement. Although TRAF does not provide financial planning services, we are here to answer questions about your TRAF pension.

We encourage you to register for Online Services on TRAF's website at traf.mb.ca to access additional tools and information that may help you apply what you learn here to your own personal situation.

Retirement planning should begin early in your career. Since your TRAF pension represents one portion of your retirement income strategy, it is important to consider other income sources as part of your overall retirement income planning.

If you have any questions about your TRAF pension, we are available to assist you by email or phone. Please contact us at info@traf.mb.ca or 204-949-0048 or toll-free at 1-800-782-0714.

ABOUT TRAF

Established in 1925, the Teachers' Retirement Allowances Fund (TRAF) is the pension plan for public school teachers and other eligible employees in the Province of Manitoba. TRAF collects contributions from members, manages the investments of the pension plan and provides termination, retirement and death benefits to members and their beneficiaries, as outlined in *The Teachers' Pensions Act* (TPA). TRAF must also comply with provisions of other applicable legislation such as *The Pension Benefits Act* (PBA) of Manitoba and the *Income Tax Act* (ITA) of Canada.

THE BOARD

The Board is comprised of nine members appointed by the Lieutenant Governor in Council, with three from a list of nominees provided by The Manitoba Teachers' Society (MTS) and one from a list of nominees provided by the Retired Teachers' Association of Manitoba (RTAM).

The general responsibilities of the Board are to:

- Provide overall strategic direction.
- Approve matters of policy.
- Ensure the organization fulfills the investment and administrative obligations set out in the TPA and complies with the requirements of other applicable legislation such as the PBA and the ITA.

THE TEACHERS' PENSIONS ACT (TPA)

The TPA is the governing legislation of TRAF, which, together with its regulations, sets out the terms and conditions for administration of the pension plan. The Legislative Assembly of Manitoba is the only body that can modify the TPA, although certain provisions in the regulations, such as contribution rates, may be changed by the Lieutenant Governor in Council. Any concerns with the rules governing the pension plan should be raised with MTS, the organization that represents teachers. In turn, MTS may choose to raise members' concerns with the Province. If the Province determines that changes to legislation are necessary, the TPA will be amended. While TRAF and MTS are two distinct and separate organizations, TRAF keeps MTS informed of its activities.

TEACHERS	MTS	PROVINCE	TRAF
Raise concerns	Lobbies for changes to rules	Makes rules	Administers rules

DEFINED BENEFIT PENSION PLAN

TRAF is a defined benefit pension plan, which means your pension is determined by a formula based on your average salary and years of pensionable service. Although the contributions you make to TRAF and the related investment earnings help to fund your pension, they do not determine the amount of pension you receive.

Chapter 1
AS YOU ENTER TEACHING

BECOMING A MEMBER

Welcome to the TRAF pension plan. As a member, you must hold a valid Manitoba teaching certificate (or limited teaching permit or letter of authority) granted by the Minister of Education and be employed by:

- A school division under a written contract authorized by *The Public Schools Act*.
- A school division as a superintendent, assistant superintendent, deputy superintendent or deputy assistant superintendent, or designated as an "eligible employee" as outlined in *The Teachers' Pensions Act* (TPA).
- The government under the Minister of Education (i.e., Department of Education), the minister responsible for universities or the government in teaching and have completed the *Election Form To Continue TRAF Membership*. (If you fall under this category, the ability to maintain membership is at your election.)
- The Manitoba Teachers' Society (MTS), the Manitoba School Boards Association (MSBA) or a school division and meet the criteria required for an "eligible employee" as outlined in the TPA.
- The Faculty of Education in a Manitoba university and have at least 10 years of qualifying service in the TRAF plan and have completed the *Election Form To Continue TRAF Membership*. (If you fall under this category, the ability to maintain membership is at your election.)

You are a "vested"[1] member the day you begin employment. This means you have an entitlement or right to the full value of your pension. You will be referred to as an active member while you accrue service and make contributions under the pension plan.

You are a "deferred" member if you terminate employment before you reach the age when you are eligible to begin your pension. As a deferred member, you no longer contribute to TRAF but still have a benefit entitlement under the plan. Eligibility for your benefit will depend on your age, service and salary. Contact TRAF for your benefit details.

[1] Applies to those who became a member on or after May 31, 2010. Different eligibility rules for vesting may apply prior to May 31, 2010. Contact TRAF for details.

CONTRIBUTIONS

REQUIRED CONTRIBUTIONS

All full-time, part-time and term employees in a position covered by TRAF must contribute to the plan. Substitute teachers who earn more than 25% of the year's maximum pensionable earnings (YMPE)[2] for two consecutive calendar years are also required to contribute to the plan. Substitute teachers may elect to make contributions for employment prior to being required to contribute to the plan.

Your employer collects the required contributions from your salary as outlined in *The Teachers' Pensions Act* (TPA) and remits these contributions to TRAF.

A regulation under the TPA stipulates the contribution rate, which is currently set at 8.8% of all earnings up to the YMPE and 10.4% of any earnings above the YMPE.

Contributions are not required on salary above the maximum salary for which a benefit can be accrued under the *Income Tax Act* (ITA). Members receiving disability benefits are not required to contribute.

2024 TRAF contributions based on annual salary of $80,000

Earnings up to YMPE	$68,500 x 8.8%	$6,028.00
Earnings over YMPE	$11,500 x 10.4%	$1,196.00
Total annual TRAF contributions		$7,224.00

Contributions are subject to the maximum levels as outlined in the TPA.

Contributions must be deducted each pay period. Each employer that belongs to the TRAF plan may have a different payroll deduction structure, but overall the contributions are the same. For example:

- If you work as a teacher in a school division, TRAF contributions are based on the number of pensionable days paid in each pay period and, as a result, will fluctuate from month to month. Contributions will not be required in July and August.
- If you work in administration or for a different employer (e.g., Department of Education or The Manitoba Teachers' Society), contributions are based on the number of pay periods and, as a result, will not fluctuate from month to month. Contributions will be required in July and August.

[2] YMPE is the year's maximum pensionable earnings for a given year under the Canada Pension Plan (CPP). For 2024, the YMPE is $68,500. The YMPE and other limits that impact the pension formula are determined every calendar year by Canada Revenue Agency (CRA).

ADDITIONAL VOLUNTARY CONTRIBUTIONS

As a contributing member, you may choose to make tax-deductible additional voluntary contributions (AVCs), which are deducted by your employer from your salary. These contributions do not provide you with additional service but are rather like a separate retirement savings account, subject to certain limits. You can make AVCs to TRAF up to the lesser of:

- 18% of your salary, or
- the money purchase limit under the ITA,

  less your pension adjustment (before AVC contribution), calculated in accordance with the ITA.

Making AVCs this year will reduce your allowable Registered Retirement Savings Plan (RRSP) contribution room next year by the same amount.

AVCs accumulate with interest at TRAF's net rate of return (which may be positive or negative). AVCs cannot remain in the plan once your pension benefit has been paid. The balance in the account can be:

- Converted to an annuity at retirement (not eligible for cost of living adjustments) to supplement your TRAF pension.
- Used to purchase eligible service, such as substitute service or educational leaves, if applicable.
- Withdrawn as a lump sum in cash, less withholding taxes, or transferred on a tax-deferred basis to your RRSP any time before you retire.

You may increase, decrease or stop your payroll deduction at any time. To make AVCs, you will need to use the Additional Voluntary Contribution Calculator on our website to:

- Determine the amount you can contribute and apply to have AVCs deducted from your pay.
- Complete the *Additional Voluntary Contribution Application*. The application form is part of the calculator. Submit one copy of the form to your employer's payroll department and one copy to TRAF, using the secure document uploader through your Online Services account.
- Reapply each calendar year. You should also review your AVC deductions during the year if you have a significant change in earnings to ensure you do not over-contribute.

Advantages

- You can take advantage of TRAF’s comprehensive investment program and low administrative costs.
- You participate in TRAF’s investment opportunities.
- Contributions are made through payroll deduction by your employer.
- You can increase your retirement income on a tax-effective basis.

Disadvantages (compared to an RRSP contribution)

- TRAF’s investment strategy is focused on the long-term funding objectives of the pension plan and may not be consistent with your investment objectives and risk tolerance.
- With an RRSP contribution, you can tailor your investments to meet your personal investment objectives and risk tolerance, particularly as you near retirement.
- RRSP contributions are available for other uses such as the Home Buyers’ Plan and Lifelong Learning Plan.

Consult with a professional advisor to determine if making AVCs is right for you.

EXCESS CONTRIBUTIONS (50% TEST)

Upon your retirement, if your contributions after December 31, 1984 (less the amount allocated to the Pension Adjustment Account), plus interest are more than 50% of the commuted value of your pension for service after 1984, any excess contributions will be returned to you and may be:

- withdrawn as a lump sum in cash, less withholding taxes,
- transferred to your RRSP, or
- added to your pension payment as a monthly annuity.

Excess contributions are also paid on death, relationship breakdown and, in certain cases, termination.

Benefits and contributions with respect to service purchases, transfers under reciprocal agreements and periods while receiving disability benefits are excluded.

EMPLOYER CONTRIBUTIONS

The Province of Manitoba is responsible for the employer share (approximately half) of your pension. School divisions and other employers do not make contributions to TRAF.

LOCK-IN RULES

The value of your pension and your contributions are "locked in"[3] when you become a member. If you leave the plan before reaching retirement age, you will be entitled to a pension as early as age 55. The amount of your benefit is based on the date you terminate your contract with your employer, your service and your age.

