

Mr. Vance



MUNICIPAL SUPERANNUATION ACT

BOOKLET FOR CONTRIBUTORS, 1948

Facts about the "Municipal Superannuation Act."

COMMENTARY.

This booklet has been prepared for your convenience. It is designed to give you a means of quick reference to some of the more important facts about the Superannuation Act.

There are several points which should be emphasized before considering the Act itself. The first is that the cost of the benefits to the employee is extremely low, for contributions are based on net rates, and the expenses of administration are paid by the Provincial Government.

Secondly, the Death and Disability Benefits incorporated in the scheme are of major importance, as the employee is provided with a measure of protection in either event. It is pointed out that both the employer and employee contributions include the cost of providing these benefits.

For ease of reference in this booklet, contributors will be referred to as being Class 1, Class 2, or Class 3. All male employees, other than firemen, policemen, or bus-drivers, will be referred to as Class 1 employees. Firemen, policemen, and bus-drivers will be referred to as Class 2 em-

ployees. All female employees will be referred to as Class 3 employees. The retiring ages are:—

	Class 1.	Class 2.	Class 3.
Minimum	60	55	55
Maximum	65	60	60

THE SUPERANNUATION ALLOWANCE.

The allowance granted to an employee upon retirement from service consists of two parts:—

- (i) The Service Pension, provided by the employer contributions and on length of service as follows:—

Class 1 and Class 3 employees:—

For each year up to 20, \$18 per annum:

For each year over 20, \$12 per annum.

Class 2 employees:—

For each year up to 20, \$18 per annum:

For each year over 20, \$13.50 per annum.

- (ii) The Retirement Annuity provided by employee contributions. The amount of this benefit is determined from the tables (*see* "Miscellaneous" section at back of this booklet). The higher the contributions made by the employee, the greater will be the Retirement Annuity.

CONTRIBUTIONS.

The employee contributes to the Fund from the date of his permanent appointment. Those full-time employees who are not regarded as permanent should commence contributing within twelve

months of entering the service of their employer, unless they are over the age of 40 years in the case of a Class 1 employee, or over 35 years in the case of a Class 2 or Class 3 employee. Employees who enter the service above these ages may participate in the scheme in accordance with the terms of an agreement between the Commissioner and the employer.

MINIMUM CONTRIBUTION.

The minimum monthly contribution required for each contributor is based on his salary, as follows:—

(i) Up to and including \$125 per month, \$4:

(ii) From \$125 per month to \$150 per month, \$6:

(iii) On each additional \$25 or part of \$25, \$1.

The contribution is automatically raised if any increase in salary warrants it.

VOLUNTARY CONTRIBUTIONS.

The contributor may increase his monthly deduction from time to time, subject to the submission of such evidence of insurability as the Commissioner may require, and providing the commencement date of the increase is in the month that the anniversary of the contributor's birthdate occurs. Lump-sum payments may be made to the Fund at any time. All voluntary contributions are used to purchase additional amounts

of Retirement Annuity, to be added to those which would otherwise be provided.

BENEFITS.

DISABILITY BENEFITS.

The contributor is eligible to receive a Disability Pension from the date that his contributions to the Fund commence, providing the disability is the result of injury arising from his employment. A Disability Allowance will not be granted for disabilities due to other causes, unless the employee has at least ten years' service.

DISABILITY BEFORE REACHING MINIMUM RETIRING AGE.

If an employee becomes disabled to the extent that he cannot fill any position provided by his employer, application may be made to the Commissioner for a Disability Pension. This application must be accompanied by medical evidence indicating the nature and degree of the disability. If the application is approved, an allowance will be granted as follows:—

One-half the total Service Pension and Retirement Annuity which would have been provided had the employee remained in service until his minimum retiring age, plus an additional allowance of:—

One-half the total Service Pension times the number of years of service rendered to the date the employee is declared disabled, over

the total possible years of service to the employee's minimum retiring age; and One-half the total Retirement Annuity payable at the employee's minimum retirement age times the number of contributions made by the employee since April 1st, 1939, over the total number possible between April 1st, 1939, and minimum retiring age.

