

# PlanTalk

VOLUME 6

FALL, 2001

## Buyback Policies Approved

The HEPP Board of Trustees has approved new buyback policies to allow members to purchase, or buyback periods of previously ineligible service to increase pension benefits.

"We're pleased to offer these policies in response to requests and feedback from members," says HEPP Board Chair Darcy Strutinsky.

The new policies will give all HEPP members *retiring on or after January 1, 2002* the option to buyback eligible service *at retirement*, including deferred members who have terminated employment with a participating employer but have left their pension benefits or a portion of their pension benefits in the Pension Plan.

The policies will also allow members to purchase future eligible periods of service related to leaves of absence on or after January 1, 2002. This option allows employees to maintain credited service during a leave as if they were working.

Periods of service that will be eligible for buybacks include:

- Maternity Leaves of Absence (LOAs)
- Other unpaid LOAs including sick, education and personal leave
- Periods of layoff
- Periods of employment prior to enrolling in HEPP, for example mandatory waiting periods where former age and service requirements prevented immediate participation in the Plan
- Periods where the employee was eligible to join but chose not to participate in HEPP until a later date
- Casual employment prior to 1984
- Strike period

*Employees who choose to purchase these periods of service will pay the total amount of the buyback. Please see the insert in this issue of PlanTalk for more information.*

## Board Member Profile



Darcy Strutinsky, appointed chair of the HEPP Board in June 2001, has been a trustee on the Board since January 1, 1997 making him one of the Board's charter members.

Darcy has worked in human resource management in the healthcare industry for 20 years, and was recently appointed Regional Director, Labour Relations at the Winnipeg Regional Health Authority (WRHA) where he coordinates labour relations in Winnipeg and serves as a resource to the RHAs within Manitoba.

Previously, Darcy was the Director of Human Resources at Health Sciences Centre (HSC). He was a member of and chaired the HSC/St. Boniface General Hospital Joint Pension Advisory Committee, and was a member of the HSC Employee Management Benefits Advisory Committee. He has also previously chaired and been a trustee on the HEBP Board.

"I'm pleased to be a part of HEPP's activities as we work toward improving the Plan while maintaining its' strength," says Darcy.

"The markets have been in a downturn for several months now and recent events have impacted the world economy. Pension plans rely on an anticipated rate of investment income. HEPP's main focus is to maintain the financial strength of the Plan, including sustaining a surplus to protect the Plan from economic pressures such as declining asset values," says Darcy. "To do this, the HEPP Board, Investment Committee and administration regularly monitor the Plan's financial statements, investment income and market trends."

Since 1997, HEPP has introduced Penfax, an improved computer pension administration system, and implemented internal retiree payroll processing, where pension payments are processed at HEPP rather than by an external provider. "These are examples of what HEPP has achieved in a relatively short period of time," says Darcy. "Both of these initiatives save time, and are showing significant cost savings."

In September, the Board approved a new buyback policy to allow members to purchase previously ineligible periods of service to increase their pension benefits. "The board unanimously approved this policy in response to requests and feedback from members," says Darcy.

The Board is in the process of finalizing a governance manual aimed at identifying and managing the categories of risk associated with pension fund governance.

PlanTalk, a newsletter for employees and retirees participating in the Healthcare Employees Pension and Benefits Plan, is published by:

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Website: [www.hepp.mb.ca](http://www.hepp.mb.ca) or [www.hebp.mb.ca](http://www.hebp.mb.ca)

## Highlights... In This Issue

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- p1** HEPP Board Chair Darcy Strutinsky is featured in the Board Member Profile
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**Please see insert for buyback information and an important notice to members regarding the change of HEPP's tax registration status**

## Welcome!

The following facilities have joined HEPP/HEBP since spring and are participating in one or more plans:

- Gimli Seniors Resource Council
- Morden Community Handi Van

The continuing expansion of participating facilities means increased portability of pension and benefits for our members throughout Manitoba.