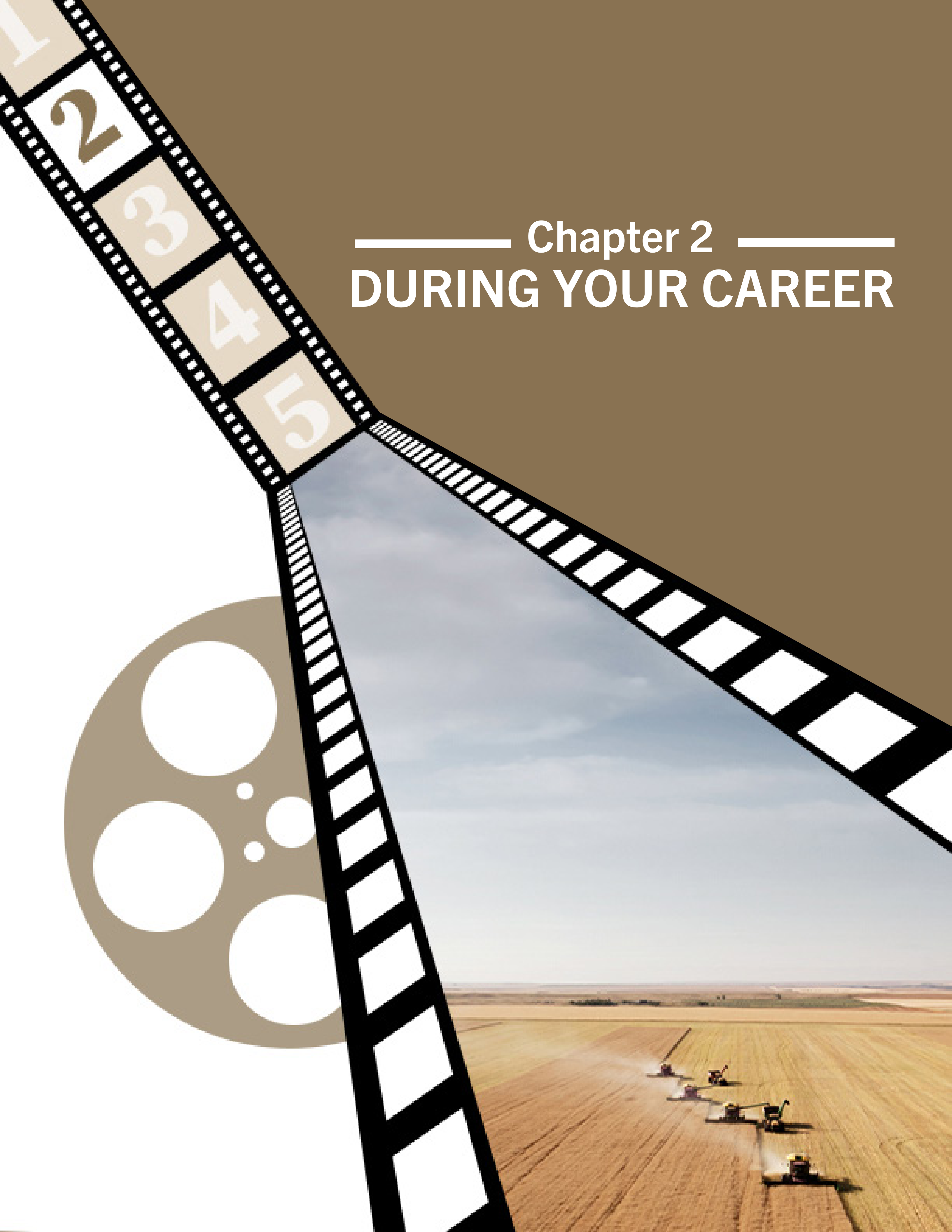
UNLOCKING SMALL BENEFITS

If the commuted value of your pension at termination is below 20% of the year's maximum pensionable earnings (YMPE) or if your annual pension at normal retirement age is not more than 4% of the YMPE, the commuted value is considered unlocked and must be refunded (less tax) or transferred to a Registered Retirement Savings Plan (RRSP).

Other rules may apply if you left the plan before May 31, 2010. Contact TRAF for more details.

[3] Applies to those who became a member on or after May 31, 2010. Different eligibility rules for locking in may apply prior to May 31, 2010. Contact TRAF for details.

Chapter 2
DURING YOUR CAREER



DEFINITIONS OF KEY TERMS

Your pension is determined by your years of pensionable service and qualifying service and your pensionable salary.

PENSIONABLE SERVICE

Pensionable service starts to accumulate when you begin contributing to TRAF and determines the amount of pension you will receive. Pensionable service is the actual time spent working full time, part time or under a term contract or in receipt of certain group disability benefits, and is credited on a daily basis. It includes:

- Employment as a teacher, clinician, principal or superintendent in a Manitoba public school division, including fully or partially paid personal leave and sick days.
- Employment with a school division, The Manitoba Teachers' Society (MTS) or the Manitoba School Boards Association (MSBA) as an "eligible employee" as outlined in *The Teachers' Pensions Act* (TPA).
- Employment with the Department of Education, the Faculty of Education in a Manitoba university or the government under the minister responsible for universities, if you meet all eligibility requirements and elect to participate at the time you are hired.
- Eligible purchased service.
- Substitute service in certain situations.
- Service transferred from another pension plan under a reciprocal transfer agreement.
- Time while receiving certain short- or long-term group disability benefits.
- Permit teaching.

Service that does not count includes:

- Deferred salary leaves.
- Unpaid personal and sick leaves.
- Leaves not provided for under the TPA.

If you work part time, your pensionable service will be based on the actual time worked.

QUALIFYING SERVICE

Generally, one year of qualifying service accumulates for each year of service as a member. In your final year of service, qualifying service is calculated on a monthly basis and is credited to the end of your last month of pensionable service.

Qualifying service determines:

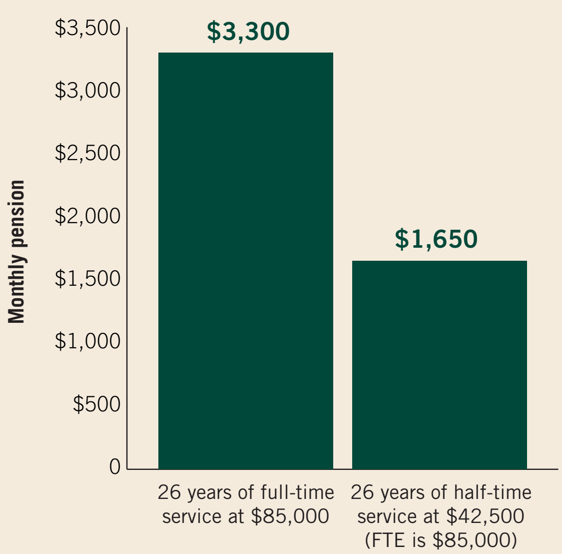
- Whether you are eligible to receive a reduced or unreduced pension.
- The amount of early retirement penalty (ERP).
- The amount of offsetting bridging benefit.

PENSIONABLE SALARY

The salary used to determine your final average is your annual contractual rate as provided by your employer, which:

- Includes certain administrative allowances.
- Excludes pre-tax benefits, car allowance and summer or night school earnings.
- Includes "deemed" salary while receiving disability benefits.

TRAF will always use the full-time equivalent salary in your final average. If you are working part time, your average salary would be the same as if you were working full time.



Part-time teaching

Nadia teaches half time and earns $42,500. Her full-time equivalent (FTE) contractual salary is $85,000. She has accumulated 26 years of qualifying service and 13 years of pensionable service. As a half-time teacher, Nadia is credited with the full-time equivalent salary rate. She accumulates half the pensionable service of a full-time teacher and will be paid half the pension of a full-time teacher at the same rate of pay.

PENSION ELIGIBILITY AT A GLANCE

Eligibility for TRAF benefits depends on several variables such as:

- The date you terminate your contract with your employer.
- The length of your qualifying years.
- Your age.

RETIREMENT AT NORMAL RETIREMENT AGE (AGE 65)

You are eligible to begin your pension the month following normal retirement age, regardless of the length of your service.

If you have less than 15 years of qualifying service, you must terminate your contract with your employer.

If you have 15 or more qualifying years, you can start your pension without terminating your contract.

RETIREMENT BEFORE NORMAL RETIREMENT AGE (EARLY RETIREMENT)

You must terminate your contract with your employer in order to start your pension.

If you have less than 10 years of qualifying service, you are eligible for an unreduced pension at age 65 (i.e., normal retirement age). Alternatively, you can apply for an actuarially equivalent pension payable as early as age 55.

If you have 10 or more years of qualifying service, you are eligible for a pension as early as age 55.

Different rules may apply if you terminated your contract with your employer before May 31, 2010.

RETIREMENT AFTER NORMAL RETIREMENT AGE (POSTPONED RETIREMENT)

If you decide to postpone your retirement and continue working after age 65, the following rules apply:

- If you have **less than 15 years of qualifying service**, you are required to continue to contribute to TRAF until you accumulate 15 years or until the end of the year in which you turn age 71, if earlier.
- If you have **at least 15 years of qualifying service**, you can choose one of the following options and you must complete an *Age 65 Election* in advance of your 65th birthday to advise TRAF of your decision:

- You are entitled to receive your pension the month following your 65th birthday without terminating your contract. You are no longer required to make contributions.
- Alternatively, you may choose not to receive your pension. You will continue to make contributions and accrue pensionable service. The latest you can contribute to TRAF and accrue pensionable service is the end of the year in which you turn age 71.

You must complete an *Age 65 Election* in advance of your 65th birthday to advise TRAF of your decision.

> You must terminate your employment contract (unless you are age 65 with at least 15 years of qualifying service) and submit your pension application before your pension starts. **A late application will result in lost income since pensions are not paid retroactively.**

If you are employed but not contributing to TRAF (e.g., you are employed in a private school), you are eligible to start your pension if you are at least age 55, have registered for Online Services and submitted your pension application to TRAF. You will lose pension income if you do not apply on time.

Because eligibility rules are complex, we suggest you contact TRAF to confirm when you are eligible to start your pension.

CALCULATING YOUR TRAF PENSION

Your TRAF pension is a defined benefit pension and is determined by a formula based on your average salary and years of pensionable service.

Your pension formula is based on your years of pensionable service and your average salary during the best five years of the final 12 years of service. A seven-year average salary is used for service prior to July 1, 1980.

PENSION FORMULA

The pension formula is based on the lesser of A or B:

A. Years of pensionable service prior to July 1, 1980 x 2% x average salary of best seven of the final 12 years of service **PLUS** years of pensionable service on and after July 1, 1980 x 2% x average salary of best five of the final 12 years of service

   less

   Years of pensionable service from January 1, 1966 but prior to July 1, 1980 x 0.6% x average salary up to the year's maximum pensionable earnings (YMPE) in the same seven-year period **PLUS** years of pensionable service on and after July 1, 1980 x 0.6% x average salary up to the YMPE in the same five-year period.

B. 70% of your weighted average annual salary in the seven- and five-year periods used above.

More than 35 years of pensionable service is needed to attain the 70% maximum pension. All pensions are subject to maximums as required by *The Teachers' Pensions Act* (TPA) and the *Income Tax Act* (ITA).

If you have no service prior to July 1, 1980, or if you already converted that service to a five-year average, your pension formula is based on the average salary of the best five of the final 12 years.

Pension formula

Ananya retired in June 2023 with 28 years of pensionable service and a five-year average salary of $90,000.

Based on the pension formula, she receives a monthly pension of $3,349.22 as follows:

28 years x 2% x $90,000	$	50,400.00
(less) 28 years x 0.6% x $60,770[4]	$	10,209.36
	$	40,190.64 (A)
70% maximum ($90,000 x 70%)	$	63,000.00 (B)
Lesser of (A) and (B): Annual pension	$	40,190.64
Monthly pension (Plan A)	$	3,349.22

[4] Five-year average YMPE.

ADJUSTMENT DUE TO EARLY RETIREMENT (WITH AT LEAST 10 YEARS OF QUALIFYING SERVICE)

Early retirement penalty (ERP)

If you retire and commence your pension before age 60, and your age and qualifying years of service add up to less than 80, legislation applies a lifetime ERP to your pension for any service after 1991.