EXAMPLE No. 1—DISABILITY.

A male employee whose minimum retiring age is 60 becomes disabled at age 55. His possible service to age 60, if he entered at age 35, would provide a Service Pension of \$35 per month, and the Retirement Annuity purchased by his contributions would provide, say, \$40 per month. Total pension \$75 per month. His disability pension is calculated as follows:—

$$\frac{1}{2} \text{ S.P. and R.A. payable at 60 } (\frac{1}{2} \text{ of } \$75) = \$37.50$$

plus

$$\frac{1}{2} \text{ S.P. @ 60 } \times \text{Actual Service to Date}$$

Possible Service to Age 60

$$\$17.50 \times \frac{20}{25} = \$14.00$$

and

$$\frac{1}{2} \text{ R.A. @ 60 } \times \text{No. of Contrib'ns since 1-4-39}$$

Possible No. of Contrib'ns from 1-4-39 to Age 60

$$20 \times \frac{96}{156} = \$12.31$$

He will, therefore, be entitled to a pension of \$63.81 per month on the Single Life plan or to a smaller amount on an optional plan, subject to the approval of the Commissioner.

DISABILITY AFTER REACHING MINIMUM RETIRING AGE.

Where the contributor becomes disabled between his minimum and maximum retiring ages, he may be granted a superannuation allowance calculated to the date that he is declared disabled and on the basis of a normal retirement pension. (See example under "Normal Retirement.")

WITHDRAWAL.

1. If a male employee resigns or is dismissed, he may:—

- (a) Leave the amount to his credit in the Fund to provide an annuity, payment to commence at his minimum retiring age; or
- (b) Apply for the refund value of his contributions to the Fund.

(NOTE.—The refund value may be less than the amount of the contributions made, because at first the amount to the employee's credit is small and the cost of the Death and Disability Benefits is greater than the interest being earned.)

2. As the female employee is not required to contribute toward death benefits, on resignation or dismissal she receives the amount of her contributions accumulated at $2\frac{1}{2}$ per cent.

3. An employee may not borrow or otherwise obtain the amount to his credit in the Fund unless he leaves the service of his employer.

4. If an employee re-enters the service within one year after resignation or within three years after dismissal, he should write to the Commissioner of Municipal Superannuation as soon as possible following re-entry requesting that he be reinstated in the Fund. Following such request, he will be advised of the amount of money that must be paid or repaid to effect his reinstatement.

DEATH BENEFITS.

The Death Benefit is provided for all male employees from the date that the first contribution to the Fund is made; but if death is not accidental and occurs before the employee has contributed to the Fund for five years, the widow, nominee, or estate of the employee would receive the refund value of the contributions made by the employee.

DEATH IN SERVICE BEFORE REACHING MINIMUM RETIRING AGE.

The widow of an employee who dies in service after having contributed for five years but before having reached minimum retiring age is entitled

to one-half the total Service Pension and Retirement Annuity that would have been paid to the employee if he had remained in service until his minimum retiring age. This allowance is payable to the widow for life unless she remarries, in which case payment of the Service Pension portion of the allowance is stopped.

EXAMPLE NO. 2—DEATH IN SERVICE.

A male employee in Class 2, aged 51, dies in service. His monthly contributions had been large enough to buy an annuity on the Single Life plan of, say, \$35 per month, payable from his minimum retiring age of 55. Had he remained in service until minimum retiring age, he would have been entitled to a Service Pension of \$34.50 a month, based on twenty-four years of service. The total allowance he would have received, if he had lived to retire at 55, would therefore have been \$69.50. His widow will receive half of this, or \$34.75, for the rest of her life, unless she remarries, when the Service Pension payment of \$17.25 will be stopped, and her allowance would then be half of the Retirement Annuity, or \$17.50.

