

FAQ: New pension transfer options for eligible retired and deferred members who were involved in a past divestment

If you were impacted by a divestment that occurred prior to January 1, 2014 and you are receiving a pension or are entitled to a deferred pension from your former and/or successor employer's pension plan, you may be eligible for new transfer options that will allow you a one-time opportunity to consolidate your separate pension benefits in your successor employer's pension plan.

If this situation applies to you, this information sheet will help to answer some questions you might have.

What is a divestment?

A "divestment" refers to the transfer of all or part of an operation and its employees from one employer to another employer due to a sale of business or the assignment or disposition of all or part of an employer's operations to a new employer. Under Ontario's *Pension Benefits Act* (PBA), special rules apply for pension plan members who join a different pension plan as a result of a divestment, and until recently these members have been unable to transfer their pension entitlements from their former pension plan to their successor plan.

What rules have changed?

The Ontario government passed pension legislation on January 1, 2014 that allowed certain divested members who were still employed by their successor employer to consolidate their separate pensions. At that time the legislation restricted similar types of transfers for former and retired members, but these restrictions were later removed in July 2014.

Since these legislative changes were announced, HOOPP has been working with OMERS, OPSEU Pension Trust (OPTrust) and the Ontario Pension Board (OPB) to develop a transfer agreement that will provide eligible former and retired members with the ability to transfer the value of their pension benefits from their former pension plan to their successor pension plan so they can receive one pension instead of two. A similar transfer agreement was made available to divested members who were still employed by their successor employer in 2014.

Why do members need to complete an application form?

HOOPP and the other pension plan administrators require information about each member's spousal status to perform the necessary calculations and to prepare each member's personalized transfer options package. Without this information, a transfer options package cannot be prepared. Eligible members must complete and return their application form to their successor pension plan to receive more information about their transfer options.

When will members receive their application forms?

Eligible HOOPP members will receive an application form by the end of November 2015. The application form must be completed and returned to HOOPP within 60 days of the date that the forms are mailed.

What happens if a member does not return a completed application form?

Members who do not return a completed application form to HOOPP within the 60-day deadline will no longer be eligible to receive a transfer options package. These members will continue to be entitled to two separate pension benefits from their former and successor pension plans.

What options will be available to members who apply?

Members who complete and return an application form will have a one-time opportunity to transfer the value of their pension benefits from their former employer's plan to their successor employer's plan so that their pension is paid from one source instead of two. Members will also have the choice to keep their pensions separate in both plans (as they are today).

Who is eligible to receive an application form?

Under the terms of the transfer agreement a divested member is eligible to receive an application form if they meet the following criteria:

- i) They were affected by a divestment that occurred prior to January 1, 2014.
- ii) They terminated employment with a successor employer or membership in their successor pension plan on or after May 18, 2010.
- iii) They are receiving a pension or are entitled to a deferred pension from their former plan and are either active, receiving a pension, or entitled to a deferred pension from their successor plan on the day the application form is mailed.
- iv) They were not previously eligible to transfer all or part of their pension entitlement from their former plan to their successor plan.

Other conditions may apply depending on each member's personal circumstances and the terms under each of the pension plans.

When will members receive their transfer options package?

Personalized transfer options packages are scheduled to be mailed in March or April of 2016 to members who return a completed application form. The package will contain information about the transfer options and an election form. Members will have 90 days to complete and return their election form (and any other applicable forms) to HOOPP.

Can eligible members keep their pensions separate, as they are today?

Yes, eligible members also have the option to keep their pension entitlements separate in both pension plans as they are today. Members who select this option or who do not return a completed application form will continue to be entitled to separate pension benefits from each pension plan; there will be no changes to the pension benefits they are currently receiving or that they are eligible to receive from each pension plan.

If members elect to transfer how will this impact their pension?

Members who elect to consolidate their pensions will no longer be entitled to separate pension benefits from each pension plan. Instead, they will be entitled to a single pension benefit from their successor pension plan that will be based only on the successor plan's pension formula, retirement options and other applicable provisions. Following the transfer, their membership in their former plan will end and no further benefits or pension payments will be payable to them, their spouse and/or any of their beneficiaries from their former pension plan.

What happens if a member does not return their election form?

Members who do not make an election by the 90-day deadline will no longer be eligible to consolidate their pensions and their pension benefits will remain separate as they are today.

Will there be a cost for members to transfer their benefits?

All eligible members will be able to transfer the value of their pension benefits from their former plan to their successor plan; however, the value of the benefits that some divested members have in their former plan may not be enough to buy an equivalent amount of service in their successor plan.

For example, if a member has 10 years of pension credit in their former plan, the value of those benefits may not be enough to provide 10 years of pension credit in their successor plan - it may provide a lesser amount. This could occur due to increases in a member's salary since the divestment or differences in the provisions of the former and successor pension plans. This is called a "pension credit shortfall." In this situation, members will have the option to purchase the shortfall, so they receive the same amount of pension credit in their successor plan that they had in their former plan. Members can choose to purchase some, all or none of the shortfall.

Further information will be provided to members in their personalized transfer options packages.

How will members know which option is best for them?

The personalized transfer options package that will be sent to eligible members who submit a completed application form will include pension estimates. These figures will show the amount of pension that will be payable to members if they consolidate their pensions or leave them separate so that they can compare their options and determine which one makes sense for them.

Additional information will also be included in the package about other factors that members may need to consider before making a decision. After receiving their personalized transfer options package, client service representatives from each member's former and successor pension plans will be available to discuss their options in more detail.

Is there anything members can do before they receive their application form or transfer options package?

If an eligible member's mailing address or personal information has changed or will be changing, they should notify their former and successor pension plans as soon as possible.