



# MONEY PURCHASE PLAN

Canada Revenue Agency Registration 0345827



The Money Purchase Plan is the Civil Service Superannuation Board's (CSSB) in-house, tax-sheltered savings account. It's similar to a Registered Retirement Savings Plan (RRSP) or Locked-in Retirement Account (LIRA).

## Why get one?

Two words: guaranteed interest.

Plan holders receive guaranteed monthly interest. They also benefit from the investing power and diversified portfolio of the larger Civil Service Superannuation Fund. If the Fund performs well, plan holders receive additional interest.

With the Money Purchase Plan, you'll never lose.

## Who can participate?

Civil Service Superannuation Fund members who have stopped working for an employer who participates in the Fund and want to transfer out their money.

New CSSB members who can transfer funds from their previous employer's pension plan and **less than one year** has passed.

## Benefits

- ✓ No taxes on investment growth (until you withdraw)
- ✓ Guaranteed interest
- ✓ Flexible (move your money anytime or make one withdrawal monthly, subject to taxes)
- ✓ Potential additional interest adjustment (annual)
- ✓ Use Money Purchase Plan funds to pay for pensionable service (e.g., buy backs for a leave of absence such as maternity leave) within the Civil Service Superannuation Fund

## Good to know

- ✗ No cost-of-living increases on monthly benefit payments (annuity)
- ✗ No additional voluntary contributions can be made to the Money Purchase Plan
- ✗ Withdrawals made before the Civil Service Superannuation Fund rate of return is determined will not receive the additional interest adjustment (if applicable)



**INTEREST:** Plan holders receive guaranteed monthly interest. At the end of the year, if the monthly interest credited is less than the Civil Service Superannuation Fund rate of return, an additional interest adjustment is applied.

## Guaranteed monthly interest

Each month, Money Purchase Plan accounts receive guaranteed interest. The rate follows the Bank of Canada five-year personal fixed-term rate, which is then prorated. A monthly admin fee of 0.020834% (0.25% annually) is deducted.

If the Fund underperforms, plan holders still receive guaranteed monthly interest but no additional interest. Additional interest applies only to funds in the Money Purchase Plan at the time the adjustment is determined.

### I want to know more

If the Bank of Canada five-year personal fixed-term rate (also known as the CANSIM SERIES V80691336) for January 2023 was 3.40%, we divide this by twelve to get a prorated monthly interest rate of 0.28%. That's your interest rate for January. The administration fee (0.020834%) is deducted from the account balance each month before the interest is applied to the account.

## Additional interest adjustment

If the total guaranteed monthly interest credited to the Money Purchase Plan is less than the Civil Service Superannuation Fund annual rate of return, an additional interest adjustment is given (minus a 3% management fee). The additional interest adjustment for the previous year-end is determined by the end of February.

An interest adjustment is not guaranteed because it's tied to the performance of the larger Fund. If the Fund performs well, additional interest is given.

### Additional interest adjustment (example only)

Fund rate of return	10.39%
less management fee	-3.00%
additional interest adjustment	7.39%
* guaranteed monthly interest	3.10%
January to December (already in account)	
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total year-end	
additional interest adjustment	4.29%

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

## Interest rates (net of management fees)

2023	2022	2021	2020	2019
7.39%	2.55%	7.58%	5.66%	10.44%
2018	2017	2016	2015	2014
1.19%	7.59%	2.41%	4.60%	6.04%



## WITHDRAWING YOUR MONEY: Plan holders can withdraw all or part of their money anytime.

Partial withdrawals are limited to one transaction a month. CSSB withholds tax on cash refunds. Withdrawal options depend on whether the funds are locked-in (administered according to *The Pension Benefits Act of Manitoba*) or non-locked-in.

### Locked-in funds

- Leave in 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 or older
- Combination of choices above

### Non-locked-in funds

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

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## Retirement: receiving a monthly annuity for life

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

Plan holders are eligible for a monthly annuity if they...

- are 55 or older and no longer an employee contributing to the Civil Service Superannuation Fund
- meet the Board's definition of totally and permanently disabled before age 55

Once the Money Purchase Plan is converted to an annuity, the amount of the monthly payment will not change because there are no cost-of-living adjustments.

The date of retirement determines the start date of the annuity. For example, if a plan holder retires on June 15, the annuity start date is July 1. Payments are deposited on the second last banking day of each month.

Plan holders can choose the same optional

forms of payment offered under the Civil Service Superannuation Fund (e.g., lifetime, 1/2 to survivor).

## How much will I get?

Plan holders who are within 90 days of wanting to start their monthly annuity can call the CSSB office for an estimate or get one through their Online Services account.

Annuities are based on three factors:

1. Account balance
2. Age
3. Interest rates

If the Money Purchase Plan provides an annuity below *The Pension Benefits Act* small benefit amount, the non-locked-in funds must be refunded as a lump sum.

A plan holder must apply for an annuity by December 1 in the year they turn 71 or the CSSB automatically starts paying an annuity and defaults may apply.



## How to apply for the Money Purchase Plan

1. If you are a new Civil Service Superannuation Fund member and want to transfer funds from your previous employer's pension plan into the Money Purchase Plan, please complete the following forms:

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

All forms are available from the Civil Services Superannuation Board office.

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

2. If you stop working for an employer who participates in the Civil Service Superannuation Fund, you will receive the necessary forms from the CSSB at that time.

### Death of a plan holder

If a plan holder dies before applying for an annuity, their spouse or common-law partner has four choices:

1. Transfer the funds out
2. Take an immediate life annuity
3. Take a deferred annuity starting anytime prior to the end of the year they turn 71
4. 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 selected when the application was made (e.g., lifetime, 1/2 to survivor).

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This fact sheet provides general information, not advice. In a discrepancy between this document and the governing legislation, the legislation always applies. We encourage you to get specific information about your personal situation.

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