DEATH IN SERVICE AFTER REACHING MINIMUM RETIRING AGE.

The widow of an employee who dies in service after having reached minimum retiring age is entitled to an allowance equal in amount to the superannuation allowance that would have been

granted to the employee and his wife if he had retired from service immediately prior to his death and had selected the Joint Life and Last Survivor plan. (See example under "Normal Retirement.")

(NOTE.—(1) Where the employee leaves no widow, the refund value of the employee's contributions will be made to the nominee or estate. (2) If a female employee dies in service, a refund of contributions made by the employee, together with interest at 3 per cent. per annum, will be paid to the contributor's nominee or estate.)

RETIREMENT BENEFITS.

The employee becomes entitled to a normal superannuation allowance at his minimum retiring age or at any date thereafter if twenty years of service have been completed. If the employee reaches his maximum retiring age and has less than twenty years of service, he may either apply for a refund or a monthly allowance, subject to the approval of the Commissioner. The superannuation allowance to which the employee becomes entitled consists of the following:—

- (a) A Service Pension based on the employee's years of service to the date of retirement:
- (b) A Retirement Annuity based on the amount of the employee's contributions to the Fund in accordance with the prescribed actuarial tables.

EXAMPLE NO. 3—NORMAL RETIREMENT.

A male employee in Class 1 whose minimum retiring age is 60 decides to retire when he is 63. At this age he has thirty-eight and one-half years of service to his credit and has contributed enough to buy a retirement annuity of, say, \$30 a month.

His Service Pension will be calculated as follows:—

For 20 years of service...	\$360.00 per annum
For 18 years of service...	216.00 per annum
For 6 months of service...	6.00 per annum

A total of.....	\$582.00 per annum
Or	48.50 per month

This Service Pension, together with the Retirement Annuity he has purchased, makes up his total Retirement Allowance of \$78.50 per month payable on the Single Life plan from the date of retirement until death. The allowance may be used to buy varying amounts of annuity on the plans described in the next section.

If this employee had died in service at 63, his widow, if she were age 60, would receive an allowance of \$57.70 for the rest of her life.

RETIREMENT PLANS.

The type of plan desired must be selected, and the Commissioner informed of the choice at least five years before the minimum retirement age of

the contributor. If no selection of plan is made by the employee within the necessary time-limit, the superannuation allowance will be paid on the Ten-year Guaranteed plan.

The selection of plan applies only for normal retirement. It does not affect in any way the amount or plan upon which a Disability Allowance or Widow's Allowance is payable, as these are defined in the Act itself.

Any one of the plans indicated below may be selected:—

(a) *Single Life* payable for the life of the pensioner. The Commissioner must be satisfied that suitable provision has been made for dependents before this plan may be chosen. This plan is most suitable for persons who have no dependents. It provides the greatest monthly income throughout the lifetime of the employee.

(b) *Single, Life Guaranteed* payable for the guaranteed period or for the life of the pensioner, whichever is longer. The guaranteed period may not be less than five years. This plan provides a limited protection for the dependents of an employee. If the contributor dies *before* the guaranteed period has expired, then the monthly payments will be continued to the nominee for the *balance* of the period. If the contributor dies *after* the guaranteed period

has expired, no further payments will be made.

(c) *Joint Life and Last Survivor* payable until the death of *both* the contributor and any person nominated by him. This plan provides the greatest protection for the wife of an employee but results in a smaller allowance because payments are continued until *both* persons have died.

(d) Either of the following plans, if the contributor has reached his minimum retiring age before the allowance is granted:—

(i) *Temporary Life Annuity* of \$30 per month payable to the pensioner until age 70 or until death, whichever occurs first.

(ii) *Temporary Joint Life and Last Survivor Annuity* of \$30 per month payable until both persons or the survivor reaches 70, or until the death of the survivor if this occurs before age 70.

