

PensionFacts



Public Service
Pension Plan

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pension payments
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a transition
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Terminating employment for Members of the Legislative Assembly

As a Member of the Legislative Assembly (MLA), terminating employment happens when you leave your position as an MLA.

When you end your employment, you will need to make decisions about your benefits under the Public Service Pension Plan (plan); this fact sheet lists your options and provides information to help you understand your pension. We also recommend you seek professional advice from an independent financial advisor.

Your options

Depending on your age and years of legislative service, you may:

- Take an immediate monthly pension
- Wait and take a deferred pension (available only once you are vested)
- Take a commuted value payment (available only once you are vested and under age 60)
- Take a refund of your contributions with interest (available only if you have fewer than six years of legislative service)

For more details on your eligibility and options, see the table on page 3. You are vested once you have six or more years of legislative service.

Take an immediate monthly pension

Selecting a pension means your pension payments will continue for your lifetime. If you are age 60 and vested, this is the only option available to you. If you are between ages 60 and 65, you may start receiving a reduced pension immediately or defer your pension until age 65 to receive an unreduced pension.

Pension payments can begin only after any post-employment paid leaves expire, including a transition allowance.

Wait and take a deferred pension

Waiting and taking a deferred pension means leaving your pension on deposit with the plan for the future. If you do so and are vested in the plan, you are eligible for a future pension. If you are re-elected, you will increase your service for a larger pension.

If you leave your contributions on deposit and are vested in the plan, you are eligible for a future pension.

After reaching age 60, you can apply to receive a monthly pension that will continue for your lifetime and may include future cost-of-living increases. If you are between ages 60 and 65, you can wait until age 65 and receive an unreduced pension.

Take a commuted value payment

The commuted value of a pension benefit is a lump-sum payment based on the amount of money the plan would need to put aside today, at current interest rates, to pay for your future benefit at retirement. Only vested members under age 60 are eligible for this option.

To select a commuted value payment, you must have your financial institution certify on the *Termination Selection Statement* that the funds will be locked in according to the *Pension Benefits Standards Act*. Locked in means pension plan funds must be used to provide a lifetime pension benefit.

The *Income Tax Act* limits the tax-sheltered amount of a commuted value payment. You must take the amount that is over the limit as a cash payment.

If you choose a commuted value payment for any period of service, you cannot reinstate that period of service in the future and you must give up all rights in the pension plan.

Take a refund of your contributions with interest

This option is available only if you have fewer than six years of legislative service. Refunds are based on the total of your own accumulated contributions plus interest.

If you take a refund and return to work as an MLA, you cannot reinstate this service for a future benefit.

Tax implications

Income tax is not deducted on payments to a registered retirement savings plan, locked-in retirement account, life income fund, or the registered pension plan of a new employer. Tax will be deducted on other cash payments. More or less tax may be payable, depending on your personal tax rate when you file your income tax return.

Marriage breakdown

A pension is considered a family asset. If your spousal relationship ends, it may affect the payment of plan benefits as quoted on your *Termination Selection Statement*. For more information, visit the plan website at pspp.pensionsbc.ca or contact the plan.

Your current address

If you are leaving office, please keep your address up to date with the plan. This will help us keep in touch after you end your term as an MLA.

Eligibility

The table below shows your payment options. You may also leave your contributions on deposit.

For members of the legislative assembly who terminated employment after 2008

Age at time of termination	Under six years of legislative service	Six or more years of legislative service (vested)
Under 60	Refund of contributions with interest. Leave your pension on deposit with the plan.	No refund of contributions. Locked-in commuted value or deferred pension. (The deferred pension is payable no earlier than age 60 and reduced if started before age 65.)
60 but under 65	Refund of contributions with interest. Leave your pension on deposit with the plan.	No locked-in commuted value or refund of contributions. Immediate or deferred pension. (The deferred pension is payable no earlier than age 60 and reduced if started before age 65.)
65 but under latest retirement age of 71	Refund of contributions with interest. Leave your pension on deposit with the plan.	No locked-in commuted value or refund of contributions. Immediate unreduced pension—pension can be delayed until the end of the year you turn latest retirement age of 71.

PensionFacts is published for the Public Service Pension Plan by the Pension Corporation. This publication is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents apply.

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