The penalty is the lesser of ¼ of 1% for each month you retire before age 60, or ¼ of 1% for each month the combined age at retirement plus qualifying service is less than 80.

To offset this reduction, you will receive a bridging benefit.

If you retire and commence your pension at age 60 or older, an ERP will not be applied to your pension.

Bridging benefit

The bridging benefit is the actuarial equivalent of your ERP. It is paid to you monthly as a supplement to your TRAF pension from retirement until age 65 or your death, whichever comes first.

At age 65, your monthly TRAF pension payment will decrease by the amount of this benefit, including the cost of living adjustments that have been granted on the benefit.

ERP and bridging benefit

Mark retired at age 55 with a lifetime ERP of $40 per month and a bridging benefit of $73 per month which will be paid until age 65 or until he passes away, whichever happens earlier. At age 65, his monthly pension is reduced by the $73 bridging benefit plus the cost of living adjustments granted on this amount for the rest of his life.

ADJUSTMENT DUE TO EARLY RETIREMENT (WITH LESS THAN 10 YEARS OF QUALIFYING SERVICE)

If you retire and commence your pension before age 65 with less than 10 years of qualifying service, your pension will be adjusted to the actuarial equivalent of the pension that would have been payable at age 65.

If you retire and commence your pension at age 65, an unreduced pension will be payable. Different rules may apply if you terminated your contract before May 31, 2010.

Actuarial equivalent – Early retirement

Katherine is retiring with nine years of qualifying service. Even though she has less than 10 years, she has the option to apply for an actuarial equivalent pension before age 65. If she applies at age 55, her reduced pension would be $265 per month; her unreduced pension at age 65 would be $487 per month.

ADJUSTMENT DUE TO POSTPONED RETIREMENT

If you continue working after age 65 and continue to accrue pensionable service, your pension will be based on the greater of the accrued pension at your retirement date or the actuarial equivalent of the pension that would have been payable at age 65.

The actuarial equivalent will be determined at the time your pension commences.

Actuarial equivalent – Postponed retirement

Sergei is retiring with 28 years of service at age 69. His pension will be $3,640 which is the greater of:

a. The accrued pension based on his 28 years of service, i.e., $3,520.

b. The actuarial equivalent of his pension based on his 24 years of service at age 65, i.e., $3,640.

WHAT IS ACTUARIAL EQUIVALENCE?

Actuarial equivalence is a benefit of equal value when factors such as mortality and interest are included in the calculation. Imagine you were offered $1 per month for a year, starting today. By the end of the year, you would have $12. Now, imagine you were offered $2 per month, but you have to wait six months to start receiving it. By the end of the year, you would have $12. The two offers are "equivalent" in the sense that you would have $12 at the end of the year in either scenario. The same concept can be applied to your pension. The later you commence your pension, the higher your pension amount would have to be to achieve equivalent value. The actuarial equivalence calculations are more complicated than the example above, as factors such as mortality and interest are reflected.

MAXIMIZING YOUR PENSION

Before making any retirement decisions, learn about the options that are available to increase your pension.

Your pension formula is based on your years of pensionable service and your average salary. Increasing either of these variables may increase your pension. For example, you could increase your salary by obtaining an additional degree or an administrative position. If you have service before July 1, 1980, you can upgrade from a seven-year to a five-year average salary formula.

You can also increase your pension by adding service, for example, by purchasing eligible service, replacing refunded contributions or transferring service from another pension plan.

Purchasing or transferring eligible service is an option any time before you start your pension. Certain information must be confirmed by your employer. There are specific deadlines; generally, the sooner you purchase your service, the lower your cost will be.

> The employer you worked for at the time must be able to verify your earnings and service and, if applicable, confirm the period of leave that was granted (and why). If those records are unavailable and cannot be confirmed by your employer, you will not be eligible to purchase this service.

To find out the cost to purchase or to apply for a service transfer, you must complete the appropriate application (available through our website). Once we receive your request, we will send you the details and advise you of the impact on your pension.

PURCHASING SERVICE

We recommend that you review the following service purchases to determine if you are eligible:

- Maternity leave.
- Parental/Adoption leave.
- Substitute service.
- Educational leave.
- Reinstatement of refunded service.
- Other eligible past service such as:
    - Employment under the Minister of Education or minister responsible for universities.
    - Employment with the Faculty of Education at a Manitoba university.
    - Employment as a clinician while employed with a school division before 1981.

You can pay the cost by submitting a cheque to make a cash payment[5]. You may also have the option of making your payment(s) through a transfer of your Registered Retirement Savings Plan (RRSP) funds. RRSP transfers can only be accepted if the RRSPs are in the plan member's name. TRAF cannot accept a transfer from a LIRA/LRIF/LIF or similar vehicle from a jurisdiction outside of Manitoba.

[5] Where eligible, you may elect to make installment payments and, therefore, submit multiple payments. Restrictions apply.

Acceptable payment methods include:

- Personal cheque (may be tax deductible).
- RRSP transfer (exceptions apply).
- A transfer from your additional voluntary contribution (AVC) account.
- A transfer from another pension plan, if permitted.

If you are purchasing service, payments may be made in full or, where eligible, in installments. The installment option is only available for amounts over $1,000. Each installment payment must be at least 25% of the total cost and must be completed within four years or before the effective date of your pension, whichever comes first. Interest will be charged on any unpaid balances after 30 days of being provided cost information from TRAF. If you do not complete the payment within four years, all payments will be refunded to you in cash and without interest.

In many cases, a portion or all of the payments are tax deductible. Contact Canada Revenue Agency (CRA) to determine the deductibility of your payment.

The following sections provide general information on the eligible service purchases and transfers. Refer to our website for specific details and to download the required application forms.

Maternity leave

To purchase maternity leave, it must be granted by your employer under your collective agreement or in accordance with your employer's policies.

Payment may be made during the leave if you apply prior to the commencement of the leave. Alternatively, you can purchase the leave within 18 months from the end of your maternity leave. If your maternity leave is 17 weeks, your 18-month window starts at the end of the 17 weeks rather than at the end of your parental leave.

The cost to purchase this leave during or within 18 months from the end of the leave is based on the TRAF contributions that would have been required during the leave. Your current salary will be used to determine contributions if you elect to purchase after the leave (but within 18 months).

After 18 months, you will no longer be eligible to purchase this leave under the same formula. You have the option to purchase it as past service in the future; however, this can prove to be more expensive because you will be responsible for the full actuarial cost (member and Province share).

Parental leave (including adoption leave)

To purchase parental leave, it must be granted by your employer under your collective agreement or in accordance with your employer's policies.

Payment may be made during the leave if you apply prior to the commencement of the leave. Alternatively, you can purchase the leave within 18 months from the end of your parental leave.

The cost to purchase this leave during or within 18 months from the end of the leave is based on the following:

- The contributions that would have been required on your salary for the first 17 weeks **PLUS**
- Double the contributions that would have been required on your salary for the remainder of the parental leave.

Your current salary will be used to determine contributions if you elect to purchase after the leave (but within 18 months).

After 18 months, you will no longer be eligible to purchase this leave under the same formula. You have the option to purchase it as past service in the future; however, this can prove to be more expensive because you will be responsible for the full actuarial cost (member and Province share).

Substitute service

If you taught as a substitute teacher and did not make TRAF contributions at the time, you may purchase this service as pensionable service. Your school division must confirm the number of substitute days and the related earnings.

The cost to purchase this service depends on when you taught and when you elect to purchase the service:

- **Substitute service during the current calendar year** may be purchased based on the required TRAF contributions, if you pay before March 31 of the year following your substitute service.
- **Substitute service before the current calendar year** may be purchased based on the member share of the actuarial cost to fund the increased pension. (The Province funds the other half of the cost.)

Educational leave

To purchase educational leave, you must have:

- Been granted an educational leave by your employer.
- Attended an approved educational institution and taken a minimum of one course during your leave.
- Returned to teach under contract in a Manitoba public school or other TRAF employer on a regular recurring basis any time after the leave has ended.

If you apply to purchase this service within 18 months of returning to work in a position covered by TRAF, the cost is twice the contributions plus interest based on your salary rate after returning to work in a position covered by TRAF. If you apply after 18 months of returning to work in a position covered by TRAF, you pay the greater of:

- Twice the contributions plus interest that would have been required during the educational leave, based on your salary rate after returning to work in a position covered by TRAF.
- The actuarial cost of the increased pension (member and Province share). The Province does not provide funding.

Refunded service

If you have previously received a refund of your TRAF benefit and you have returned to a position covered by TRAF, you can reinstate your service so it will count toward your pension.

To purchase this service, you must pay the greater of:

- The original amount refunded, plus interest compounded annually from the date of the refund to the date of repayment.
- The member share of the actuarial cost to fund the increased pension.

Past service

You may apply to purchase certain other periods of past service if you have no pensionable service during the period other than with the Canada Pension Plan (CPP).

If you meet this condition and you had a valid teaching certificate during this time, legislation allows you to purchase:

- Maternity or parental leave not previously purchased.
- Service while employed under the Minister of Education or the minister responsible for universities.
- Service while employed with the Faculty of Education at a Manitoba university.
- Service as a clinician while employed by a school division before 1981.

To purchase this service, you must pay the full actuarial cost (member and Province share) to fund the increased pension. You pay the full cost with no funding by the Province.

TRANSFERRING SERVICE

Service transfer to or from another pension plan

TRAF has reciprocal transfer agreements with certain organizations including some other provincial teacher pension plans and some Manitoba public sector pension plans. The full list is available on our website.

If you have service with one of these pension plans, you may be eligible to transfer that service to TRAF so it counts toward your TRAF pension. Alternatively, if you are leaving employment in the Manitoba public school system or other employer covered by TRAF, you can also transfer your TRAF service to your new employer's pension plan. Transferring your service into one plan may be beneficial because it:

- Combines two smaller pensions into one.
- Helps you meet eligibility rules with your new plan.
- Reduces or eliminates early retirement penalties.
- Provides you with a larger pension by allowing the service from both plans to be based on potentially higher salaries in the new plan.

You are eligible if:

- There is a reciprocal transfer agreement with TRAF.
- You have at least 20 days of pensionable service in the plan you are transferring to.
- You are not receiving a pension from the plan you are leaving or the plan you are transferring to.

Outstanding issues such as relationship breakdown settlements and service purchases must be finalized before the transfer can take place.

The transfer amount is based on several variables such as the salary you are earning, the plan formula and the assumptions used by each plan. Differences in these variables may result in less service credited to you than the actual amount of service you had in your previous plan.

The plan you are transferring to will provide you with details including the amount of the transfer and the effect the transfer has on your pension.