# The Inside Story

## On Benefits

### Group Healthcare

#### Reducing Drug Costs

Prescription drug costs are increasing as more drugs are introduced and used in the marketplace, and an aging population increases the demand for medications. As drug costs increase, group healthcare plan premiums increase to provide coverage for plan members.

To help control plan costs and premium increases, members can:

##### Shop for lower drug prices

Drug prices are made up of two parts - the ingredient cost and the pharmacy dispensing fee. Dispensing fees at Manitoba pharmacies can range from \$4 to \$9 per prescription. Purchasing prescription drugs from a pharmacy with lower dispensing fees will save money.

##### Use lower cost alternatives to medications

Members can also save money by using less expensive, generic substitutions for brand-name drugs when possible. (In some cases, generic substitutes may not be suitable for you and your doctor will write "no substitution" on your prescription.) Pharmacists will use generic substitutions when possible.

#### Increase in Drug Claims Paid in 2000 Compared to 1999

PLAN	% INCREASE
Basic Group Healthcare	34.4 %
Enhanced Group Healthcare	54.4 %
Retiree Group Healthcare	71.5 %

#### Top Drugs Claimed in 2000 (by Amount Paid)

RANK	BASIC PLAN	ENHANCED PLAN	RETIREE PLAN
1	LOSEC CAP 20MG	LOSEC CAP 20MG	LOSEC CAP 20MG
2	PAXIL TAB 20MG	PAXIL TAB 20MG	CELEBEX 200MG CAPS
3	CELEBEX 200MG CAPS	CELEBEX 200MG CAPS	LIPITOR TAB 10MG
4	PREMARIN TAB .625MG #867	LIPITOR TAB 10MG	PRAVACHOL TAB 20MG
5	LIPITOR TAB 10MG	PREMARIN TAB .625MG #867	ADALAT TAB XL 30MG
6	TYLENOL TAB W/COD #3 30MG	FLOVENT INH 125MCG ACI	PREMARIN TAB .625MG #867
7	FLONASE AQ NASAL AEM 50MCG/AEM	FLONASE AQ NASAL AEM 50MCG/AEM	FOSAMAX TAB 10MG
8	FLOVENT INH 125MCG ACI	TYLENOL TAB W/COD #3 30MG	ZOCOR TAB 20MG
9	TRIPHASIL WALLETPAC 21	CITALOPRAM 20 MG (CELEXA)	NORVASC TAB 5MG
10	CITALOPRAM 20 MG (CELEXA)	NORVASC TAB 5MG	VASOTEC TAB 10MG

### Group Healthcare and Dental Plans - Common-law Enrolment Provision

If a common-law relationship is declared after an employee's initial enrolment, there will be a one year wait from the date the declaration is made on a HEBP change form before the common-law spouse is eligible for benefits.

### Submitting Small Claims

Accumulating receipts for small claims and submitting them together will reduce processing fees and help keep HEBP Plan costs and premiums down.

Claims must be submitted within two years of the date(s) services were provided.

Claim forms are available from your employer, or from HEBP. They are also available on HEBP's website: [www.hebp.mb.ca](http://www.hebp.mb.ca)

### Reminder

*Please check your pay stubs to verify your benefits coverage and premium deductions. Any discrepancies should be reported to your employer immediately so appropriate adjustments can be made.*

### Group Healthcare

#### Prescription Drug Coverage

HEBP Group Healthcare benefits for participating members cover the cost of prescription drugs prescribed by a medical doctor and eligible under the Provincial Pharmacare Program on a *variable* basis as outlined below:

<b>BASIC GROUP HEALTHCARE</b>	<b>80%</b> of first \$250 and <b>50%</b> of the next \$300 <i>Maximum benefit of \$350 per family per calendar year</i>
<b>ENHANCED GROUP HEALTHCARE</b>	<b>80%</b> of first \$375 and <b>50%</b> of the next \$300 <i>Maximum benefit of \$450 per family per calendar year</i>

For retired members, Level II Retiree Group Healthcare covers 80% of the cost of eligible prescription drugs up to an annual maximum benefit of \$200 per family.