These plans provide the greatest amount of allowance for the shortest period. They should only be selected when the employee has some other source of income commencing at age 70 which will offset the reduction in allowance that will take place at age 70 under these plans.

(e) Any combination of the preceding plans which the pensioner, with the approval of the Commissioner, may request.

(NOTE.—(1) If either the Joint Life and Last Survivor plan, or the Temporary Joint Life and Last Survivor Annuity plan is chosen, certified proof of age of *both* participants is required.

(2) It may be seen in the examples that allowances are first quoted on the Single Life plan. By using tables provided by the actuary, equivalent allowances on the other plans may be found.)

EXAMPLE No. 4.

A male employee has requested that his Retirement Allowance be granted on the Ten-year Guaranteed plan. Upon retirement at 60 his allowance on the Single Life plan is found to be \$72 per month. The tables provided indicate that an allowance of \$66.75 on the Ten-year Guaranteed plan is equivalent to a Single Life allowance of \$72. This amount of \$66.75 per month will be paid to the employee until he dies. If he dies before the guaranteed period of ten years has elapsed, a person nominated by him may receive the remaining payments, otherwise they become part of his estate.

EXAMPLE No 5.

A female employee who retires at 58 is entitled to a superannuation allowance of, say, \$48 per month on the Single Life plan. Five years earlier her request that her retirement allowance be granted on the combined Single Life and Temporary Single Life Annuity plan had been approved.

From the tables provided, it is found that a Temporary Single Life Annuity of \$30 per month may be granted if her allowance on the Single Life plan is decreased by \$17.96. Therefore, her allowance on the Single Life plan will be:—

$$\$48.00 - \$17.96 = \$30.04$$

Up to age 70 she will receive \$30.04 plus \$30, or \$60.04 per month. After 70 she will receive \$30.04 per month. All payments stop when she dies.

EXAMPLE No. 6.

The contributions and service of a male employee in Class 1 who retires at 64, having a wife aged 60, have been sufficient to provide a Single Life Annuity of \$67 a month. His retirement plan, including the Temporary Single Life Annuity, the Temporary Joint Life and Last Survivor Annuity, and the Joint Life and Last Survivor plans, had been submitted and approved five years earlier, together with certified proof of age of his wife.

The tables show that a Single Life Annuity of \$13.25 is equivalent to a Temporary Single Life Annuity of \$30, and that a Single Life Annuity of \$21.55 is equivalent to a Temporary Joint Life and Last Survivor Annuity of \$30. This leaves \$32.20 of the employee's Single Life Annuity, which is equivalent to \$23.06 per month on the Joint Life and Last Survivor plan. That is:—

Single Life Annuity of \$13.25 equivalent to Temporary Single Life Annuity of \$30.00	
Single Life Annuity of \$21.55 equivalent to Temporary Joint Life and Last Survivor Annuity of	30.00
Single Life Annuity of \$32.20 equivalent to Joint Life and Last Survivor Annuity of	23.06

Or

Single Life Annuity of \$67.00 equivalent to Annuity on retirement plan requested by employee of	\$83.06
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Payments are made to the employee as follows:—

\$30.00 per month until the husband reaches 70;

Plus \$30.00 per month until the husband and wife reach 70;

Plus \$23.06 per month until both die.

All payments cease on the death of both husband and wife.

MISCELLANEOUS.

TABLES.

Tables have been provided by the actuary showing the contributions necessary to cover the cost of Retirement Annuities on the Single Life plan, and the Death and Disability Benefits. The amounts opposite the various ages represent the single lump-sum payment, or the monthly con-

tribution, which would be required from the employee at that age to provide an annuity of \$10 per month at his minimum retiring age and provide for the Death and Disability Benefit. If the employee remains in service beyond his minimum retiring age, the annuity will increase proportionately.

