

# Forms of Payment

## **Q: What forms of payment are available?**

A: You will receive your pension in the form of equal monthly payments. Your pension will be paid one way if you have a spouse, and another way if you do not have a spouse on the date your pension begins. Generally, you will be considered to have a spouse if you are married or in a common-law relationship for a period of time. Each Province in Canada has a specific legal requirement defining marriage and common-law relationships. Contact the Fund Office for additional information regarding definition of a spouse.

### Regular Form - If I do not have a spouse

Your normal, unreduced early retirement, early retirement, disability or deferred vested pension will be paid in equal monthly payments for as long as you live with a minimum guarantee of 60 months. If you die before receiving 60 monthly payments, your beneficiary or estate will continue to receive pension payments until the balance of the guaranteed payments has been paid. If you die after receiving 60 monthly payments, your pension payments will cease with the benefit payable in the month after your death.

### Standard Form - If I do have a spouse

By law, if you have a spouse on the date your pension begins, your normal, unreduced early retirement, early retirement, disability or deferred vested pension must be paid as a 60% joint and survivor benefit. This gives you a reduced monthly pension during your lifetime. Then, your surviving spouse will receive 60% of the pension you were receiving. The amount of the reduction depends on your age and your spouse's age when payments begin and is determined taking into account the payments expected to be made to your surviving spouse.

You and your spouse may waive the payment of the joint and survivor benefit by submitting a Spousal Waiver Form to the Fund Office. It must be signed by you and your spouse. This waiver must be filed before payment of your benefit commences. Once you file a Waiver Form, you will be eligible to receive your pension benefit as though you did not have a spouse. This includes being able to select one of the other optional forms of payment listed below. Disability applicants may only choose either the 60% joint and survivor option or normal option with the 60-payment guarantee.

### Optional Form (1) - Life Guarantee

This option gives you a monthly pension payment for as long as you live. Upon your death, your pension will stop regardless of the number of monthly payments you have received.

### Optional Form (2) - Life Guarantee with a 10 or 15 Year Guarantee

This option gives you a monthly pension payment for as long as you live, with either 120 or 180 monthly payments guaranteed, depending on the option you choose. For example, if you choose the 180 payments (15 year guarantee) and you die before receiving 180 payments, your beneficiary will continue to receive the monthly pension until a total of 180 monthly payments, before and after your death, have been made. If you die after receiving 180 monthly payments, your pension payments will cease with the last payment payable in the month of your death. If you choose the 120 payments (10 year guarantee) the same payment rules apply as demonstrated in the 15-year guarantee example.

### Optional Form (3) - Joint and Survivor Option

You may also choose to receive payments in the form of a 50%, 75% or 100% joint and survivor pension. This means you will receive a reduced monthly pension for as long as you live, and your surviving spouse will receive a percentage of that pension upon your death. For example, if you choose the 100% joint and survivor option, upon your death your spouse will receive 100% of the amount you were receiving before your death for the rest of his or her lifetime.

### Optional Form (4) - Lump Sum - Small Pension

If your monthly pension at age 65 is less than one-twelfth of two percent of the yearly maximum pensionable earnings (\$59.67 for 1997) on which your Canada/Quebec Pension Plan contributions are based, the Trustees will pay you a single cash payment which is equal to the value of your monthly pension entitlement. This value changes every year. Your eligibility for this lump sum will be determined at the time you retire.

### Optional Form (5) - Level Income Option

If you retire between ages 55 and 65, you will not yet be eligible to receive benefits under the Old Age Security Act. Option 5 allows you to have a more or less level income over the entire period of your retirement, instead of a lower income before age 65 and a higher income once you begin receiving Old Age Security (OAS) benefits.

If you elect this option, your monthly benefit amount from the Plan will be higher during the period before you are eligible for OAS benefits. Once you reach age 65 and are eligible to receive OAS benefits, your monthly pension amount from the Plan will be reduced. When the lower Plan amount is added to your full OAS benefits, the total will be approximately the same as the earlier, higher benefit from the plan.

Even though the full OAS benefits are taken into account in calculating the benefits payable under this option, you should be aware that the benefits payable from the Plan are independent of benefits provided under the Old Age Security Act. If you elect this option and you are not eligible for or do not apply for the OAS benefits, or if the OAS

benefits are reduced or cancelled, the Trustees, the Fund or your employer will not be responsible for the payment of the OAS benefits.