Level I Retiree Group Healthcare does not cover prescription drugs.

#### When to register with Pharmacare

If you think you may reach your income-based Pharmacare deductible, it is to your advantage to register with Pharmacare. If you meet your deductible, Pharmacare will pay 100% of your drug costs.

Dependent children over the age of 18 who are attending university should register with Pharmacare as their income-based deductible is often low.

You can apply for Pharmacare annually or submit a one-time enrolment. Forms are available at local pharmacies.

For more information about the Pharmacare Program please contact:

Manitoba Health, Provincial Drug Programs  
(204) 786-7141 or 1-800-297-8099

### Thank you

United Way of Winnipeg extends its sincere appreciation to HEPP/HEBP members for their generous contributions. Thanks to you, a total of \$269,000 was raised for our community in the 2000 Campaign.

As United Way undertakes its 37th annual campaign, they thank you for your continued support. Retirees wishing to continue supporting United Way with personal donations, as they no longer contribute through employers, please contact:

Linda Dooley  
United Way of Winnipeg  
3rd Floor, 5 Donald Street  
Winnipeg, Manitoba R3L 2T4  
Phone: 477-5360  
Fax: 453-6198

100% of every gift to the annual campaign goes directly to programs and services to help make positive changes in the lives of children, youth, parents and seniors in neighborhoods across Winnipeg every day. You can even specify which agencies you would like your contributions to benefit.

United Way is 100% committed to working with all sectors of the community to help Winnipeggers from all neighbourhoods overcome obstacles to independence, nurture their children and use their own resources to pursue a more promising future.

# The Inside Story



## On Pension

### Planning for Retirement

#### Pension Estimates

If you're thinking about retirement, you'll need to estimate how much income you'll receive from government benefits, employer pensions, personal savings and investment income.

To find out the amount you'll receive from HEPP, you can request a pension estimate. Your estimate will provide a calculation of the monthly pension benefits you can expect to receive at retirement and explain the pension options that will be available to you at retirement. The package will also include information on buybacks.

You may contact your employer to request a pension estimate, or you may contact HEPP directly with the following information:

- Name, address, phone number, Social Insurance Number and date of birth
- Spouse's date of birth (if applicable)
- Your estimated date of retirement to be used for the pension estimate

HEPP will then calculate your estimate and send it to your home address. For information to be released to your employer, you must provide written authorization to HEPP.

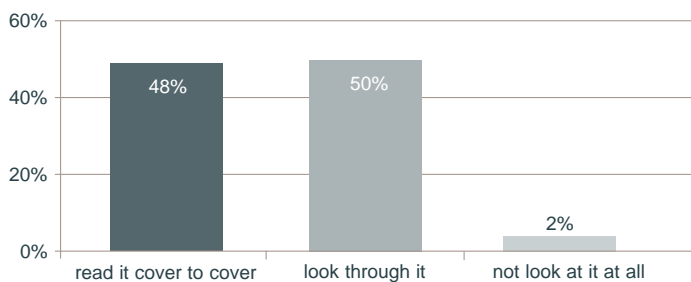
## Member Feedback

We would like to thank all respondents for their feedback on our annual reports. Your feedback and comments help us to evaluate our communications efforts and set future goals and priorities.

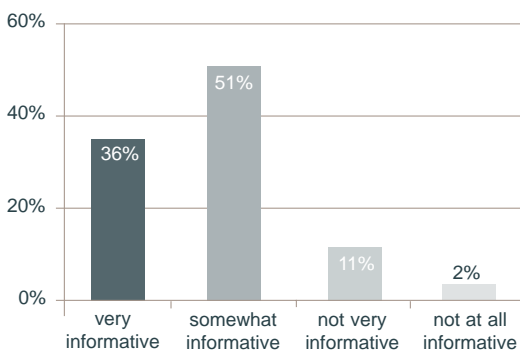
### HEBP 2000 Annual Report

HEBP's first annual report was distributed in 2000 with a response card requesting your feedback on the format and contents of the document. Following is a breakdown of some of your responses.

