

Defined Contribution Pension Plan Overview for the City of St. John's G004992

Type of Plan

Your pension plan is a defined contribution plan. In this type of plan, contributions made by you and the City of St. John's on your behalf, and the related investment income, accumulate to provide a benefit upon termination of your employment, death or retirement.

Participation and Eligibility

You are eligible to join the Plan immediately. Participation is compulsory.

Contributions

During each year of participation in the Plan, you are required to contribute:

- Employee: *6% of earnings for the first 3 years of employment and 7% thereafter*
- Employer: *Match of Employee contributions*

You may also make voluntary contributions to the Plan. A voluntary contribution is a contribution that you choose to make in addition to required contributions under the Plan. They are not matched by the Employer. All contributions made to the plan are tax deductible.

Prescribed Maximum Contribution

The total contributions made to the plan during a given year may not exceed 18% of your salary, up to the maximum dollar amount prescribed by the *Income Tax Act* (\$23,370 for 2015).

Transfers from Other Plans

You are entitled to transfer amounts accumulated under another plan into this plan.

Vesting and Locking-in

The term "locked-in" or "locking-in" means that you cannot make cash withdrawals from the amounts paid into your account except under special circumstances. Your contributions are locked-in after 2 years of continuous service. The term "vested" means your entitlement to the accumulated value of the Employer's contributions made on your behalf. Your Employer's contributions are vested after 2 years of continuous service.

Withdrawals

You will not be permitted to withdraw contributions made to the Plan while continuing to be an Employee.

Benefits

You have the option of using your account value to purchase a deferred annuity or an immediate annuity from a life insurance company which commences no earlier than age 55 and no later than age 71. If you have a spouse, you can purchase an annuity that will provide a percentage of your monthly income to your spouse should you die first. Ultimately, the amount of annuity you can buy will depend on your Plan account balance and also the interest rates at the time you purchase the annuity.

As an alternative to purchasing a deferred annuity or an immediate annuity, you are entitled to transfer your vested or non-vested account value to a registered retirement savings arrangement (locked-in or not locked-in depending on the circumstances) as prescribed by legislation.

Death

Upon your death, your beneficiary will receive a refund of the full account value, or will be permitted to transfer the full account value to a registered retirement savings arrangement.

Plan Administration and Information

You will receive statements semi-annually, either by mail or online if you've registered for electronic statements. You may, once a year, examine the Plan Documents which are:

- Annual information returns
- Financial statements of the Plan, including plan expenses
- Plan Text
- Plan Amendments

The Administrator may charge a reasonable fee for photocopies.

Investment

You choose how to invest the contributions made in the plan among the investment options provided by the plan. If you do not provide investment instructions, the funds will be invested in the default fund selected by the Employer, which is the LifePath Index fund based on an assumed retirement age of 60.

Fees

You will pay the following fees:

- Investment fees: see the *Your investment funds, your way* document in your enrolment kit
- Management fees: 0.20% of the amount invested in the pooled funds



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