> If you transfer your TRAF service to another plan, return to TRAF and then request a service transfer back to TRAF, you may not receive full credit for your original TRAF service.

You can access the *Service Transfer Application* directly through our website. Applications must be completed to obtain values and details. Generally, transfers can take up to one year to complete.

Service transfer to TRAF

Barry moved to Manitoba after teaching in Ontario for eight years. When he applied to transfer his Ontario service to TRAF, he was advised of a $17,500 shortage in the transfer.

This means he will receive 5.5 years of pensionable service in TRAF out of his total eight years of service in Ontario. Barry has the following options:

1. He can transfer the service from Ontario and receive 5.5 years of pensionable service and eight years of qualifying service. This will increase his TRAF pension by $480 per month.
2. He can transfer and pay the shortage of $17,500 to receive an additional 2.5 years of pensionable service. This means that his TRAF pension will increase by an additional $217 for a total increase of $697 per month.
3. Barry can cancel his application for the transfer. He can apply at a later date, any time up to his retirement. If he does not apply for the transfer, he will receive separate benefits from Ontario and Manitoba.

Chapter 3

APPROACHING RETIREMENT

PREPARING FOR YOUR RETIREMENT

Whether you decide to retire early or work longer, the earlier you start planning, the more likely you will be financially prepared for retirement.

As part of your overall retirement planning, you should evaluate and consider:

- Your retirement income, including all sources of income.
- Your desired lifestyle.
- Your expenses.
- The health and life expectancies of you and your partner, if applicable.

You should also explore the various ways of maximizing your pension and make sure you settle relationship breakdowns well in advance of your retirement date. See pages 19 and 49.

As you plan for your retirement, it is important to follow these steps:

1. REVIEW YOUR PERSONAL PENSION INFORMATION ONLINE

Register for or log in to Online Services to use the pension estimator and explore how different "what if" scenarios would affect your pension. You can also access annual statements, which provide various estimated amounts (or, if your retirement date is within one year, you may call us for an estimate).

2. ATTEND RETIREMENT SEMINAR

If you are age 48 or older, you will receive an invitation from The Manitoba Teachers' Society (MTS) to attend a retirement seminar where you will receive general information about your TRAF pension. A digital presentation is also available through Online Services.

3. MEET WITH SPECIALIST

We encourage you to book an appointment with a Member Services Specialist to discuss your TRAF pension. If you are married or in a common-law relationship, we recommend that your partner attend this meeting as well.

4. CHOOSE PLAN OPTION AND DECIDE WHETHER TO INTEGRATE

When you complete your pension application, you must choose a plan option and decide whether you want to integrate. See pages 28 and 38.

These decisions should not be taken lightly as they cannot be changed once you receive your first pension payment. This is a personal decision that should fit your specific situation.

It is quite likely that your TRAF pension represents only a portion of your retirement income. As part of your planning, you should know the amount you will receive from all sources of your retirement income as well as your expected expenses.

TRAF does not provide financial planning services, but we are available to answer questions about your TRAF pension. We recommend that you consult a professional advisor as you prepare for your retirement.

You should also be aware of the tax payable on all sources of income. If your partner is in a lower tax bracket, you may wish to consider splitting your pension income when filing your taxes. Consult with your professional advisor for further information.

GOVERNMENT-SPONSORED PROGRAMS

You may apply for benefits under the federal government beginning as early as age 60 for the Canada Pension Plan (CPP) and age 65 for Old Age Security (OAS). Depending on your income, you may also be eligible for the government supplement.

Contact CPP or OAS directly to determine when you are eligible and how much you can expect to receive.

PLAN OPTIONS

Selecting a plan option is one of the most important decisions you will have to make before your pension starts and it should be based on your personal situation.

Consider all factors before making your selection. For example:

- What are the life expectancies for you and your partner?
- What other sources of income will you have while you and your partner are alive and after one of you has passed away?
- What are your financial commitments (e.g., paying a mortgage, supporting children in university or caring for other dependants, etc.)?
- Will your income and expenses change during your retirement?
- What kind of lifestyle do you want? (Do you expect to travel or pursue a hobby?)
- Do you expect your health and medical expenses to increase during retirement?

The amount of pension you receive when you retire and the amount left to your beneficiary(ies) in case of your death will vary depending on the plan selected.

If you are single, Plans A and B are available to you. If you are married or living common-law, and you and your partner are cohabiting in a conjugal relationship at the time of your retirement, Plans A to H are available to you.

> **Common-law:** You are living common-law if you have officially registered your relationship under *The Vital Statistics Act* and neither person is married; you have been living with your partner for one year and neither person is married; or you have been living with your partner for three years if either person is married.

If you have a partner, you must choose Plan D unless your partner signs an authorization located on the pension application. Plan D is the legislated form of pension for a married/common-law member under the TRAF plan. If the survivor pension payable to your partner is less than 60%, an additional waiver will be required. Your partner may revoke the authorization and waiver by contacting TRAF in writing any time prior to your retirement.

> Once your pension starts, you cannot change your plan option and you cannot name a new beneficiary(ies) under Plans C to H, even if you remarry, enter a common-law relationship or experience a relationship breakdown.

In all cases, if the pension payments made to you, your partner and your beneficiary(ies), if applicable, total less than your contributions plus interest at your retirement date, the difference is refunded to your estate or beneficiary(ies). You may wish to designate a contingent beneficiary(ies) for this purpose. Your contributions and interest are generally paid out within eight to nine years of collecting pension.

To avoid pension overpayment, it is important that TRAF be informed as soon as possible when a death occurs, even if your partner or beneficiary(ies) passes away before you.

The amount payable under each plan option is based on actuarial factors, which change periodically.

PLAN A: ORDINARY LIFE

You will receive the full base pension until you pass away with no continuing pension to your estate or beneficiary(ies). Plan A is considered the standard form of pension for a single member.

> If your base pension is $2,500 per month, you receive the full amount of $2,500 per month for the rest of your life. When you pass away, your pension ends.

Why would I choose this option?

This plan pays the highest monthly pension for your lifetime and is not affected by your partner's death.

- You are single with no dependants.
- Your partner has a shorter life expectancy.
- Your partner is financially secure.
- You are in good health.

What should I take into consideration?

A monthly payment will not be provided to your partner or beneficiary(ies) after your death.

PLAN B: 10 OR 15-YEAR GUARANTEE

You will receive a reduced pension for your lifetime. The pension payment is guaranteed for 10 or 15 years from your retirement date. If you pass away before the end of the 10- or 15-year guarantee period, the monthly pension continues to your beneficiary(ies) or estate for the remainder of this period only.

Otherwise, the monthly pension continues for your lifetime, even if you live beyond the guarantee period.

> If you are age 55 and select Plan B: 10-Year Guarantee with a base pension of $2,500 per month, you receive $2,494 per month for the rest of your life. If you pass away during the first 10 years, your beneficiary(ies) receives the same amount for the remainder of the 10 years.

Why would I choose this option?

- You are single with dependants.
- If you pass away within the guarantee period of 10 or 15 years, your beneficiary(ies) or estate will receive the same amount for the remainder of this period.
- This is the only option that allows you to name anyone as your beneficiary(ies) and change this designation any time during the guarantee period.
- If your partner has a shorter life expectancy, it guarantees your pension will not change if they pass away. It also provides protection for your partner if you pass away during the first 10 or 15 years.
- If you marry or live common-law during your retirement, it provides an option to leave income to your new partner during the guarantee period, as you can change your beneficiary(ies) any time.

What should I take into consideration?

- You are receiving slightly less pension than you would under Plan A.
- A monthly payment will not be provided to your partner or beneficiary(ies) if you pass away after the end of the guarantee period of 10 or 15 years.

For plans C to H:

- "Last survivor" refers to you or your partner.
- "Beneficiary(ies)" refers to your partner only.

PLAN C: FULL TO LAST SURVIVOR

You will receive a reduced pension for your lifetime. On the death of either you or your partner, the pension continues in the same amount to the last survivor for life.

> If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,351 per month for life. On the death of **either you or your partner,** the benefit remains at $2,351 per month to the last survivor for life.

Why would I choose this option?

- This is the only plan that allows you to leave the full pension to your partner after your death. This may be important if your partner has no pension income. It also provides you with the full pension if your partner passes away.
- The pension remains the same no matter who passes away first. This may be critical if you have dependants or financial commitments.

What should I take into consideration?

- With Plan C, you will receive the lowest amount of monthly pension.
- If your partner is significantly younger, the pension will be lower than the amounts payable under other plan options because the pension will likely be paid for a longer period of time.

PLAN D: 2/3 TO LAST SURVIVOR

Depending on the age of your partner, you may receive more or less than the base pension. On the death of either you or your partner, the pension reduces to two-thirds and is paid to the last survivor for life.

If you have a partner, you must choose Plan D unless your partner signs an authorization located on the pension application. Plan D is the legislated form of pension for a married/common-law member under the TRAF plan. If the survivor pension payable to your partner is less than 60%, an additional waiver will be required. Your partner may revoke the authorization and waiver by contacting TRAF in writing any time prior to your retirement.

> If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,455 per month. On the death of **either you or your partner**, the benefit reduces to $1,637 per month and is paid to the last survivor for life.

Why would I choose this option?

- This plan provides a higher initial pension than Plans C and G, while still providing two-thirds of the pension to the survivor.
- If your monthly pension is high, a reduction to two-thirds may still be sufficient income for the survivor.
- This plan provides an equal TRAF pension for you and your partner, regardless of who passes away first.
- You plan to rely on other sources of income in addition to your TRAF pension.

What should I take into consideration?

- If your partner passes away before you, your pension reduces to two-thirds. As a result, you are responsible for notifying TRAF if your partner passes away first to avoid a pension overpayment.
- This plan may not meet your income needs if you expect your TRAF pension to be the main source of your retirement income.

PLAN E: 1/2 TO LAST SURVIVOR

Depending on the age of your partner, you may receive more or less than the base pension. On the death of either you or your partner, the pension reduces to half and is paid to the last survivor for life.

> If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,512 per month. On the death of **either you or your partner,** the benefit reduces to $1,256 per month and is paid to the last survivor for life.

Why would I choose this option?

- This plan provides a higher initial pension than Plans C, D, F and G, while still providing half of the pension to the survivor.
- You will have other sources of income in retirement.
- You expect to receive a large amount of money such as an inheritance.

What should I take into consideration?

- If your partner passes away before you, your pension reduces to half.
- This plan provides an equal TRAF pension for you and your partner, regardless of who passes away first.
- This plan may not meet your income needs if you expect your TRAF pension to be the main source of your retirement income.

PLAN F: 1/2 TO BENEFICIARY

You will receive a reduced pension for your lifetime. If your partner passes away before you, your monthly pension will not change. However, if you pass away before your partner, your pension reduces to half and is paid to your partner for life.

