

# Money Purchase Plan

Canada Revenue Agency Registration 0345827

The Money Purchase Plan is CSSB's in-house, tax-sheltered savings account. It's like a Registered Retirement Savings Plan (RRSP) or Locked-in Retirement Account (LIRA).

## How it works

Plan holders receive guaranteed monthly interest. They also benefit from the investing power and diversified portfolio of the larger \$8.1 billion Civil Service Superannuation Fund (CSSF). If the Fund's rate of return is higher than the guaranteed interest rate, plan holders get additional interest.

## Eligibility

- CSSF members who have stopped working for a CSSF employer and want to transfer their money.
- New CSSF members who can transfer funds from a previous employer's pension plan within their first year of joining our plan.

## Plan benefits

- ✓ Guaranteed monthly interest
- ✓ Potential additional interest adjustment
- ✓ No taxes on growth (until withdrawal)
- ✓ Option to withdraw or transfer funds (may be subject to tax)
- ✓ Use Money Purchase Plan funds to buy pensionable service (e.g., buyback for a leave of absence)
- ✓ Flexible (move all your money anytime; partial withdrawals also available but limited)

## Fees

- Management fee: 3% (annual)
- Administration fee: 0.25% (annual)
- Administration expense fee: 2% (when converting to annuity)

## IMPORTANT TO NOTE

Plan holders can't make additional voluntary contributions to their Money Purchase Plan.

# Interest and rate details

Money Purchase Plan accounts receive two types of interest:

## 1 Guaranteed monthly

Based on the Bank of Canada five-year personal fixed-term rate (prorated monthly)

### EXAMPLE

If the Bank of Canada five-year personal fixed-term rate for January 2024 was 3.4%, we divide this by 12 to get a prorated monthly interest rate of 0.29%. That's your interest rate for January.

The admin fee (0.020834%) is deducted from the account balance each month before interest is applied to the account.

## 2 Potential additional interest adjustment (if CSSF outperforms)

If the CSSF earns more than the guaranteed interest rate, an additional interest adjustment is credited at year-end (minus 3% management fee).

### EXAMPLE

If CSSF earns 16%:

**Minus management fee (3%) → Net return: 13%**

**Minus**

**\*Guaranteed monthly interest: 3.2%**  
January to December (already applied to account)

**Total additional interest adjustment at year end: 9.8%** (13% – 3.2%)

\*The additional interest adjustment takes into account the guaranteed monthly interest already applied to the Money Purchase Plan.

Withdrawals made before the annual interest adjustment is determined will not receive the additional interest.

## Historical Money Purchase Plan interest rates (including management fee deduction)

2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
13%	7.39%	2.55%	7.58%	5.66%	10.44%	1.19%	7.59%	2.41%	4.6%

# Withdrawal options

CSSB withholds tax on cash refunds. Options depend on whether funds are locked-in (according to *The Pension Benefits Act of Manitoba*) or non-locked-in.

## Locked-in funds

- Leave in Money Purchase Plan until eligible for annuity
- Transfer to LIRA
- Transfer to Registered Pension Plan where funds remain locked-in
- Transfer to Life Income Fund if 55+
- Combination of choices above

## Non-locked-in funds

- Withdraw as cash (minus tax)
- Transfer to RRSP
- Transfer to Registered Pension Plan
- Leave in Money Purchase Plan until eligible for annuity
- Combination of choices above

# Retirement: Starting a monthly lifetime annuity

Plan holders must apply in writing to start receiving a monthly lifetime annuity.

**NOTE:** The annuity **does not** increase with cost-of-living adjustments.

## Eligibility

- 55+ and no longer working for a CSSF employer
- Totally and permanently disabled (as defined by the Board) before age 55

## Get an estimate

Plan holders can get an estimate through Online Services or from CSSB if they are within 90 days of wanting to start the annuity.

Annuities are based on three factors:

- Account balance
- Age
- Interest rates

## Payment details

- Payments start the month after retirement.
- Deposits are made on the second-last banking day of each month.
- Plan holders can choose the same annuity options as CSSF (e.g., lifetime, ½ to survivor).
- Plan holders must apply for an annuity by November 30 in the year they turn 71 or CSSB will start payments automatically with default options.
- If the Money Purchase Plan provides a payment below *The Pension Benefits Act* small benefit amount, non-locked-in funds are refunded as a lump sum.

# How to apply

**1** New CSSF members transferring funds from a previous employer's pension plan must complete these forms (available from CSSB):

- Request To Transfer Funds To The Civil Service Superannuation Board Money Purchase Plan
- Canada Revenue Agency (CRA) T2151 (provide to administrator of former employer's pension plan)
- CRA T2033 (or written equivalent) must be completed for Group RRSP transfers (provide to administrator of former employer's pension plan)

The Money Purchase Plan is subject to Manitoba pension legislation. Because of this, CSSB can't accept locked-in funds that must be managed under the laws of a different jurisdiction.

**2** CSSF members leaving their employer will receive the necessary forms from CSSB.

## Death of a plan holder

If a plan holder dies before applying for an annuity, their spouse has four choices:

- Transfer the funds out
- Take an immediate lifetime annuity
- Take a deferred annuity starting anytime before the end of the year they turn 71
- Take a cash refund on non-locked-in funds

If there is no spouse or common-law partner, a refund is made to the plan holder's estate. If a plan holder dies after applying for an annuity, future payments depend on the optional form of payment chosen when the application was made (e.g., lifetime, ½ to survivor).

This fact sheet gives general information, not advice. If there's a difference between what is in this document and the governing legislation, the legislation applies.

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