Age nearest Birth day when Contribution made or commenced.	TABLE A.			TABLE B.			TABLE C.		
	MALES.			MALES.			FEMALES.		
	Minimum Retiring Age, 60. Maximum Retiring Age, 65.			Minimum Retiring Age, 55. Maximum Retiring Age, 60.			Minimum Retiring Age, 55. Maximum Retiring Age, 60.		
	Single Lump-sum Payment.	Monthly Contribution.	Monthly Contribution.	Single Lump-sum Payment.	Monthly Contribution.	Monthly Contribution.	Single Lump-sum Payment.	Monthly Contribution.	Monthly Contribution.
20.....	\$525	\$2.00		\$659	\$2.70		\$692	\$2.72	
21.....	537	2.05		675	2.80		713	2.85	
22.....	549	2.15		692	2.90		734	2.98	
23.....	562	2.20		709	3.00		756	3.13	
24.....	574	2.30		726	3.15		779	3.28	
25.....	587	2.40		745	3.30		802	3.45	
26.....	601	2.50		763	3.45		826	3.62	
27.....	615	2.60		783	3.60		851	3.81	
28.....	629	2.70		803	3.80		876	4.02	
29.....	644	2.85		823	4.00		902	4.24	
30.....	659	2.95		845	4.20		930	4.49	
31.....	675	3.10		867	4.40		958	4.75	
32.....	691	3.25		890	4.65		987	5.03	
33.....	708	3.40		913	4.95		1,017	5.35	
34.....	726	3.55		937	5.25		1,047	5.70	

Age nearest Birthday when Contribution made or commenced.	TABLE A.		TABLE B.		TABLE C.	
	MALES.		MALES.		FEMALES.	
	Minimum Retiring Age, 60. Maximum Retiring Age, 65.	Monthly Contribution.	Minimum Retiring Age, 55. Maximum Retiring Age, 60.	Monthly Contribution.	Minimum Retiring Age, 55. Maximum Retiring Age, 60.	Monthly Contribution.
35.....	\$744	\$3.75	\$963	\$5.60	\$1,079	\$6.08
36.....	762	3.95	989	5.95	1,112	6.50
37.....	781	4.15	1,015	6.35	1,146	6.97
38.....	801	4.40	1,043	6.80	1,181	7.50
39.....	821	4.65	1,071	7.30	1,217	8.09
40.....	842	4.95	1,101	7.90	1,254	8.77
41.....	863	5.25	1,131	8.60	1,292	9.55
42.....	885	5.65	1,163	9.35	1,332	10.44
43.....	908	6.05	1,196	10.25	1,373	11.49
44.....	932	6.50	1,230	11.35	1,416	12.74
45.....	956	7.00	1,265	12.65	1,459	14.23
46.....	982	7.60	1,302	14.20	1,505	16.06
47.....	1,008	8.25	1,340	16.20	1,551	18.35
48.....	1,035	9.05	1,379	18.75	1,599	21.29
49.....	1,063	10.00	1,420	22.15	1,650	25.22

50.....	\$1,092	\$11.10	\$1,463	\$26.90	\$1,701	\$30.73
51.....	1,123	12.45	1,508	34.00	1,755	35.01
52.....	1,154	14.15	1,555	45.90	1,810	52.78
53.....	1,187	16.35	1,605	69.65	1,867	80.38
54.....	1,222	19.30	1,657	141.00	1,927	163.11
55.....	1,258	23.40	1,713	.....	1,990	.....
56.....	1,296	29.50	.....	.....	.....	.....
57.....	1,336	39.75	.....	.....	.....	.....
58.....	1,379	60.15	.....	.....	.....	.....
59.....	1,424	121.45	.....	.....	.....	.....
60.....	1,472	.....	.....	.....	.....	.....

CHANGE OF EMPLOYER.

An employee who transfers from one employer to another under the "Municipal Superannuation Act" will retain the rights and benefits he has accumulated.

PROOF OF AGE.