> If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,424 per month for your lifetime. If your partner passes away, your pension remains at $2,424 per month. If you pass away, your partner receives $1,212 per month for life.

Why would I choose this option?

- Your pension remains unchanged if your partner passes away first.
- Your partner does not need the full pension, but you still want to leave them some additional income.

What should I take into consideration?

- This plan only leaves half the pension to your partner, so it may not be ideal if you have dependants or financial commitments.
- If you have a shorter life expectancy, you should consider your partner's sources of income if you pass away first.

PLAN G: 2/3 TO BENEFICIARY

You will receive a reduced pension for your lifetime. If your partner passes away before you, your monthly pension will not change. However, if you pass away before your partner, your pension reduces to two-thirds and is paid to your partner for life.

> If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,400 per month for your lifetime. If your partner passes away, your pension remains at $2,400. If you pass away, your partner receives $1,600 per month for life.

Why would I choose this option?

- Your pension remains unchanged if your partner passes away first.
- Similar to Plan D, it leaves two-thirds of your pension to your partner.
- Your partner does not need the full pension, but you still want to leave them some additional income.

What should I take into consideration?

- This plan leaves two-thirds of the pension to your partner, so it may not be ideal if you have dependants or financial commitments.

PLAN H: PERSONALIZED OPTION

If you feel plans A to G do not suit your needs, or you would like to change one slightly, you can design your own monthly plan option.

Why would I choose this option?

- If one of the existing plans is not quite right for you, Plan H allows you to adjust the levels or add a guarantee.

What should I take into consideration?

- The plan option must be acceptable under the *Income Tax Act* (ITA).

PLAN OPTION COMPARISONS

This table allows you to compare and to better understand the way each plan works.

The following assumptions have been used:

- Both you and your partner are age 55.
- The base monthly pension is $2,500.

	At retirement to:	After first death to:	
Plan option	**Plan member**	**Plan member**	**Beneficiary**
A Ordinary Life	$ 2,500	$ 2,500	$ 0
B 10-Year Guarantee	$ 2,494	$ 2,494	$ 2,494[6]
B 15-Year Guarantee	$ 2,479	$ 2,479	$ 2,479[6]
C Full to Last Survivor	$ 2,351	$ 2,351	$ 2,351
D 2/3 to Last Survivor	$ 2,455	$ 1,637	$ 1,637
E 1/2 to Last Survivor	$ 2,512	$ 1,256	$ 1,256
F 1/2 to Beneficiary	$ 2,424	$ 2,424	$ 1,212
G 2/3 to Beneficiary	$ 2,400	$ 2,400	$ 1,600

[6] To the end of guarantee period only.

INTEGRATION

When you retire, you have the option to integrate your TRAF pension with either the Canada Pension Plan (CPP), Old Age Security (OAS) or both.

The purpose of integration is to provide a more uniform amount of income throughout retirement, rather than less income initially (prior to CPP and/or OAS eligibility) and more income in later years (when CPP and OAS commence). Integration provides an opportunity to increase cash flow early in your retirement.

If you select Plan D, you must choose between joint and single life integration. Under joint life integration, the additional amounts and the reductions for CPP and/or OAS integration will reduce to two-thirds upon either your death or your partner's death, whichever occurs first. Under single life integration, the additional amounts and the reductions for CPP and/or OAS integration will stop at your death. With all other plans, integration is paid on a single life basis only.

> You must make your integration decision when you complete your pension application and your partner must consent. This decision cannot be changed once you receive your first pension payment.

WHY WOULD I CHOOSE INTEGRATION?

- Integration provides an opportunity to increase your cash flow earlier in your retirement.
- You may have higher expenses such as travel, children living at home or a mortgage.
- You may want to delay accessing your personal investments.
- It may enable you to retire earlier.

WHAT SHOULD I TAKE INTO CONSIDERATION?

- With integration, you receive an advance of your future TRAF pension. Your government benefits are paid directly by the federal government and are based on your eligibility.
- Reductions are made at age 60 and/or 65 whether or not you are eligible or apply for CPP and OAS.
- CPP and OAS benefits are not paid automatically. You must be eligible and apply to receive CPP and OAS. The rules relating to these benefits change periodically, so it is a good idea to contact CPP and OAS to confirm eligibility.
- You may receive less CPP than expected if you have been through a relationship breakdown.
- Integration increases your taxable income in earlier years.
- You may plan to work after retirement or use your Registered Retirement Savings Plan (RRSP) or other investments to supplement your income until you become eligible for CPP and OAS.

EXAMPLES

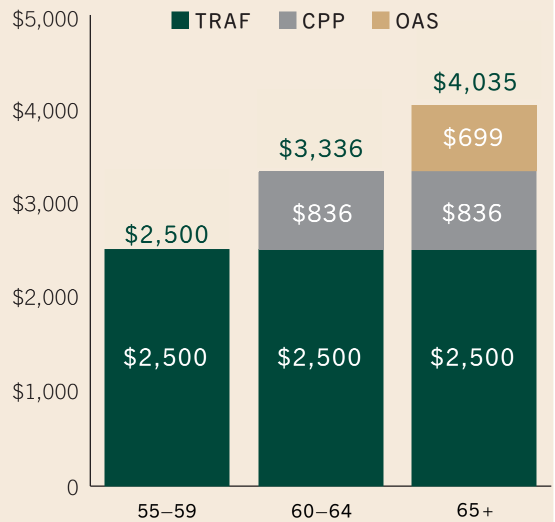
Both examples have used the following assumptions:

- You can choose to commence CPP between age 60 and age 70. These illustrations assume that you elect to start CPP at age 60. However, this may not be the optimal age to start CPP for you. And the amount you receive may be different than illustrated.
- You have the option to commence OAS between age 65 and age 70. These illustrations assume you elect to start OAS at age 65 and are eligible for the maximum OAS benefit. The amount you receive may be different.
- OAS recently changed to increase by 10% at age 75. These illustrations do not include the impact of that increase.
- Any cost of living adjustments granted would increase future pension amounts. These illustrations do not include the impact of any cost of living adjustments.

Without integration

Without integration, your retirement income increases at age 60 when CPP becomes payable, and again at age 65 when OAS starts.

Your TRAF income remains at $2,500 throughout retirement.

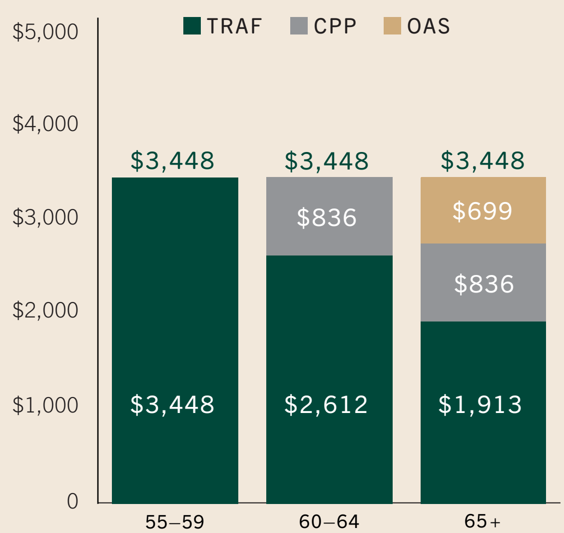


With integration

If you select integration, TRAF increases your pension payment initially and then reduces it at age 60 and 65 to account for the additional amounts that were paid to you during your earlier years.

To offset these reductions, you will receive CPP and OAS if you meet eligibility requirements and apply.

Although your TRAF income reduces twice during retirement, your overall income from the three sources combined remains the same. At age 65, your TRAF income with integration is less than if you had not integrated.



Chapter 4
APPLYING FOR YOUR TRAF PENSION

Apply for your pension at least three months before you want to receive your first payment. Complete your online pension application and submit it to TRAF along with all the required documents described below.

You must terminate your contract with your employer unless you are age 65 or older with at least 15 years of qualifying service. TRAF will request payroll information from your employer before your pension is scheduled to start, so please notify us of your intent in advance.

> Your pension application is not valid until all required documents are submitted to TRAF. **A late application will result in lost income as pensions are not paid retroactively.**

REQUIRED DOCUMENTS

PENSION APPLICATION

Complete the pension application online through Online Services at least three months prior to the date you want your pension to start, and up to 12 months in advance.

If you are married or common-law and you select a plan option other than Plan D – 2/3 to Last Survivor, or if you wish to integrate your TRAF pension with Canada Pension Plan (CPP) and/or Old Age Security (OAS), your partner will need to complete the spouse/common-law partner authorization sections of the pension application. Your partner will also be required to complete an additional waiver and/or consent form.

PROOF OF AGE

We require proof of your age, which can include a copy of your birth certificate, valid Canadian passport, baptismal certificate or citizenship papers. If you choose Plans C through H, we also require proof of age for your partner.

Original or certified copies are not required. However, TRAF reserves the right to request original or certified copies.

AUTHORIZATION AND WAIVER (For those with a partner)

If you are married or common-law and you select a plan option other than Plan D – 2/3 to Last Survivor, or if you wish to integrate your TRAF pension with CPP and/or OAS, your partner will need to complete the spouse/common-law partner authorization sections of the pension application.

In addition, *The Pension Benefits Act* (PBA) requires a minimum pension of 60% be paid to a spouse/common-law partner on the member's death. If you select a plan option that provides less than 60% to your partner (i.e., Plan A, B, E, F or H, if applicable), your partner must waive the minimum requirement by completing and submitting to TRAF *Form 5A – Waiver of 60% Joint Survivor Pension*, within 60 days prior to your pension effective date. TRAF will provide this form directly to your partner by mail at that time.

If the pension application is not signed by your partner or the required waiver is not completed and submitted within the prescribed time limit, your pension will default to Plan D – 2/3 to Last Survivor without integration.

Your partner may revoke the authorization and waiver at any time before your pension commences by providing written notice to our office.

CONSENT FOR INTEGRATION (For those with a partner)

If you are married or common-law and you wish to integrate your pension with CPP and/or OAS, in addition to completing the authorizations on the pension application, the PBA requires that your partner provide consent by completing and submitting *Form 5B – Consent for Integrated Pension.*

TD1 FEDERAL AND PROVINCIAL PERSONAL TAX CREDIT FORMS

TRAF will determine the amount of tax to be deducted from your pension in accordance with the *Income Tax Act* (ITA) and applicable provincial legislation. The tax deduction is based on the information you provide on your TD1 tax forms. If you have income from other sources, you may want to increase the amount of tax withheld from your pension payments by indicating the amount on your TD1 forms.

If you permanently reside outside of Canada, you will need to provide TRAF with a completed federal TD1. TRAF will deduct the required amount of tax in accordance with your country of residence.

BANKING INFORMATION

A void cheque or a letter from your Canadian bank or credit union is required to deposit your TRAF pension directly into your account.

> Your application process may be delayed if you do not provide all the required documents.

