



# in concert

Helping you understand your pension plan

February 2012

## Musicians' Pension Fund of Canada

2255 Sheppard Avenue East  
Suite A110, Toronto  
Ontario M2J 4Y1

TEL: 416.497.4702

FAX: 416.497.4742

TOLL FREE: 1.888.462.6666  
info@mpfcanada.ca

QUESTIONS AND/OR COMMENTS  
MUST BE MADE IN WRITING:

info@mpfcanada.ca

416-497-4742

### Contribution remittance reminder



For those involved in remitting contributions on behalf of members – please remember to send contributions on a timely basis. This is particularly important at year end. According to our Collection Control Policy, all contributions for engagements taking place in 2011 should be received in the fund office by **March 1, 2012**.

**in concert** covers general pension issues and explains how your pension plan works.

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## Official Notice to Members



### Notice to Members – Plan changes

Some changes to the plan have been made to comply with recent changes in provincial pension legislation and with Amendment Nos. 3 and 4 to the Plan Rules and Regulations. Important information regarding these changes is summarized on page 2, Notice to Members. Please review as it may be relevant to you.

### Effective January 1, 2012

## Ontario spousal relationship breakdowns



**Ontario's Family Law Act has been changed for separation agreements signed on and after January 1, 2012. Changes have also been made to the Ontario Pension Benefits Act to align with the Family Law Act changes.**

The plan administrator will now determine the value of your pension, based on rules set out in the new legislation. This means you will not have to hire your own actuary to do this. If you have not yet commenced receipt of your pension, there is now an option to pay the ex-spouse an immediate lump sum – he/she no longer has to wait for your first pension payment to receive his/her entitlement. If your pension has already commenced, pension division remains the only option available.

Note that it is not mandatory that your pension be divided. It may be that your pension value is offset by other assets being divided at the time of spousal relationship breakdown. Every situation is different – you'll need to seek independent legal advice. The Financial Services Commission of Ontario has prepared new forms for this purpose – they are available at [www.fSCO.gov.on.ca/en/pensions/Forms/Pages/default.aspx#Family](http://www.fSCO.gov.on.ca/en/pensions/Forms/Pages/default.aspx#Family). Your lawyer can help you fill out the necessary forms.



**In the provinces where it is required, the fund office will provide marriage breakdown calculations for members and will charge for this calculation where applicable.**

# Notice to Members – Plan changes

Some changes to the plan have been made to comply with recent changes in provincial pension legislation and with Amendment Nos. 3 and 4 to the Plan Rules and Regulations. A summary of those changes follows.



## Changes affecting all members (effective May 18, 2010)

### 1. Definition of Former Member

This definition has been clarified so that it includes a member who has elected to receive a lump sum payment from the plan.

### 2. Lump sum payment options

The plan now permits a member who is entitled to a lump sum to transfer that lump sum to an RRSP.

## Changes affecting members of certain provinces

Please note that the plan contains special rules for all provinces. If you would like to know more about the special rules that apply to you, please contact the fund office.

### 1. Manitoba changes effective May 31, 2010

The definition of spouse in Manitoba has changed – previously, if you were married, your spouse would automatically be considered your spouse for pension purposes. A rule that requires you to not be living separate and apart at the relevant time has been added.

The spouse of a Manitoba member will now be permitted to waive his/her right to pre-retirement death benefits. This allows the member to appoint a beneficiary other than the spouse for the purpose of payment of any pre-retirement death benefits.

On termination of membership prior to being eligible for an immediate pension, a Manitoba member can now, among other things, elect to purchase an immediate or deferred life annuity from an insurance company.

A Manitoba member who becomes a non-resident for income tax purposes and who is eligible for a locked-in commuted value transfer (having terminated his/her membership in the plan prior to being eligible for an immediate pension) can elect a lump sum payment with the consent of his/her spouse – in other words, the funds can escape the locking-in treatment that would normally apply. For more information on locking in, please see the **Glossary** in our **Plan Summary** at [www.mpfcanada.ca/summary.html](http://www.mpfcanada.ca/summary.html).

The “small pension” rule in Manitoba has changed – your benefit will be paid in cash if your annual pension is no more than 4% of the Year’s Maximum Pensionable Earnings (YMPE), or your

commuted value is less than 20% of the YMPE. In 2012, the YMPE is equal to \$50,100 so you would receive a cash payment if you were eligible for a benefit in 2012 and your annual pension is not greater than \$2,004.00 or your commuted value is less than \$10,020.00.

A “shortened life expectancy” rule has been added. A member eligible for a benefit who provides evidence (from a physician) of a life expectancy of less than two years can receive his/her benefit in cash subject to spousal consent.