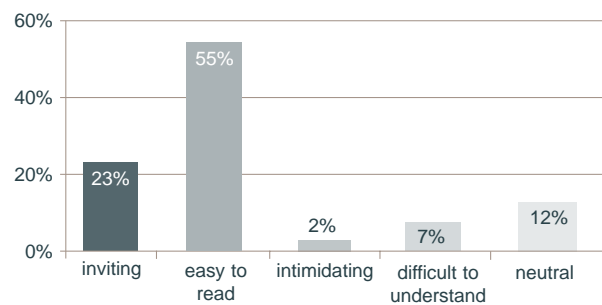
#### When you received the annual report did you ...



#### Generally, did you find the report to be ...



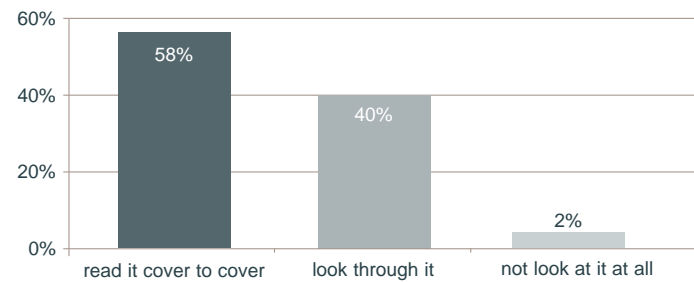
#### Overall feelings about the style and format



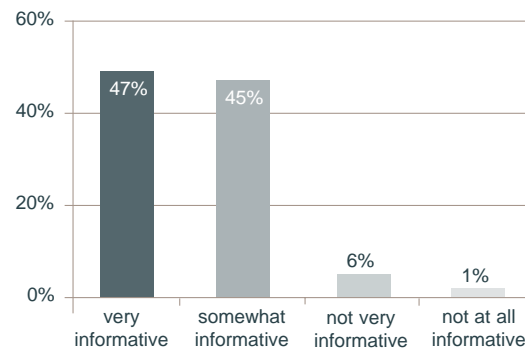
### HEPP 2000 Annual Report

For the third consecutive year, HEPP's Annual Report included a response card requesting your feedback on the format and contents of the document. Following is a breakdown of some of your responses.

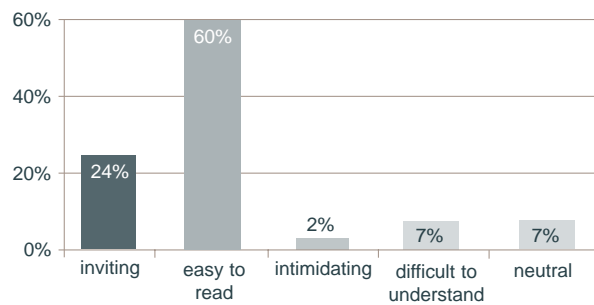
#### When you received the annual report did you ...



#### Generally, did you find the report to be ...



#### Overall feelings about the style and format



### Same Sex Benefits

HEPP's Plan Text will be updated to incorporate the recent amendment to the Manitoba Pension Benefits Act regarding the recognition of same sex spouses. Effective January 1, 2002 the words "of the opposite sex" will be removed from the definitions of common-law spouse and spouse.

## We Appreciate Your Feedback...

If you have a comment or suggestion for **PlanTalk**, please contact us at:

**PlanTalk**  
HEPP/HEBP Manitoba  
900-200 Graham Avenue  
Winnipeg, MB R3C 4L5  
Tel: (204) 942-6591  
Toll-Free: 1-888-842-4233 or 1-877-567-4996  
Fax: (204) 943-3862  
Email: [communications@hepp.mb.ca](mailto:communications@hepp.mb.ca)



## Employee Profile



**A**s the Director of Finance at HEPP/HEBP, Rohini Halli, C.A. focuses on systems and procedures to assure that assets are safeguarded, accurate records are maintained and all transactions are authorized.