WHAT HAPPENS NOW?

Within 30 days of submitting the completed documents to our office, you will receive confirmation of your application along with a copy of your most recent retirement statement.

In addition, if you selected a plan option other than Plan D – 2/3 to Last Survivor, or if you decided to integrate your pension with Canada Pension Plan (CPP) and/or Old Age Security (OAS), your partner will also receive a copy of the confirmation letter and the most recent retirement statement. Your partner has the right to revoke the waiver or consent, which was completed along with your application, any time before your pension starts.

Before your pension begins, TRAF will contact your employer to verify your final term earnings and service.

Once your pension is processed, a letter will be posted to your Online Services account confirming the details of your monthly pension, including your plan option, gross amount, deductions and net deposit.

PENSION PAYMENT DATE

Your pension is automatically deposited to your bank account on the last banking day of each month.

DEDUCTIONS

- TRAF will determine the amount of withholding tax based on the TD1 forms you submitted with your application. Generally, the average tax rate is between 18% and 22%. If you live outside of Canada, you will be taxed a flat percentage based on the agreement between Canada and the country in which you reside. Contact our office or Canada Revenue Agency (CRA) for more information. A T4A or NR4 will be posted to your Online Services account by the end of February each year. A copy will also be mailed to your address.
- Adjustments required for any member required contribution shortage or excess, if applicable, will be made to your first pension payment.
- Retired Teachers' Association of Manitoba (RTAM) membership fees will be deducted if requested. You can find more information about RTAM, including the group insurance benefits provided by Johnson Inc. and available to RTAM members on their website. Although TRAF does not administer these healthcare benefits, Johnson Inc. premiums may be deducted from your pension payment or paid through pre-authorized debit. Contact Johnson Inc. directly to apply for coverage and for further details.
- If you are eligible for Manitoba Blue Cross coverage, and you want to continue that coverage, visit The Manitoba Teachers' Society (MTS) website for more information. TRAF does not administer healthcare benefits.

WELCOME TO RETIREMENT PUBLICATION

The *Welcome to Retirement* publication outlines what you need to know about your TRAF pension throughout your retirement. You can review it by logging in to your Online Services account and reviewing your first pension letter, or check our website for updated information.

CONTRACT SETTLEMENT AFTER PENSION STARTS

If your employer settles a contract covering a period of employment prior to your retirement, your employer will deduct contributions on the retroactive amount. Your pension will be recalculated using the increased salary, and your adjusted pension will be paid retroactive to the effective date of your pension. TRAF will analyze the contributions to ensure the correct contributions were deducted. Any shortage in contributions will be collected and any overage in contributions will be refunded accordingly. Depending on when the information is sent to TRAF, it can take months to adjust your pension.

COST OF LIVING ADJUSTMENTS (COLA)

TRAF may grant an annual cost of living adjustment (COLA) to the extent that it can be funded by a designated account known as the Pension Adjustment Account (PAA). COLA payments are meant to partially offset inflation.

Since 1977, all member contributions have been divided into two accounts. The majority goes into the "basic" account that pays pensions. The balance goes into the PAA which funds half the COLA. The other half of the COLA is paid by the Province.

WHAT IS INFLATION AND CPI?

Inflation is the general increase in the price of goods and services in an economy, and the Consumer Price Index (CPI) is one way that inflation can be measured.

The CPI represents changes in prices as experienced by Canadian consumers. Statistics Canada measures price changes by comparing, through time, the cost of a fixed basket of goods and services that most Canadians purchase, based on its biennial Survey of Household Spending.

HOW DOES INFLATION IMPACT YOUR COLA?

COLA is based on the amount that can be supported by the PAA and is not directly related to the level of inflation, except to the extent that CPI limits COLA in any particular year. As a result, the annual COLA could be significantly below the corresponding level of inflation.

The long-term average COLA could also be significantly below the corresponding level of inflation.

HOW MUCH COLA SHOULD I EXPECT?

Projection analyses conducted by our plan actuary indicate that an average annual COLA of approximately 0.91% could be granted over the next 20 years (subject to annual fluctuations and the CPI limit[7]). While 0.91% is a very precise estimate, it is nevertheless an estimate – it could be higher or lower by a meaningful amount.

As the Bank of Canada targets inflation in the range of 1% to 3% per annum (and inflation has exceeded this range in recent years), we can state with certainty that there is no expectation that COLA will provide full inflation protection. In fact, it could be much less, depending on how inflation evolves.

Over the 20-year period from 2004 to 2023 inclusive, the average COLA was 0.97% (close to our estimate), while the average CPI increase was 2.10% (close to the mid-point of the Bank of Canada range). Therefore, COLA was under 50% of CPI for this 20-year period.

Going forward, the projected COLA of 0.91% per year would be approximately 46% of inflation if CPI averages 2% per year, the mid-point of the target inflation rate of the Bank of Canada. If inflation is higher, COLA would represent an even smaller proportion of CPI.

> TRAF pensioners should expect and plan for their TRAF pension to lose purchasing power over time.

[7] Based on January 1, 2021 projection valuation of the PAA.

WHAT SHOULD I DO?

The first thing to do is fully understand how COLA works and what the expectations are for your pension. You can then plan your financial affairs accordingly. While this is very much a personal issue, if you want your purchasing power to keep up with inflation throughout your retirement, you will have to plan for additional savings or consider other options.

HOW CAN I KEEP MY INCOME IN LINE WITH INFLATION?

Inflation, as measured by CPI, causes each dollar to lose its purchasing power over time. To maintain your ability to purchase the things you need and want in retirement, you could consider:

- Savings for retirement in addition to your TRAF pension.
- Working longer.
- Ways to make additional income during retirement.
- A budget where you spend less money.
- Consulting a professional advisor to develop a personal plan.

The amount of savings required to maintain your purchasing power will depend on your goals and personal circumstances.

> **CPP and OAS**
>
> When planning for retirement, you should also consider other sources of income such as government pensions – Canada Pension Plan (CPP) and Old Age Security (OAS).
>
> Both CPP and OAS increase after retirement at 100% of the CPI, which means they are fully indexed and will not lose purchasing power.

WILL MY PENSION INCREASE BY THE PERCENTAGE OF COLA GRANTED?

While TRAF reports a single COLA percentage, not every recipient receives this exact percentage. There are detailed rules in the legislation which, while intended to be equitable, may result in your COLA being different than the COLA percentage granted. Here are some examples.

If you are newly retired

Your first COLA, when granted, will begin with your 13th pension payment. To receive a full COLA, you must have received pension payments for 18 months prior to that COLA being granted. Otherwise, the COLA will be pro-rated based on the number of months you received a pension.

If you chose a plan option other than Plan A – Ordinary Life

COLA is based on your Plan A pension amount, regardless of the form of pension you elected at retirement. Plan A pays the full base pension for a lifetime with no survivor or guaranteed benefits payable after the member passes away. As a result, your effective COLA percentage could be higher or lower than the COLA percentage that was granted.

If you are receiving a survivor pension

COLA will continue for any plan option that provides ongoing pension payments after the death of a member. However, the beneficiary(ies) is only entitled to two-thirds of the COLA payment – that includes the cumulative COLA from the date your pension started to the present date, as well as for future COLA granted. This is true regardless of the plan option chosen at retirement.

COLA on death – Example

When Joe retired, he selected Plan C – Full to Last Survivor which provided him with a pension of $2,500 per month. He also receives $259 in COLA for a current total monthly payment of $2,759.

This is how the pension is impacted if either Joe or his partner Linda passes away.

	Joe's initial pension	If Linda passes away first, Joe receives	If Joe passes away first, Linda receives
Basic monthly pension amount Plan C – Full to Last Survivor	$ 2,500	$ 2,500	$ 2,500
Accumulated COLA amount	$ 259	$ 259	$ 173
Gross amount	**$ 2,759**	**$ 2,759**	**$ 2,673**

IS COLA GUARANTEED?

No. There is no guarantee that a COLA will be granted every year. In addition, future COLA is considered an ancillary benefit under *The Pension Benefits Act* (PBA), meaning that it can be modified at the discretion of the Province of Manitoba as plan sponsor.

Chapter 5

LIFE EVENTS CAN AFFECT YOUR PENSION

If you experience any of these life events, it is important that you contact TRAF promptly as they may affect your pension.

ENTERING A MARRIAGE OR COMMON-LAW RELATIONSHIP PRIOR TO RETIREMENT

Under legislation, your married or common-law partner is entitled to certain benefits, including:

- Plan D – 2/3 to Last Survivor plan option at retirement (if cohabiting in a conjugal relationship at the time of retirement) unless waived.
- Pre-retirement survivor's benefit (if cohabiting in a conjugal relationship at the time of death) unless waived.
- If the relationship breaks down, up to half of the pension earned between the date the relationship started and the date of separation. The options available and the percentage that can be divided will depend on your separation date and whether it occurs before or after your pension commences.

You are living common-law if:

- You have officially registered your relationship under *The Vital Statistics Act* and neither person is married, or
- You have been living with your partner for one year where neither person is married, or
- You have been living with your partner for three years if either person is married.

MARRIAGE/COMMON-LAW RELATIONSHIP BREAKDOWN

If you and your partner have separated, it is important to contact TRAF promptly for information on how your pension may be affected. A delay in settling your relationship breakdown can delay your pension.

If the separation is permanent, your former partner may be entitled to up to half of the pension earned between the date the relationship began and the date of separation. The options available and the percentage that can be divided will depend on your separation date and whether it occurs before or after your pension commences.

We encourage you to seek legal advice regarding your family law entitlements, and financial advice regarding the implications of a relationship breakdown to your pension. Consult your lawyer to ensure you have the proper documentation.

HOW TO START

Complete a *Marriage/Common-Law Breakdown Calculation Request* and send it to TRAF. Once received, we will calculate the pension earned during your relationship. You and your former partner will each receive a statement outlining your former partner's entitlement, the impact on your pension and information on the available settlement options.

If you have a separation agreement, court order or other documents relating to your relationship breakdown, we request you forward copies to us as soon as possible, as they are required before any payment can be made.

IMPACT OF SEPARATION DATE

The options available and the percentage that can be divided will depend on your separation date and whether it occurs before or after your pension commences.

If your separation date is prior to October 1, 2021, the available options include not dividing the pension, dividing 50% of the pension or potentially dividing the net difference between your and your former partner's pension.

If your separation date is on or after October 1, 2021, there is additional flexibility as you and your former partner may decide to not divide the pension or specify the percentage to be divided, up to a maximum of 50%.

If your separation date is before your pension starts, you and your former partner may choose to divide the commuted value of pension accrued during the relationship, and your former partner will receive their portion as a lump sum. If a division occurs, your pension at retirement will be reduced by up to half of the pension that accrued during the relationship including an adjustment for cost of living adjustments (COLA) between the date of separation and the date your pension starts.