### 2. Definition of spouse in New Brunswick

Effective October 1, 2011, the definition of common-law spouse has been changed – the cohabitation period of three years has been reduced to two. In addition, if both a married spouse and a common-law spouse claim rights to plan benefits, the common-law spouse will not be entitled to benefits unless there is valid documentation that bars the married spouse’s claim to benefits. (This would be the case where, for example, the member and married spouse have a written separation agreement in place that states the married spouse is not entitled to receive pension benefits from the plan.)

### 3. Termination of membership in Ontario

Effective May 18, 2010, an Ontario member can no longer be considered to have terminated his/her membership in the plan simply because he/she has had no contributions made on his/her behalf for 24 months (or, for Local officers or office staff members, the day he/she terminates employment). Membership in the plan will now terminate on the later of the date just described and the date the member submits written notice of his/her election to terminate membership.

Please note that, if you are an Ontario member and you have passed the date mentioned in the preceding paragraph but have not chosen to terminate your membership, you will not be eligible for a Disability Pension nor a Special Early Retirement Pension – in other words, to be eligible for these benefits, you must have had contributions made on your behalf in the 24 months preceding the commencement date of the pension (or, for Local officers or office staff members, you must not have previously terminated employment).

If you have any questions regarding the plan changes, please contact the fund office.

# Governance review

What is pension governance? The Canadian Association of Pension Supervisory Authorities (CAPSA) defines it as “the structure and processes for overseeing, managing and administering a pension plan to ensure the fiduciary and other obligations of the plan are met”.

CAPSA goes on to state that good pension plan governance:

- is essential for meeting fiduciary and other obligations
- minimizes risks and maximizes efficiency
- promotes accurate, timely and cost-effective delivery of pension benefits
- promotes consistent administration of the plan in the best interests of plan members and beneficiaries
- requires control mechanisms that encourage good decision-making, proper and efficient practices, clear accountability, and regular review and evaluation
- contributes to positive pension plan performance and demonstrates due diligence on the part of the plan administrator.

CAPSA has issued “Pension Governance Guidelines”. If you are interested, you can review them at the following link: [www.capsa-acor.org/en/init/governance\\_guidelines/guideline\\_self-asses\\_questionnaire.pdf](http://www.capsa-acor.org/en/init/governance_guidelines/guideline_self-asses_questionnaire.pdf)

# Computer system review and upgrade

The computer world is changing so fast, it’s difficult to keep pace with the changes as an individual, let alone a business! We know that there are changes we can make to our system to promote efficiency (among other things), so we are committed to proceeding with a system review and upgrade.

This is a long-term project that may take more than three years to complete. Here are some of the outcomes we expect following the successful implementation of the system upgrade:

The Trustees of the Musicians’ plan previously created their own governance guidelines to suit the unique needs of the plan. They decided that it was timely to conduct a review of the guidelines, and to update them as needed. As a result of the review, some of the existing policies are in the process of being updated. Also through the review, the Trustees determined that there have been improvements in the following areas:

- communications
- branding of the plan/fund, which resulted in our new logo and website improvements
- ongoing education of the Trustees
- periodic review of service providers
- annual Trustee self-assessment.

The Trustees are committed to ongoing review and improvement – and will be performing an annual review of the guidelines and their governance practices. Once the governance guidelines have been updated and finalized following the recent review, they will be posted on the website.



- more efficient system with less need for manual intervention by staff
- web-enabled so members can:
  - do their own pension estimates
  - submit address changes
  - access various forms
  - look at their account
  - keep more involved and informed.

In general, we expect the system changes to better meet the needs of our members while also saving time for fund office staff members, so those resources can be more efficiently utilized.

## Share your information!



Your pension benefits are valuable not only to you but also potentially to members of your family. We recommend that you share your pension benefit information with your family members on a regular basis. Also, please ensure that the appropriate member of your family contacts the fund office immediately upon your death so that any death benefits may be paid in a timely manner. Lastly, please ensure that the fund office has correct beneficiary information on file. It’s as simple as checking your last annual pension benefit statement. If the statement information about your beneficiary is incorrect, please submit a Change of Beneficiary. (See [www.mpfcanada.ca/docs/Change%20of%20Beneficiary.pdf](http://www.mpfcanada.ca/docs/Change%20of%20Beneficiary.pdf))

## About this newsletter

This publication was prepared on behalf of the Trustees of the Musicians’ Pension Fund of Canada. It provides summary information about the Fund in plain language. This publication is not intended to provide advice. If there is a discrepancy between this document and the legal documents that govern the Fund, the legal documents will apply. The Trustees expect to maintain the Fund indefinitely. However, they reserve the right to change or cancel any or all benefits under the Fund for active or retired members and their survivors and dependents.