

# Alberta Communities Pension Plan



 **Alberta  
Municipalities**  
Strength  
In Members

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## Plan Booklet



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This booklet provides an overview of the Alberta Communities Pension Plan (ACPP). The information is intended to assist you with your understanding of the ACPP. In case of a disagreement in interpretation, the formal ACPP Plan Text will apply.

The ACPP is a defined contribution (DC) pension plan where contributions made by you are matched by your employer. Under the ACPP, contributions are pre-defined by your employer and are based on a percentage of your salary. Your future total accumulated value of all contributions, including any investment earnings, provides the source of your eventual retirement income. Your contributions are tax-deductible.

The ACPP is registered with the Canada Revenue Agency (Registration #0578559) and the Employment Pension Plans Act of Alberta.

## Who is the pension plan administrator?

The plan administrator is the APEX Governance Board.

## What are my responsibilities?

As a member of the ACPP, you are responsible for:

- making sure you understand how your plan works
- taking advantage of the information and tools available to help you make informed investment decisions
- making investment decisions
- deciding whether you should obtain investment advice and selecting where to go for this advice
- checking how your investments are performing and revising your investment strategy if your personal circumstances change

**It is important for you to take an active role in your plan, as your decisions (or lack thereof) will affect the amount of money accumulated for your future. The information in this booklet can assist you in making your decisions.**

## Who can participate in the plan?

Eligible employers must be regular or associate members of Alberta Municipalities in order to participate in the plan. This includes any association or co-operative incorporated under the Rural Utilities Act and any organization that is a member of the Federation of Alberta Gas Co-ops Ltd.

An employee of a participating employer is eligible to become a plan participant if he/she is either:

- an employee who does not actively participate in a Public Service Pension Plan such as the Local Authorities Pension Plan.
- a Municipally Elected Official who does not actively participate in a Public Service Pension Plan and receives a recurring salary or stipend at regular intervals. Honorariums are excluded.
- a qualifying part-time employee who does not actively participate in a Public Service Pension Plan.

Plan participation is voluntary. However, once you become a plan member, you must remain a plan member until you terminate employment.

## How is your contribution rate determined?

Your employer determines the contribution rate. The contribution rate may be either 3%, 4%, 5%, 6%, 7%, 8%, or 9% of your annual salary.

Your employer may also offer a variable rate option. Under this option you may choose your own contribution rate from 3% to 9%\* and your employer is required to match that rate. Under this option, you have the option to change your contribution rate each year.

Your employer may also offer a higher matching contribution rate for:

- management employees and/or,
- long service employees or categories of long-service employees as defined by the employer.

In no event shall the employer contribution rate exceed 9%.

\* (3% to 7% for employers in ACPD prior to November 1, 2013 offering the variable rate option)

## What are Additional Voluntary Contributions?

The Canada Revenue Agency (CRA) limits pension contributions to 18% of your salary, up to a maximum contribution of \$30,780 for 2022.

If you are contributing less than your maximum allowable contribution, you may “top up” your contributions by making additional voluntary contributions. Additional voluntary contributions are not matched by your employer and may be changed or stopped at any time.

### Examples:

Jane earns \$75,000 per year, and her employer has chosen a matching contribution rate of 5%. Total contributions on Jane’s behalf are  $10\% \times \$75,000 = \$7,500$  for the year. Jane’s personal pension contribution room is the lesser of:

$18\%$  of annual salary =  $18\% \times \$75,000 = \$13,500$ , or

the 2022 maximum of \$30,780

As 18% of Jane’s annual salary is less than the 2022 contribution maximum, she can make additional voluntary contributions of up to 18% of her annual salary, or \$6,000 in 2022.

Mary earns \$150,000 per year, and her employer has chosen a matching contribution rate of 7%. Total contributions on Mary’s behalf are  $14\% \times \$150,000 = \$21,000$  for the year. Mary’s personal contribution room is the lesser of:

$18\%$  of annual salary =  $18\% \times \$150,000 = \$27,000$ , or

the 2022 maximum of \$30,780

$18\%$  of Mary’s annual salary is larger than the maximum allowable contributions for 2021.

Therefore, Mary can only make additional voluntary contributions of \$9,780 ( $\$30,780 - \$21,000$ ) in 2022.

## Can you transfer funds in from another pension plan?

Yes, you can transfer funds in from another registered pension plan or similarly registered account, such as a RRSP or a Locked-In Retirement Account (LIRA), or a deferred profit-sharing plan. There are no tax implications for such direct transfers. Any funds that are transferred into the ACPP that were locked-in under your old plan will remain locked-in under the ACPP. You can start the process by contacting Alberta Municipalities Retirement Services at [retirement@abmunis.ca](mailto:retirement@abmunis.ca) or toll free at 310.MUNI (6864). You may also contact Sun Life Financial's Customer Care Centre at 1-866-733-8613.

## How are your contributions and the contributions on your behalf invested?

You are responsible for selecting investment options from a list of funds provided through Sun Life Financial that have been reviewed and approved by Alberta Municipalities Retirement Services. It is recommended that you consult with a qualified financial advisor prior to making any investment decisions.