If your separation date is after your pension starts, you and your former partner may choose to divide the portion of the pension accrued during the relationship, and each will receive a share of the monthly pension. The monthly share cannot be converted to a lump sum commuted value.

BEFORE RETIREMENT

Separation date before October 1, 2021

Options

1. Upon receipt of the required documents, your former partner can apply for a 50% share of the pension, which must be transferred to one of the following:
    - A locked-in retirement account (LIRA).
    - A life income fund (LIF).
    - A pension plan, other than TRAF, in which your former partner is a member, if it will accept such a transfer.
    - A pooled registered pension plan.

If you and your former partner decide to divide, we will require one of the following:

- A court order under *The Family Property Act* or a written agreement between the parties indicating family assets have been divided.
- A court order from another province or territory in Canada requiring the division of the pension or pension benefit credit.
- An order of the Court of King's Bench requiring the division of the pension or pension benefit credit in the case of a common-law relationship.

If division occurs, your pension will be reduced by half the pension that accrued during the relationship, including adjustments for actuarial equivalence (if applicable), and cost of living adjustments between the date of separation and the date your pension starts.

2. If you are both members of pension plans, you and your former partner may choose to divide the net difference between pension values. You must each agree to this in writing and provide TRAF with the required documents. The options available and the impact to your pension will depend on the specifics of your personal situation.

3. You do not have to divide your pension when both parties have entered into a written agreement acknowledging that each of the parties:
   - Is entering into the agreement voluntarily and without duress, coercion or compulsion of any kind.
   - Has received independent legal advice with respect to the effect of the agreement.
   - Has received the statement from TRAF indicating the value of the plan member's pension earned during the relationship.

TRAF will require a copy of this agreement.

Separation date on or after October 1, 2021

Options

1. Upon receipt of the required documents, your former partner can apply for a share of up to 50% of the pension, which must be transferred to one of the following:
   - A locked-in retirement account (LIRA).
   - A life income fund (LIF).
   - A pension plan, other than TRAF, in which your former partner is a member, if it will accept such a transfer.
   - A pooled registered pension plan.

   If you and your former partner decide to divide, we will require one of the following:

   - A court order under *The Family Property Act* or a written agreement between the parties indicating family assets have been divided.

- A court order from another province or territory in Canada requiring the division of the pension or pension benefit credit.
- An order of the Court of King's Bench requiring the division of the pension or pension benefit credit in the case of a common-law relationship.

The written agreement or court order must:

- Specify the percentage of the pension to be divided, up to a maximum of 50%.
- Include the date the relationship began and the date of separation.
- Be filed with TRAF.

If any of the above conditions are not met, we cannot divide the pension.

If division occurs, your pension will be reduced by the specified percentage of the pension that accrued during the relationship, including adjustments for actuarial equivalence (if applicable) and cost of living adjustments between the date of separation and the date your pension starts.

2. You and your former partner do not have to divide your pension. The written agreement or court order may state that your former partner is not entitled to any percentage of the pension. TRAF will require a copy of this agreement.

Before agreeing to a division of less than 50% of the value of the pension, your former partner should seek legal advice with respect to their family law entitlements and financial advice as to the implications of agreeing to receive less than a 50% share of the pension.

AFTER RETIREMENT

If you separate after your pension starts, you and your former partner can choose to divide the pension in pay and each will receive a share of the monthly pension. The monthly share cannot be converted to a lump sum commuted value.

You and your former partner do not have to divide your pension, and for separations before October 1, 2021, there may be an option to divide the net difference if your former partner is also entitled to a pension.

If this applies to you, see the *Welcome to Retirement* booklet for more information.

OTHER IMPORTANT INFORMATION

Common-law relationship rules

The provision to divide the pension applies to common-law partners who:

- Began living separate and apart from each other on or after June 30, 2004,
- Began living separate and apart from each other after 1983 and before June 30, 2004, if a declaration was filed in respect of the relationship, or
- Were living separate and apart on June 30, 2004, but resumed cohabiting with each other for a period of at least 90 days after that day.

A common-law partner can apply to the Court of King's Bench for an order requiring a member's pension or pension benefit credit to be divided if the last common habitual residence was in Manitoba. The application must be made within three years after the common-law partner and the member last began to live separate and apart, or in the case of the member's death, within six months after the grant of probate or letters of administration, whichever occurs first.

Ensure your beneficiary(ies) designation is up to date

If you have not yet commenced your pension, check your beneficiary(ies) designation through your Online Services account and ensure that your marital or common-law relationship status and your beneficiary(ies) information are updated and accurate.

Prenuptial agreements

A prenuptial or cohabitation agreement may impact the treatment of your pension on relationship breakdown. If you entered into this type of agreement, please provide a copy to our office so we can determine if your pension will be affected.

MOVING TO ANOTHER PENSION PLAN

TRAF has reciprocal transfer agreements with certain organizations that allow the value of your pension to be transferred from one pension plan to another plan. This transfer of service may enable you to receive a higher pension or to access it earlier. If you are leaving employment in the Manitoba public school system or other employer covered by TRAF, you may transfer your TRAF service to your new employer's pension plan.

You are eligible if:

- There is a reciprocal transfer agreement with TRAF.
- You have at least 20 days of pensionable service in the plan you are transferring to.
- You are not receiving a pension from the plan you are leaving or the plan you are transferring to.

Outstanding issues such as relationship breakdown settlements and service purchases must be finalized before the transfer can take place.

The plan you are transferring to will provide you with details including the amount of the transfer and the effect the transfer has on your pension.

> If you transfer your TRAF service to another plan, return to TRAF and then request a service transfer back to TRAF, you may not receive full credit for your original TRAF service.

LEAVES OF ABSENCE

During a leave of absence, you do not contribute to TRAF, do not earn pensionable service and cannot withdraw contributions or collect your pension. There are special provisions to allow you to purchase maternity, parental, adoption and educational leave.

If you are enrolled in a deferred salary leave plan, contributions are not made to TRAF and pensionable service is not credited for the year in which the leave is taken. However, while you are deferring your salary in the years leading up to the leave, you will continue contributing to TRAF based on 100% of your gross annual salary rate and continue earning full pensionable service. If you attend an educational institution during your leave, you may be eligible to purchase this time as an educational leave, if certain criteria are met.

If you are on a leave of absence and you are over age 55, you may be entitled to your TRAF pension, if you terminate your contract with your employer.

DISABILITY BENEFITS

You will continue to accrue pensionable service and salary for the period during which you receive disability benefits including short-term disability. Your TRAF contributions are waived during this time.

LEAVING TEACHING

If you leave teaching before you are eligible for a pension, you are considered a "deferred" member. The value of your pension and your contributions are "locked in" the pension plan, and you will be entitled to a pension as early as age 55. If your benefit is below a minimum amount, the value of your pension is "unlocked" and payable as a lump sum.

If you are employed but not contributing to TRAF (for example, employed in a private school or another province), you are eligible to start collecting your TRAF pension if you have met the age requirement and submit the pension application and all other required documents.

Other rules may apply if you left teaching before May 31, 2010.

> A late application will result in lost income as pensions are not paid retroactively.

DEATH

BEFORE RETIREMENT

If your death occurs before retirement, upon your death, your partner, beneficiary(ies) or estate is entitled to a pre-retirement survivor's benefit equal to the commuted value of the accrued pension.

Your partner is automatically entitled to the pre-retirement survivor's benefit if you and your partner were cohabiting in a conjugal relationship at the time of your death. Entitlement to the survivor benefit can be waived by the partner before or after the member's death. This waiver may be revoked by both the member and partner any time before the member's death.

Once TRAF is notified of the death, we will request the following documents:

- Proof of age for the member (i.e., birth certificate, baptismal certificate, citizenship papers or valid Canadian passport).
- Proof of death.
- Marriage certificate or common-law relationship certificate or other proof of common-law relationship (if applicable).
- Completed *Declaration of Relationship Status* form.
- Last will and testament or letters of administration (if there is no will).

Additional documents may be required depending on the circumstances.

AFTER RETIREMENT

If your death occurs after retirement, your pension will be adjusted based on the plan option you selected when you applied for your pension.

To avoid pension overpayment, TRAF must be advised of a death as soon as possible, since the pension could be impacted upon your or your partner's death.

TEACHING AFTER RETIREMENT

Teaching in the public school system in Manitoba or working in other employment covered by TRAF after retirement may impact your monthly pension. These rules apply to all positions where contributions are normally required. Your pension will be affected differently depending on when you return to work and how long you continue to work. Members who return to work after age 65 and have 15 or more years of qualifying service are not subject to these rules.

You are required to notify your school division that you are receiving a TRAF pension. You are also required to track the number of days you work during the school year (the period of time from July 1 of one year and ending June 30 of the next year) and to notify your school division and TRAF when that number reaches 120 days. This is especially critical if you are working in more than one school division. Your school division is also required to notify TRAF in writing when the number of days worked is expected to reach 120 days.

If you return to work under contract **within 90 days** from the date of your retirement (excluding substitute teaching):

- You will no longer be considered retired according to *The Teachers' Pensions Act* (TPA).
- TRAF will cancel your pension and you must again contribute as an active member.
- You will be required to repay the pension payments you received to this point.
- When you retire again, your pension will be based on your total service as if you had never applied for pension.

If you return to work under contract **after 90 days** from the date of your retirement and work more than 120 full days[8] in a school year (including substitute teaching during the first 90 days):

- Your pension is suspended on the 121st day.
- You are required to contribute again.
- You are not required to repay the pension payments you received to this point.
- When you retire again, your initial pension will be reactivated and you will have to apply for a second benefit based on your additional service and salary; depending on how long you continue employment, the second benefit may be paid as a lump sum or as a monthly pension.

[8] Working more than 50% of a day is considered to be a full day of work. Working up to 50% is considered a half day. It is possible to work more than 50% of a day in one morning or afternoon. We recommend you check with your employer.

RULES FOR MEMBERS WHO TURN AGE 65 AND HAVE AT LEAST 15 YEARS OF QUALIFYING SERVICE

If you are age 65 and have at least 15 years of qualifying service **before** reaching the 121st day:

- You are not subject to these rules.

If you turn age 65 and have at least 15 years of qualifying service **after** reaching the 120th day:

- Your initial pension will be reactivated and your second benefit will be paid starting the month following your 65th birthday unless you elect to continue to contribute beyond the month in which you turn age 65.

Working after retirement – Example

Each week, Roman works three out of five days on a 60% contract basis. As a result, he counts each day as one full day, giving him a total of 120 days of work by the end of June. Therefore, his pension is not affected.

Mary-Jo is also working at 60% time, but she works 60% every day, five days a week. Since she works more than 50% of a day, each day counts as a full day. By early March, she will accumulate 120 days of work. Therefore, her pension will be suspended until she stops working again. Mary-Jo will resume contributing and will earn a second TRAF pension benefit based on her additional service.