Prior to working at HEPP/HEBP, Rohini was a manager at Deloitte & Touche where she performed audits and helped clients review and develop systems and procedures.

"Efficient systems and procedures reduce plan costs and therefore increase assets available for benefits," says Rohini.

The finance department collects premiums and contributions for the Plans and pays benefits to retired and terminated members of HEPP. "Last year, we started processing pension payments at HEPP rather than having this done by an external provider," says Rohini. "This allows for faster

payments, better control and has substantially reduced costs."

Direct deposit allows pension benefits to be deposited directly into retirees' chequing or savings accounts. "Retirees who currently receive cheques can help reduce Plan costs by signing up for direct deposit," says Rohini.

The finance department is currently implementing an electronic payment option for facilities. This is a cost efficient method to ensure compliance in collecting premiums and contributions.

To send important information and payments to members, the finance department needs current addresses. Active members should advise their employers of any address changes. Retirees and deferred members (or a beneficiary or next of kin) should contact HEPP regarding any changes.

## Member Profile



**H**erman Collins retired in April after working at Health Sciences Centre (HSC) for 16 years, in various departments. Before retiring, he worked in materials handling, distributing supplies to departments throughout HSC. "My job kept me very busy, but I'm busier now," he says.

Herman plays the drums and steel drums and is part of the Shrine drum core, traveling to cities across Canada. He's also the Secretary of the Winnipeg Masonic Lodge and just returned from a Mason convention in Minneapolis.

"I also enjoy visiting schools to demonstrate steel drums," says Herman. He does this through *Artists in the Schools*, a Manitoba Arts Council program.

Herman also plans to become involved with the Retiree Committee at HSC.

"When I was getting ready to retire, it was good to be able to call a Member Services Representative (MSR) at HEPP with any questions along the way," says Herman.

Herman called an MSR before his retirement to have a retirement package sent to him. After reviewing the package, he met with an MSR to discuss his retirement options. "Now I'm enjoying retirement, and having more time with my family," he says. "The best part is I can get up in the morning and do whatever I want to do."

## Retiree Corner

### Working After Retirement

Working after retirement can provide you with extra income and allow you to do what you enjoy. Employers also benefit as positions are filled with experienced staff.

The question most people ask HEPP when thinking about working after retirement is, "**Can I return to work and receive my pension benefit at the same time?**"

The answer is yes - you can work and receive a pension benefit at the same time. *However, you cannot receive the monthly pension benefit and contribute to HEPP at the same time.*

This means if you are receiving a pension benefit from HEPP and return to work for a *participating employer*, you must decide whether to:

1. Continue to receive your monthly pension benefit from HEPP and waive your right to participate in and contribute to the Plan, or
2. Stop receiving your monthly pension benefit and participate in the Plan as an active member. When you subsequently retire, HEPP will calculate the new period of service separately and you will receive two benefits.

In either case, a pension waiver form (available from the HEPP office) must be completed and you must start to receive your monthly pension benefit by December 1st in the year you turn age 69.

## From the Boardroom

### Board Changes

The HEPP Board of Trustees has appointed Darcy Strutinsky from the Winnipeg Regional Health Authority as the 2001/2002 Chair and Bob Malazdrewich from the Canadian Union of Public Employees as the Vice Chair. The Board welcomes newly appointed trustee Ken Swan of the Manitoba Association of Healthcare Professionals.

Bob Romphf from the Manitoba Nurses Union has been appointed Chair of the HEPP Board of Trustees. Mark Neskar from Seven Oaks General Hospital has been appointed Vice Chair.



# BUYBACK INFORMATION

In response to requests from members to purchase, or buyback periods of previously missed credited service to increase pension benefits, HEPP is pleased to allow members retiring on or after January 1, 2002 to buyback eligible service at their retirement.

Members will also be able to purchase future eligible periods of service related to leaves of absence that commence on or after January 1, 2002. This option allows employees to maintain credited service during a leave as if they were working.