If you do not select an investment option(s), your funds will be placed in a default fund in accordance with the Employment Pension Plans Act. Under the ACPP, the default fund is the Target Date Fund closest to, without exceeding the date on which you attain 65 years of age.

## Which types of investment options are available?

Investment choices fall into 2 broad categories:

- *Funds built by you* are generally chosen by individuals who want to manage their own investments and require some investment knowledge
- *Funds built for you* are Target date funds which mature at certain future dates, are professionally managed and generally chosen by individuals who want help managing their investments. Funds can be chosen to most closely align with your expected retirement date

The available investment options under the ACPP consist of the following funds:

### *Target Date Funds*

Each target date fund has a specified maturity date and the asset mix of the fund generally becomes more conservative as the fund approaches the maturity date. You determine which fund to invest in by matching your investment time horizon with the maturity date of a fund. Like all other segregated funds available under the Plan, neither the value of the assets nor the rate of return is guaranteed.

## Guaranteed Funds

Guaranteed funds earn a set rate of interest and provide a guarantee to receive interest, plus the contributions made, at the end of a specific term. The contributions are accumulated under a Group Annuity Policy issued by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

## Money Market Fund

This fund invests primarily in short-term investments (under 1 year) which are issued mostly by the government or high-quality corporations. It is considered a liquid investment and earns a low rate of return compared to other riskier fund classes over long periods.

## Bond (fixed income) Fund

This fund invests in bonds issued by governments and corporations. While they have the potential to earn higher returns than money market funds, they are also generally riskier when interest rates change. Bond fund values will decrease as interest rates rise, and vice versa.

## Equity Funds

These funds invest mainly in stocks. When you buy a stock, you are buying an equity ownership share in a company. Equities tend to be more volatile than other types of investment funds, but have historically provided the best returns over the long term. Equity funds will often specialize in different parts of the world, different geographic areas or different economic sectors, or use a particular investment strategy, all of which affect their risk level.

You may obtain additional information concerning the investment options available under the ACP from Sun Life Financial within the “my money @ work” guide or by signing in to [www.mysunlife.ca](http://www.mysunlife.ca) using your access ID and password. In the event you do not currently have online account access, a generic access ID and password may be used for informational purposes only (access ID: 0921301; password: 26018801).

## How do I make investment changes?

You can change your investment direction for future contributions, as well as transfer accumulated assets between funds, at any time either online at [www.mysunlife.ca](http://www.mysunlife.ca) or by calling the Sun Life Financial Customer Care Centre toll free at 1-866-733-8613.

## Warning regarding short term trading

Frequent trading or “short term trading” is the practice whereby an investor makes multiple buying and selling transactions on a regular basis in an attempt to boost returns to their account. Short term trading affects all investors in the fund and can lead to a negative impact on performance. For this reason, a 2% fee will be charged if an interfund transfer is initiated into a fund followed by an interfund transfer out of the same fund within 30 days. The fee will not be charged for transactions involving guaranteed funds or money market funds.

## When do your contributions vest?

Your contributions vest immediately upon enrollment in the ACPP.

## How do locking-in rules apply to you?

Locked-in funds must be used to provide a lifetime retirement income as prescribed by the Employment Pension Plans Act of Alberta.

### *What exceptions are there to the locking-in rules?*

Exceptions to the locking-in rules are as follows:

- on termination of employment where your total funds on deposit are less than the small benefit pension threshold (\$12,320 in 2022) which equals 20% of the Yearly Maximum Pensionable Earnings (YMPE) in 2022 (20% x \$61,600).
- you are not a resident of Canada. Proof of non-residency is required.
- you have a shortened life expectancy, as certified by a medical practitioner.
- you may unlock up to 50% of your benefit if you are age 50 or older and you have terminated employment.

Additional Voluntary Contributions are never locked-in, but can only be withdrawn upon termination of employment.

## What options are available when you terminate employment?

The following options are available with respect to your locked-in assets:

- transfer to another Registered Pension Plan, if that plan permits
- transfer your locked-in assets to a Locked-In Retirement Account (LIRA)
- keep your assets at Sun Life Financial by transferring to their Group Choices Plan
- purchase an immediate or deferred life annuity from a financial institution authorized to sell annuities in Canada

An additional option is available when terminating at age 50 years of age and over:

- transfer your assets to a Life Income Fund (LIF). An opportunity to unlock up to 50% of your assets is available.

For any non-locked-in assets, if applicable, the following options are available:

- receive a lump-sum taxable cash payment
- transfer to a personal RRSP
- keep your assets at Sun Life Financial by transferring to their Group Choices Plan
- transfer to another Registered Pension Plan, if that plan permits
- purchase a life annuity from a financial institution authorized to sell annuities in Canada



## What happens in the event of my death before termination?

The value of your pension account balance is payable to your pension partner or, if you have no pension partner, your designated beneficiary. The settlement options available to your pension partner are generally the same as those listed above. The death benefit payable to a beneficiary or estate is a taxable lump-sum payment.