GENERAL INFORMATION

CONFIDENTIALITY

TRAF is dedicated to protecting your privacy and safeguarding your personal information. Our privacy policy complies with the provisions of *The Freedom of Information and Protection of Privacy Act* (FIPPA) and governs our actions as they relate to the collection, use and disclosure of your personal information.

Your personal information will not be released to a third party without your written consent.

ACCESSIBILITY

TRAF believes in inclusion and is committed to ensuring equal access to the programs and services we provide to our members, stakeholders and the public, regardless of their abilities.

TRAF's Accessibility Plan is available on our website. This publication is available in alternate formats upon request.

PROTECTION FROM CREDITORS

Your TRAF pension is protected against assignment or seizure. Therefore, funds cannot be used as collateral for a loan, used to pay off debts or seized by creditors.

GARNISHMENT OF PENSION

The Pension Benefits Act (PBA) and *The Garnishment Act* permit the commuted value of the pension or a pension in pay to be garnished by a designated officer of the Maintenance Enforcement Program of the Manitoba Department of Justice to satisfy delinquent maintenance payments. Your pension may also be garnished in accordance with the *Income Tax Act* (ITA).

MEMBER APPEAL POLICY

You may appeal decisions TRAF has made that affect your pension benefit. The *Member Appeal Policy* is available on our website and outlines the process and procedure for appealing decisions made under *The Teachers' Pensions Act* (TPA).

TRAF SERVICES

ONLINE SERVICES

Registration is required to apply for your pension in preparation for your retirement. We encourage you to register for Online Services to experience its many features and benefits, such as accessing your annual statement, the pension estimator, tax calculator, digital presentations and your teaching account history. You can also update your address and contact information. Additionally, prior to your retirement, you can designate a beneficiary for pre-retirement survivor benefits.

WEBSITE

On our website, you can quickly access general information, recent investment information, fact sheets, publications, application forms and digital presentations.

ANNUAL STATEMENTS

Your annual statement will be available through Online Services. It provides you with an estimate of your gross monthly pension, as well as termination and death benefit information. You can also access previous annual statements through Online Services.

SEMINARS

TRAF is pleased to participate in in-person and virtual seminars offered by The Manitoba Teachers' Society (MTS) each year.

Your TRAF Pension

Seminars focused on plan basics. Invitations to these seminars are managed by MTS.

Preparing for Your Retirement

You will receive an invitation to attend a retirement seminar from MTS if you are age 48 or older.

TRAF presents information about the pension plan at both seminars. You can also view the digital presentations of these seminars through your Online Services account.

PERSONAL APPOINTMENTS

We recommend booking an appointment with a Member Services Specialist to discuss your pension if you are considering retirement within the next year. Appointments are held in person at our office, over the phone or virtually over Zoom. We do not accept walk-ins. Please call us to book your appointment.

PUBLICATIONS

Fact sheets, newsletters, annual reports and booklets like this one are available on our website.

MEMBER INQUIRIES

Member Services staff are available during regular office hours from 8 a.m. to 5 p.m. Monday through Friday. We are also available for pre-scheduled appointments one Saturday per month during the school year. In July and August, our hours are 8 a.m. to 4 p.m.

GLOSSARY

5-year service

Pensionable service after June 30, 1980 and service prior to July 1, 1980, that has been converted to a five-year average salary. The calculation of your pension for this service will be based on a five-year average salary.

7-year service

Pensionable service prior to July 1, 1980, that has not been converted to a five-year average salary. The calculation of your pension for this service will be based on a seven-year average salary.

Actuarial equivalent

A benefit having the same actuarial present value as the benefit it replaces.

It is based on actuarial assumptions such as age, life expectancy and interest rates.

Annuity

A monthly lifetime benefit, with no cost of living provision, that is generally based on contributions made to TRAF plus accumulated interest.

Bridging benefit

A monthly benefit that is added to your pension if you have an early retirement penalty and is paid until the earlier of age 65 or death.

Canada Pension Plan (CPP)

The federal pension plan administered by Canada Revenue Agency (CRA) and Employment and Social Development Canada.

Common-law

You are living common-law if:

- You have officially registered your relationship under *The Vital Statistics Act* and neither person is married, or
- You have been living with your partner for one year and neither person is married, or
- You have been living with your partner for three years if either person is married.

Commuted value

The amount needed today to pay your retirement benefit in the future. It is determined by using actuarial factors that consider several variables such as age, life expectancy and interest rates in effect at the time of calculation.

Consumer Price Index (CPI)

An inflation indicator that measures the change in the cost of a fixed basket of products and services.

Deferred pension

A monthly lifetime benefit, which may include cost of living adjustments, that is payable in the future to a member who has left teaching or other covered employment but is not of age to begin receiving pension.

Defined benefit pension

A monthly lifetime benefit that is determined by a formula based on your years of service and your salary. It is not based on the contributions you make to the pension plan and the related investment earnings.

Early retirement penalty (ERP)

A reduction in the monthly lifetime pension that applies if you retire before age 60 with at least 10 qualifying years of service and your age and qualifying years of service total less than 80. A lifetime penalty is applied to your pension earned after 1991.

If you are subject to an ERP, a bridging benefit is paid until age 65 or death to offset this reduction.

Legislated form of pension

For a married or common-law member, the legislated form is a joint and last survivor benefit that reduces to two-thirds upon the death of the plan member or the partner (Plan D).

Lock-in

Contributions that must be left in TRAF and will be used to provide a monthly pension benefit at retirement.

Old Age Security (OAS)

The federal income security program for seniors age 65 and older, administered by Canada Revenue Agency (CRA) and Employment and Social Development Canada.

Partner

Includes:

- Your married spouse.
- Your common-law partner.

Pension

A monthly lifetime benefit, which may include cost of living adjustments, that is payable to a member who meets the age, service and minimum pension requirements.

Pension Adjustment Account (PAA)

A special account used to fund half the annual cost of living adjustments (COLA) granted to retired members.

The PAA is currently credited with 16.9% of all member contributions. This percentage will increase by 0.1% to 17.0% on September 1, 2025. It will remain at 17.0% thereafter.

Pension estimate

An estimate of your future benefit entitlement that includes assumptions for retirement dates, employment status, salary rates and legislation. Your final pension may be higher or lower than the estimates provided.

Pensionable salary

Your full-time equivalent contractual salary rate including certain administrative allowances. Pensionable salary is used to determine your average salary and factors into the amount of pension you will receive.

Pensionable service

Includes service for which TRAF contributions were deducted, service while receiving disability benefits, purchased service and transferred service. Pensionable service factors into the amount of pension you will receive.

Plan option

An option that provides a life-only, guaranteed or survivor pension in the event of your death after retirement. The option is selected at the time you apply for your pension and cannot be changed once the pension starts.

Qualifying service

One year of qualifying service is credited for each year in which you have service as a member of TRAF and is credited to the end of the last month in which you have pensionable service. Qualifying service is used to determine:

- Whether you are eligible for a reduced or unreduced pension.
- Whether an early retirement penalty and a bridging benefit apply.

Reciprocal transfer agreement

An agreement between two or more participating plans that provides for a transfer of service and enables you to consolidate pension benefits into a single plan.

The Teachers' Pensions Act (TPA)

The legislation governing the pension plan for Manitoba public school teachers and other eligible employees.

Vested

The entitlement or right to a future pension.

Year's maximum pensionable earnings (YMPE)

The maximum pensionable earnings designated by the Canada Pension Plan (CPP). The YMPE is used to determine your contributions and the amount of pension you will receive.

RETIREMENT CHECKLIST

This checklist summarizes the steps to follow to make your retirement decisions easier.

We also recommend that you consult with other professionals about your retirement.

❑ DETERMINE YOUR RETIREMENT DATE

You must be at least 55 years of age, terminate your contract with your employer (except if you are age 65 with at least 15 years of qualifying service) and complete and submit the pension application within the required deadlines.

Even if you are employed elsewhere and are contributing to another pension plan, you can start your TRAF pension at the effective date stated on your pension estimate if you complete and submit the pension application within the required deadlines.

❑ REVIEW YOUR PERSONAL PENSION INFORMATION ONLINE

Register for or log in to Online Services to use the pension estimator and explore how different "what if" scenarios would affect your pension. You can also access annual statements, which provide various estimated amounts (or, if your retirement date is within one year, you may call us for an estimate).

❑ EVALUATE INCOME AND NEEDS

Before you make your retirement decisions, you should consider items such as major expenses, the health and life expectancy of you and your partner and your desired lifestyle in retirement.

You should also know what you will receive from each of your retirement income sources and know when you can expect to receive it. Be sure to factor in:

- Canada Pension Plan (CPP) and Old Age Security (OAS).
- Income from personal investments, like your Registered Retirement Savings Plans (RRSPs).
- Sale of, or income from, a business or property.
- Your partner's income.

❑ INCREASE YOUR PENSION

You may be able to increase your TRAF pension through service purchases, transferring service and converting to a five-year average. Research your options as soon as possible as the cost generally increases over time. You may also want to consider the advantages of making additional voluntary contributions (AVCs).

☐ SETTLE RELATIONSHIP BREAKDOWNS

If you and your partner have separated, it is important to contact TRAF promptly for information on how your pension is affected. A delay in settling your relationship breakdown can delay your pension.

If the separation is permanent, your former partner may be entitled to up to 50% of the monthly pension or commuted value (if the pension has not yet commenced) earned from the date the relationship began to the date of separation.

We encourage you to seek legal advice regarding your family law entitlements, and financial advice regarding the implications of relationship breakdown to your pension.

☐ ATTEND A RETIREMENT SEMINAR

If you are age 48 or older, you will receive an invitation from The Manitoba Teachers' Society (MTS) to attend a retirement seminar. We recommend that you attend more than one seminar before you retire and watch digital presentations about the TRAF pension through your Online Services account.

☐ MEET WITH A MEMBER SERVICES SPECIALIST

We encourage you to make at least one appointment with a Member Services Specialist to discuss your pension. Your partner should be present at this appointment, if applicable.

We also recommend that you consult with other professionals, such as a financial planner or accountant, about other aspects of your retirement.

☐ CHOOSE A PLAN OPTION

Choosing a plan option is a personal decision and depends on your situation. Make this decision carefully as it cannot be changed once you receive your first pension payment.

☐ CONSIDER INTEGRATION

You may have the option to integrate your TRAF pension with CPP, OAS or both. Like your plan option, you cannot change your decision once your pension has started.

☐ APPLY FOR TRAF PENSION

Complete your pension application through Online Services and submit your TD1 tax forms, banking information and proof of age for you and your partner, if applicable.

Make sure the application and other required documents are submitted to TRAF at least three months before your planned retirement date. A delay in applying could mean a loss of pension income as pensions are not paid retroactively.

TRAF

Teachers' Retirement Allowances Fund

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