## What is a buyback?

A buyback is when a member purchases or "buys back" eligible periods of employment that have not previously been counted as plan service to increase their pension benefits.

- Buybacks will continue to be offered when an *administrative* error has occurred. In these cases, the **employer pays their share** of the missed contributions with interest and the **employee pays their share** of the missed contributions with interest.
- **New buyback policies** allow members *retiring on or after January 1, 2002* to purchase previously ineligible periods of missed credited service, such as maternity leaves and other unpaid leaves of absence, at their retirement. To buyback these periods of service, the **employee pays the total amount** of the buyback with interest. This amount is actuarially determined, using the employee's salary and age at retirement.

## Who is eligible to buyback service?

All HEPP members *retiring on or after January 1, 2002* have the option to buyback eligible service *at retirement*. This includes deferred members who have terminated employment with a participating employer but have left their pension benefits or a portion of their pension benefits in the Pension Plan.

## What periods of service are eligible for buybacks?

### Service *SINCE* employee's most recent hire date:

- Maternity Leaves of Absence (LOAs)
- Other unpaid LOAs including sick, education and personal leave
- Periods of layoff
- Periods of employment prior to enrolling in HEPP (for example, mandatory waiting periods where former age and service requirements prevented immediate participation in the Plan)
- Periods where the employee was eligible to join but chose not to participate in HEPP until a later date
- Casual employment prior to 1984
- Strike period

### Service *PRIOR TO* employee's most recent hire date:

- Maternity LOAs (maximum 6 months)

*Only service at participating employers for periods an employee would have been eligible to participate in HEPP will be eligible for buybacks.*

## What service is not eligible for buybacks?

The following is not eligible for buybacks:

- Service with employers who do not participate in HEPP
- Service before HEPP was in effect at a facility
- Service missed as a result of employment termination

## Will cost of living adjustments (COLAs) be applied to monthly pension increases from buybacks?

Yes, any ad hoc COLAs granted will be applied to monthly pension increases based on the date of the member's first increase. If the member receives their first increase 18 months or more before the COLA effective date, they will be entitled to the full amount of the COLA. If their first increase is paid 6-18 months before the COLA effective date, they will be entitled to a pro-rated COLA.

## How much will it cost to purchase 1 year of credited service and how much will it increase my pension?

*Based on 2001 Yearly Maximum Pensionable Earnings (YMPE) of \$38,300*

AVERAGE ANNUAL EARNINGS	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000
AGE 50	\$4,065.78	\$6,098.67	\$8,246.76	\$10,957.28	\$13,667.80	\$16,378.32	\$19,088.84	\$21,799.36
AGE 55	\$3,849.57	\$5,774.36	\$7,808.21	\$10,374.59	\$12,940.97	\$15,507.35	\$18,073.73	\$20,640.11
AGE 60	\$3,584.28	\$5,376.42	\$7,270.11	\$9,659.63	\$12,049.15	\$14,438.67	\$16,828.19	\$19,217.71
AGE 65	\$3,280.86	\$4,921.29	\$6,654.68	\$8,841.92	\$11,029.16	\$13,216.40	\$15,403.64	\$17,590.88
MONTHLY PENSION INCREASE	<b>\$25.00</b>	<b>\$37.50</b>	<b>\$50.71</b>	<b>\$67.38</b>	<b>\$84.04</b>	<b>\$100.71</b>	<b>\$117.38</b>	<b>\$134.04</b>

Please contact HEPP/HEBP for more information:

900-200 Graham Avenue Winnipeg, MB R3C 4L5  
 Phone: (204) 942-6591 Toll Free: 1-888-842-4233 or 1-877-567-4996  
 Fax: (204) 943-3862 Website: www.hepp.mb.ca E-mail: info@hepp.mb.ca

For personal financial information, please contact your financial planner.

