

PensionFacts



*Some of the
different ways
your pension can
be paid to you.*

Pension options available to retiring members

The basic pension under each option will be paid to you for as long as you live. Before you retire you must decide if you want your pension to continue to be paid to someone after your death, either temporarily or permanently. This decision will affect the amount of your pension payment.

Single life pension

A single life pension (SL) is paid to you for as long as you live and may continue to be paid to your beneficiary after your death.

The standard pension available to all plan members is a single life, no guarantee. This is a monthly pension that is payable for as long as you live. It gives you the highest possible monthly pension payments, but your beneficiary receives nothing after you die. Payments stop at the end of the month in which you die.

Guarantees on a single life pension

You can choose a guarantee period of five, 10 or 15 years on a single life pension. Under this pension the guarantee period begins the date your pension starts and continues for five, 10 or 15 years. The pension is payable for as long as you live, and continues to be paid to your beneficiary if you die before the guarantee period expires. In this case, payments to your beneficiary continue for the amount of time left in the guarantee period.

If you die and your estate is your beneficiary, the plan will pay the remaining payments to your estate in a lump sum.

If your beneficiary dies before you do, and before the guarantee period ends, you may name another beneficiary. If you don't name another beneficiary before you die, the plan will pay the remaining payments to your estate in a lump sum.

No payments are made to your beneficiary or to your estate if you die after the guarantee period ends.



Joint life

A joint life pension (JL) is paid for the joint life of you and your spouse.¹ In other words, if your spouse lives longer than you do, he or she continues to get a pension, based on the percentage of joint life pension you select at retirement.

For example, if you select a 100 per cent JL, after your death your spouse will receive 100 per cent of your pension payment for the rest of their life. If you select a 60 per cent JL, the payment is 100 per cent as long as you live, then after your death your spouse will receive 60 per cent of your basic lifetime pension payment for the rest of their life. JL options are available in any percentage combination. The plan can provide quotes for these combinations on request.

Compared with an SL, a JL will generally provide a lower pension payment. This is because the JL pension:

- covers two lives,
- may continue after your death, and
- generally is paid out for more years.

Guarantees on joint life pensions that are less than 100 per cent

You can also select a guarantee period of five, 10 or 15 years on a JL pension that is less than 100 per cent. If you die before the guarantee period ends, the pension payment continues at 100 per cent to your spouse for the time remaining on the guarantee. After the guarantee period ends, the pension payment reverts to the JL percentage you selected for the lifetime of your spouse. If you and your spouse die and there is still time remaining on the guarantee, the plan will pay the remaining payments to your estate in a lump sum.

Temporary annuity

A temporary annuity temporarily supplements your pension and is payable until you reach age 65 or die, whichever comes first. This option may help you meet the initial expenses of retirement; however, it permanently reduces your lifetime pension. When the temporary annuity ends, you receive smaller pension payments than you would have if you had left your basic pension intact.

Questions & Answers

How do I select my pension option? When you apply for your pension, you will receive a Pension Estimate that quotes the various pension option combinations, and an estimated amount those options will pay each month. Once you decide which option best suits your needs, you must advise the plan of your selection by completing and returning the Pension Estimate.

1. "Spouse" means the person you are legally married to and, for the two-year period immediately before the relevant time (e.g., retirement or death), were not living separate from (you are not considered to be living separate and apart if the separation is due to health reasons); or, the person of the same or opposite sex, who has lived with you in a marriage-like relationship for the two-year period immediately before the relevant time. "Spouse" may also mean a former spouse who is entitled to part of your pension by written agreement or court order.

What option should I select? This will depend on your circumstances. When selecting an option, you must balance your immediate needs with your future needs and, if you have a spouse or beneficiary, you must consider their needs.

The basic pension formula used to determine how much money your pension will pay each month is based on one life—yours. But there may be other factors to consider that affect your pension. What if you have a spouse? Or are divorced? What if you are widowed? Or are ill? What if you have another source of retirement income?

When considering these factors you should also remember that a pension option that guarantees payments for longer periods, and/or pays someone else after your death, will give you a lower monthly pension payment because it provides more coverage.

You should also consider other income you may have now or may receive in the future, for example, from the Canada Pension Plan.

Once you select your pension option and that option has been processed, you have only 60 days after your pension is granted to make changes.

Can I change the pension option I originally selected? You have 60 days from when your pension is granted to change your pension option. If you have a spouse, only changes that improve your spouse's benefit are allowed. After that time your selection is final.

Is there anything else I need to consider? This fact sheet provides a general overview of the various pension options available to you. You will want to make sure that you understand how the available options, or combination of options, will affect:

- your income during retirement, and
- your spouse's or beneficiary's income after your death.

Get the facts so that you can make an informed decision. Remember, once you select your pension option and that option has been processed, you have only 60 days after your pension is granted to make changes. After that time, your decision is final.

PensionFacts is published for the Teachers' Pension Plan by the Pension Corporation. This publication is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents apply.

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