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# 3 TERMINATION OF EMPLOYMENT

The normal retirement age for WorkSafeBC Pension Plan members is 65, and the earliest retirement age is 55.

When a plan member terminates employment prior to age 55, the member is eligible for plan benefits. The type and amount of the benefit payable depends on the member's age and service at the time of termination, and may include:

- a refund of the member's contributions, with interest to members who were not vested and terminated before September 30, 2015,
- a retirement benefit payable at a later date, or
- a lump-sum payment of the value of that pension (commuted value).

We will notify the member of the benefit options available and make payments when required.

## 3.1 When has a member terminated employment for pension plan purposes?

In the case of a plan member receiving benefits under an LTD plan, termination of employment occurs when the long-term disability (LTD) benefits cease. Even if a member's employment has been terminated with you for all other purposes, the member has not terminated employment for plan purposes as long as LTD benefits are still being paid to the member under an LTD plan (see section 6).

When a member terminates employment, you must submit Employee Information at Termination/Retirement online to report:

- the date that the member terminated employment, and
- salary and service information for the part of the reporting period they worked. You will also report this information on your *Payroll Report*, however we need the information in the meantime to provide the member with termination options.

**A plan member has not terminated employment for plan purposes if:**

- the member is on an approved leave of absence,
- the member is laid off but still has seniority rights under the collective agreement, including periods of layoff and recall and has made a contribution within one year,
- the member is a casual employee who has not worked recently but has not resigned or been dismissed,
- the member is receiving benefits under an LTD plan, even if the member's employment has been terminated for all other purposes, or
- the member changes employment status, but does not resign and is not dismissed (for example, the member changes from full-time to part-time).

If a plan member has been dismissed and is appealing the dismissal, the termination of employment must still be reported. However, these members should be advised to contact the plan regarding their termination options. If a member takes a commuted value and is later reinstated, these payments cannot be reversed. For further information, please contact us.

### **3.2 Termination eligibility**

Terminating members have the option of leaving their contributions on deposit.

Eligibility for termination of employment benefits depends on a member's age at the date of termination of employment. To learn more about pensionable and contributory service, see section 7.

If a plan member terminated employment before September 30, 2015, different rules apply and the member's options may be different. Please contact us if you require more information.

The following table outlines the options available based on age for people who terminate employment on or after September 30, 2015.

AGE RULES FOR BENEFIT ELIGIBILITY	
Age	Options
<b>Under 55</b>	Deferred retirement benefit Or Locked-in commuted value payment (funds must be withdrawn before age 55)
<b>55 but under 60</b>	Deferred retirement benefit Or Immediate retirement benefit (your pension is reduced if your age and contributory service total less than 90)
<b>60 but under 65</b>	Deferred retirement benefit Or Immediate retirement benefit (the member's retirement benefit is reduced if you have fewer than two years of contributory service)
<b>65 or over</b>	Unreduced retirement benefit

***Deferred retirement benefit***

A retirement benefit payable at a later date. The pension cannot start earlier than age 55.

***Commuted value***

The commuted value of the retirement benefit is the amount of money that needs to be set aside today, using current interest rates, to provide enough funds at retirement to pay a pension similar to the pension the member would have received from the plan at the member's earliest retirement age.

### 3.3 Locking-in

When a person is entitled to a benefit (including a commuted value), that benefit is usually “locked-in.” This means that the benefit must be used to provide retirement income according to the *BC Pension Benefit Standards Act*. A member can choose to take that benefit as a pension from the plan or may transfer the commuted value of the pension to another pension income provider. If a commuted value is transferred to another pension income provider, it must be transferred to:

- a locked-in retirement vehicle,
- another registered pension plan,
- a LIF (life income fund), or
- to a life insurance company to provide an annuity payable no earlier than age 50.

The financial institution or other pension plan must certify that the funds will be used to provide a retirement benefit.

If the retirement benefit or commuted value amounts are under certain thresholds, the member may choose to take the commuted value paid directly to them or have it transferred to an RRSP without locking-in restrictions.

### 3.4 Income tax

A refund or commuted value payment is not subject to income tax deductions when it is transferred directly from the pension plan to a registered retirement vehicle listed above.

A refund or commuted value payment paid directly to the plan member will have income tax withheld at CRA's flat rate of 10 per cent to 30 per cent, depending on the payment amount. The member may owe more or less tax when they file their annual return.

### 3.5 Reporting employee information at termination

Select the EITR Submitted Report to view all the member information you have submitted within a specific time frame.

Clear copies of the necessary documents ensure termination can be paid.

When a plan member terminates employment, PBSA requires us to provide them with their termination selection statement within 60 days. In order to enable us to comply, submit Employee Information at Termination/Retirement online within 14 days or as soon as the final payroll has been completed.

Sign in to the secure employer website, access the Employer Portal and then select Employee Information at Termination/Retirement in the Employer Reporting section. Follow the prompts to enter the data.

Also ask the member to submit any plan member documentation not already on file with the corporation, such as:

- proof of age and identity (see section 1)
- orders or separation agreements pertaining to the splitting of pension benefits because of marital breakdown

It is important to submit Employee Information at Termination/Retirement data to us within 14 days so the plan member is provided their benefit options.

You can access the Employee Information at Termination/Retirement Report to view a rollup of the member information you have submitted.

We will:

- calculate their termination benefit options, and
- send them a *Termination Selection Statement* outlining their options.

The member can then select a benefit.

Information about termination options is available at [worksafe.pensionsbc.ca/what-happens-if-you-leave-your-job?](https://worksafe.pensionsbc.ca/what-happens-if-you-leave-your-job?)

If the member is taking vacation time at the end of their employment, their termination date is the end of the vacation period, provided the member takes the vacation owed as time off with pay.

If the member receives a lump-sum payment for vacation owing,

- the payment is not pensionable,
- the payment should not be included in salary,
- no deductions should be taken, and
- the termination date is the last day worked.

If the member terminates employment immediately following an approved leave of absence, the termination date is the last day of leave. If the member resigns or is dismissed during their leave of absence, the termination date is the date of resignation or dismissal.

## **Termination checklist**

### **Remember to...**

- Submit Employee Information at Termination/Retirement online within 14 days.
- Advise the member that if they wish to purchase service, they must apply to do so before terminating employment with you.
- Get a current address from the member.
- Ask if the member is transferring to another job that is covered by a pension plan. If so, refer the member to the website for more information.