**Buyback policies are subject to change. Each member's buyback is subject to approval by the Canada Customs and Revenue Agency. This handout is for information purposes only, and does not constitute an agreement. In the event that this information differs from the Healthcare Employees Pension Plan Text, the Plan Text will govern.**

## What documents are needed to confirm eligibility for buybacks?

If records of employment are unavailable from facilities, employees can provide:

- Pay stubs
- T4/income tax returns
- Union seniority lists
- Letters of offer
- Annual statements

CPP statements do not confirm eligibility, as they do not indicate who the employer was. In the event of unclear proof of eligibility, HEPP will use their best judgment in determining eligibility. The final authority will be the HEPP Board.

## What payment options are available?

Employees may buyback service at retirement using cash, retirement savings plan (RSP) transfers, sick leave cash out or pre-retirement payouts (*subject to the approval of HEPP*).

Payment for the **total amount** of buybacks must be received by HEPP **in full**:

- Within 90 days of confirmation of approval by HEPP, and
- Before any adjustments are made to the member's pension payments. If payment is received after pension payments have commenced, adjustments will be retroactive to the beginning of the month in which they retire.

## How does buying back service under HEPP affect personal income taxes?

### When buying back service from periods *AFTER* 1989:

The amount paid by a member to buyback service from periods after 1989 is deductible from the member's income. Such a buyback of post 1989 service will likely reduce the member's registered retirement savings plan (RRSP) deduction limit, commencing in the year the buyback is approved and certified by the Canada Customs and Revenue Agency (CCRA). Thus, HEPP must report a Past Service Pension Adjustment (PSPA) to the CCRA and obtain the CCRA's approval and certification before processing the buyback. In some circumstances, the CCRA may require a member to make a taxable RRSP withdrawal before providing its' approval and certification.

### When buying back service from periods *BEFORE* 1990:

*Up to certain limits*, the amount paid by a member to buyback service from periods before 1990 may be deductible from the member's income. Those limits depend upon whether or not the member was a contributor to any registered pension plan during the buyback period. The calculation of those limits is quite involved and can be found in Chapter 1 of the CCRA Tax Guide, "RRSPs and Other Registered Plans for Retirement".

*For more information on these and other tax implications, please contact CCRA or a tax advisor. You may also wish to obtain the CCRA Tax Guide "RRSPs and Other Registered Plans for Retirement" from your local CCRA office or at: www.ccra-adrc.gc.ca*

## Can members purchase eligible service at the time of a leave, rather than waiting until retirement to buyback the service?

Yes, members may purchase *future* eligible periods of service related to leaves of absence *that commence on or after January 1, 2002*. This option allows employees to maintain credited service as if they were working. **The employee pays the total amount** (employee and employer contributions plus interest) of the purchase. Arrangements can be made to pay in a lump sum amount or in quarterly installments at the time their leave commences.

If the employee chooses to wait and buys back the service at retirement, **the employee pays the total amount** of the buyback **with any applicable interest**. The amount will be **actuarially** determined, using the employee's salary and age at retirement. A PSPA may also be required.

## What if an employee is on a leave that started in 2001 and will continue into 2002?

Employees who begin a leave in 2001, which continues into 2002 may purchase missed service for the portion of their leave taken in 2002.

# IMPORTANT NOTICE TO MEMBERS

**Effective January 1, 2002, HEPP will change its' tax registration status from a Multi-Unit Pension Plan (MUPP) to a Specified Multi-Employer Plan (SMEP), as approved by the Canada Customs & Revenue Agency (CCRA).**

A SMEP and a MUPP are both recognized by the CCRA as registered pension plans that are sponsored by a group of employers, or by a union acting together with such employers. However, the tax treatment of benefits earned under each plan is different:

SMEP (Effective Jan. 1, 2002)	MUPP (Current Status)
The value of your yearly pension adjustments under a SMEP is less than the value calculated under a MUPP; therefore, <i>the amount you can contribute to personal RRSPs will be greater.</i>	The value of your yearly pension adjustments under a MUPP is greater than the value calculated under a SMEP; therefore, <i>the amount you can contribute to personal RRSPs is lower.</i>
As the allowance for additional RRSP room is made each year, <i>no adjustments are required when you withdraw your funds from the plan.</i>	As an allowance for additional RRSP room is not made each year, <i>an adjustment must be made should you withdraw your funds from the plan.</i>