This is required from all those who participate in the scheme. The most satisfactory proof of age is a birth certificate, and the following information may be of assistance in obtaining one:—

Place of Birth.	Where Birth Certificate may be obtained.	Fee.
Alberta.....	Registrar of Vital Statistics, Edmonton.....	\$1.00
British Columbia.....	Registrar of Vital Statistics, Victoria.....	1.00
Manitoba.....	Registrar of Vital Statistics, Winnipeg.....	1.00*
New Brunswick.....	Registrar of Vital Statistics, Fredericton.....	.50
Nova Scotia.....	Registrar of Vital Statistics, Halifax.....	1.00
Ontario.....	Registrar of Vital Statistics, Toronto.....	1.50†
Prince Edward Island.....	Registrar of Vital Statistics, Charlottetown.....	.50
Quebec.....	Registrar of Vital Statistics, Quebec City.....	.50
Saskatchewan.....	Registrar of Vital Statistics, Regina.....	1.00
Yukon.....	Registrar of Vital Statistics, Dawson.....	1.00
England.....	Registrar General, General Registry Office, Somerset House, Strand, London, England.....	5s. 3d.
Scotland.....	Registrar General, Edinburgh.....	3s. 1d.
Ireland (before Dec. 31, 1921).....	Registrar General, Dublin.....	5s. 1d.
Northern Ireland (after Dec. 31, 1921).....	Registrar General, Belfast.....	3s. 1d.
Southern Ireland (after Dec. 31, 1921).....	Registrar General, Dublin.....	5s. 1d.
United States of America.....	Bureau of Vital Statistics in the capital of the State where birth occurred.....	\$0.50-\$1.00

* Search letter may be used; fee, 25 cents.

† Search letter may be used; fee, 50 cents.

If birth occurred in a country not mentioned above, application should be made to the church or civil authorities at the place of birth. An inquiry addressed to the Mayor or person in equivalent position will generally be forwarded to the proper authority.

If a birth certificate cannot be obtained, the employee may submit:—

- (1) A baptismal certificate, or a certified extract from church records in the place where birth occurred.
- (2) A certified extract from the family record contained in the family Bible.
- (3) A birth notice appearing in the local newspaper.
- (4) A statement by the attending physician at the time of birth.

The following documents, often possessed by employees born in Europe, may be used for proof of age:—

- (1) Military travel passport.
- (2) European travel passport.
- (3) School records.
- (4) Naturalization records.

The value of other records showing date of birth and submitted for proof of age depends on how soon after the date of birth the information was given. Any documents or records sent in to establish proof of age will be returned.

SUMMARY.

It may be seen from the foregoing that the benefits included in this scheme are varied and extensive. Most possible contingencies are provided for at a cost to the younger employee that is very small; even to the employee who is nearing pensionable age, this cost is still quite reasonable. Those who are far from retirement will realize, by looking at the tables, the advantages of increasing their contributions while they are still young, for the monthly amount required at that time to buy an annuity is less than a third of the amount required to buy the same annuity if the increase is delayed until twenty years later.

It would not be possible for an employee to make private arrangements to protect himself with the benefits this plan provides unless he were willing to pay a much larger amount. It should be remembered that under the municipal superannuation scheme, according to present income tax regulations, the employee may deduct contributions to a total of \$900 a year from his salary when computing his income tax.

VICTORIA, B.C.:

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1948.

SUMMARY

It may be seen from the foregoing that the benefits included in this scheme are varied and extensive. Most possible contingencies are provided for at a cost to the younger employee that is very small; even to the employee who is nearing pensionable age, this cost is still quite reasonable. Those who are far from retirement will realize, by looking at the tables, the advantages of increasing their contributions while they are still young, for the monthly amount required at that time to buy an annuity is less than a third of the amount required to buy the same annuity if the increase is delayed until twenty years later.

It would not be possible for an employee to make private arrangements to protect himself with the benefits this plan provides unless he were willing to pay a much larger amount. It should be remembered that under the municipal superannuation scheme, according to present income tax regulations, the employee may deduct contributions to a total of \$500 a year from his salary when computing his income tax.

VICTORIA, B.C.

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