## Where can I obtain additional information?

Any questions relating to the ACPP may be directed to:

Alberta Municipalities Retirement Services  
300, 8616 51 Ave, Edmonton, AB T6E 6E6  
310.MUNI  
[retirement@abmunis.ca](mailto:retirement@abmunis.ca)

*You have the right to examine or to obtain additional information and records in accordance with pension legislation.*

# Glossary of definitions

Throughout this document all male terms include the female terms and singular includes the plural unless otherwise stated.

**AMSC** means the Alberta Municipal Services Corporation, a corporation duly incorporated under the *Business Corporations Act*, Alberta which is wholly owned by AUMA.

**AUMA** means the Alberta Urban Municipalities Association, an association established under the *Societies Act* of Alberta.

**Alberta Municipalities** means the name in which the Alberta Urban Municipalities Association operates as. Alberta Municipalities logo and brand used under license by AUMA, AMSC, AMSC Insurance Services Ltd., and the APEX Governance Board.

**Earnings** means the remuneration paid to the Employee by a Participating Employer during a Plan Year.

**Eligible Employee** means an Employee who is eligible to enroll in the Plan, including any Municipally Elected Official. Employees of Eligible Employers are entitled to join the Plan if they do not concurrently participate in a Public Service Pension Plan.

**Eligible Employer** means any Municipality, Utility Co-operative or Municipally Related Organization as defined herein.

**Employee** means an individual employed by a Participating Employer to do work or provide a service in Alberta or in a designated province where that individual receives a salary for the work or service provided.

**Federation** means the Federation of Alberta Gas Co-ops Ltd., a Co-op established under the *Rural Utilities Act* of Alberta.

**Fund** means the assets of the Plan held under the terms of the Funding Agreement for the purpose of providing pension and other benefits under the Plan.

**Funding Agreement** means any agreement or agreements now or hereafter entered into between the Trustee Board and the life insurance company, the trust company, individual trustees or any combination thereof designated by the Trustee Board, establishing and maintaining the Fund.

**Member** means an Eligible Employee who has been enrolled in the Plan and is entitled to its benefits and privileges. An active Member is accruing benefits from ongoing contributions to the Plan. An inactive Member has terminated employment with a Participating Employer or is no longer eligible for membership in the Plan but has benefits maintained under the Plan.

**Municipally Elected Official** means an individual who is duly elected as a member of council in accordance with the *Local Authorities Elections Act* Alberta.

**Municipality** means a municipal body established under the *Municipal Government Act* Alberta, which holds a regular membership in Alberta Municipalities.

**Municipally Related Organizations** means any of the following:

- a) any Utility Co-operative;
- b) any organization which is a member of the Federation including any Municipality;

- c) Alberta Municipalities; and
- d) any organization which holds an associate membership in Alberta Municipalities.

**Participating Employer** means an Eligible Employer who has elected to participate in the Plan and has completed a Participation/Appointment agreement with the Trustee.

**Pension Partner** means:

- a) a person who at the relevant time, was married to the Member and had not been living separate and apart from each other for a continuous period longer than 3 years.  
  
or if there is no person to whom (a) applies
- b) a person who immediately preceding the relevant time, had lived with the Member in a marriage-like relationship for a continuous period of at least 3 years, or of some permanence if there is a child of the relationship by birth or adoption. Pension Partner does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Income Tax Act (Canada) respecting registered pension plans.

**Plan** means the Alberta Communities Pension Plan as described herein and as amended from time to time.

**Plan Administrator** means the Trustee. The Plan Administrator decides all matters in respect of the operation, administration and interpretation of the Plan and shall be responsible for the duties designated in accordance with Applicable Legislation.

**Public Service Pension Plan** means any pension plan established for public service employees under federal or provincial legislation, and without limiting the generality of the foregoing, includes the following:

- a) the Federal Public Service Pension Plan governed by the *Public Service Superannuation Act*;
- b) any current or future pension plan established under or related to the *Public Sector Pension Plans Act* of Alberta, including but not limited to:
  - i) the Management Employee Pension Plan ("MEPP")
  - ii) the Local Authorities Pension Plan ("LAPP")
  - iii) the Public Sector Pension Plan ("PSPP")
  - iv) the Special Forces Pension Plan; and
  - v) Universities Academic Pension Plan

**Salary** means the remuneration paid or to be paid to an Employee by a Participating Employer at regular intervals whether payments are made weekly, bi-weekly, bi-monthly, monthly, or otherwise.

**Utility Co-operative** means any association established under the *Rural Utilities Act* Alberta whether referred to as a Co-op or Association, including the Federation.

**Value** means the value of the Member's account representing his required contributions, voluntary contributions and/or transfers if any, Participating Employer contributions, including reallocated amounts if any, and associated interest, gains and losses.

**YMPE** means the Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan.





# Alberta Municipalities Strength In Members

## **Connect**

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[abmunis.ca](http://abmunis.ca)