#### **Additionally, if you**

- currently contribute to personal registered retirement savings plans (RRSPs), and
- will be terminating your HEPP membership and withdrawing all of your funds from HEPP, **you must withdraw all of your funds before December 31, 2001 to be able to receive Pension Adjustment Reversals (PARS)** to increase the amount that you can contribute to personal RRSPs. If you have not transferred all of your funds out of HEPP by December 31, 2001, your rights to a PAR will cease.

Information has been mailed to the following members who may be affected:

- Members who have recently terminated from HEPP
- Members who are in the process of terminating from HEPP, and
- Deferred members

**If you are considering terminating and withdrawing all of your funds from HEPP, and think you might want to get a PAR, please contact a HEPP Member Services Representative (MSR) immediately at (204) 942-6591 or toll-free at 1-888-842-4233 or 1-877-567-4996. The following questions and answers will provide you with more information.**

## **What is the purpose of a PAR?**

For each year since 1990 that you contributed to HEPP, a Pension Adjustment (PA) has been reported to CCRA. A PA **reduces** the amount you can contribute to RRSPs, or your allowable RSP contribution room.

When you terminate your HEPP membership and do not retire under HEPP, **a PAR allows you to increase the amount you can contribute to RRSPs.**

## **Can I get a PAR to restore the amount I can contribute to my RRSPs?**

You can get a PAR to restore the amount you can contribute to your personal RRSPs if:

- The total of all your HEPP PAs (plus \*PSPAs, if applicable) is **more than** your HEPP pension benefit, and
- You transfer all of your funds out of HEPP **before December 31, 2001.**

**\*You may have had a Past Service Pension Adjustment (PSPA) if you purchased prior periods of service under HEPP.**

## **What is the deadline for transferring all of my HEPP funds out of the plan to get a PAR?**

As the deadline of December 31, 2001 falls during the holiday season, HEPP will need all the documents to process your transfer **no later than December 10, 2001** to ensure that your transfer is completed by the deadline. If you have not transferred all of your funds out of HEPP by December 31, 2001, your rights to a PAR will cease. Absolutely **no exceptions** can be made to extend this deadline as per the CCRA.

## **Where can I get more information?**

HEPP's Member Services Representatives (MSRs) are available at (204) 942-6591 or toll-free at 1-888-842-4233 or 1-877-567-4996. For personal financial information, please talk to your financial advisor.

## **Explanation of Terms and Definitions**

### **Pension Adjustment Reversal (PAR)**

Under a defined benefit provision, such as HEPP, a PAR is an amount that will restore registered retirement savings plan (RRSP) contribution room to you, increasing the amount you can contribute to RRSPs. This applies when you receive a termination benefit that is less than your total Pension Adjustments (PAs) and Past Service Pension Adjustments (PSPAs).

### **Pension Adjustment (PA)**

A PA represents the value of the pension benefit you earned in a year, for income tax purposes, under a registered pension plan. The PA is reported on Box 52 of your T4. (This is different than the total pension contributions you make to the pension plan every year - you do not include the PA amount in your income, and do not deduct it on your return.) Canada Customs and Revenue Agency (CCRA) will use the PA in the calculation of your RRSP contribution limit. Your contribution limit will appear on your Notice of Assessment from CCRA.

### **Past Service Pension Adjustment (PSPA)**

A PSPA represents the value of the pension benefit related to the past if there have been any pension improvements, and reduces your RRSP room. A PSPA is the sum of the additional pension credits that would have been included in your PA if the upgraded benefits had actually been provided in those previous years.

***This notice is for information purposes. In the event that this information differs from the Healthcare Employees Pension Plan Text, the Plan Text will govern.***