



***The Provincial Judges
and Masters in Chambers
Registered and Unregistered
Pension Plans***

Members' Handbook





Alberta Pensions Administration Corporation

TABLE OF CONTENTS

Introduction.....	2
Joining the Pension Plan	4
Contributions	4
Interest on Contributions	4
Pensionable Service	5
Leaves of Absence	5
Retirement Benefits	6
Pension Formula	7
Maximum Benefit Accrual Date	9
Cost-of-Living Increases.....	9
Pension Choices	10
Normal Form of Pension.....	10
Pension Partner Protection.....	10
Optional Forms of Pension	11
Leaving the Plan Before Retirement.....	12
Disability Benefits	13
Death Before Retirement	13
Working as a Pensioner.....	14
Review of Administrative Decisions.....	14
Glossary	15

This handbook provides general information only. Should anything in the handbook conflict with the governing legislation, the legislation shall apply.

December 2003

INTRODUCTION

The Provincial Judges and Masters in Chambers Registered and Unregistered Pension Plans (in combination referred to as the “Judges Pension Plan” or “the Plan”) were established in 2001 with provisions retroactive to April 1, 1998. The Plan incorporates the pension recommendations of the 1998 and 2000 Judicial Compensation Commissions.

The registered part of the Plan provides benefits up to the maximum allowed for registered pension plans under federal tax rules. The unregistered part of the Plan provides benefits in excess of those limits.

The Plan replaced the Provincial Judges and Masters in Chambers Pension Plan which was established September 1, 1988. Prior to that date, judges and masters in chambers were contributing members of the Public Service Management Pension Plan.

Actuarial valuations of the Plan are conducted at least every three years. The Plan is financed by member and employer contributions and by investment earnings. The government guarantees payment of benefits under the Plan.

The Registered Plan Fund has been established to fund the registered part of the Plan, and the Retirement Compensation Arrangement (RCA) Fund has been established to fund the unregistered part of the Plan.

The Minister of Finance is the Plan administrator and investment manager of the funds. Plan administration services are provided by Alberta Pensions Administration (APA) Corporation. Investment of the funds is managed by Investment Management Division of the Ministry of Revenue. The Plan is audited annually by the Auditor General of Alberta.

The Judges Pension Plan Advisory Committee, was established in 2002. The Advisory Committee makes recommendations to the Minister of Finance on matters relating to administration and investment management of the plan.

The Plan is a defined benefit plan, which means you will receive a pension based on your salary and years of pensionable service.

This handbook provides a brief overview of the Plan's benefits and contributions. Some terms appearing in this handbook are defined in the Glossary.

For More Information

Alberta Pensions Administration (APA) Corporation
3rd Floor, Park Plaza
10611 - 98 Avenue, Edmonton, AB T5K 2P7
Phone: (780) 422-2759 or
1-800-358-0734 (toll-free in Canada)
E-mail: apa.info@gov.ab.ca

This handbook is available in PDF format at
www.apaco.ab.ca.

JOINING THE PENSION PLAN

All full-time, salaried provincial court judges and masters in chambers in Alberta are automatically enrolled in the Plan. Those members receiving benefits from the Long-Term Disability Plan remain members of the Plan and continue to accrue pensionable service. Supernumerary judges and part-time masters in chambers are not eligible to participate in the Plan.

CONTRIBUTIONS

April 1, 1998 – March 31, 2000: 9% of salary

April 1, 2000 – present: 7% of salary

Member contributions are:

- tax deductible and made through payroll deduction;
- not made after attaining the “maximum benefit accrual date” described on page 9; and
- not payable while the member is receiving benefits from the Long-Term Disability Plan, except in respect of salary earned under a rehabilitation employment program to return as a judge.

The provincial government pays the remaining cost of the plan.

Interest on Contributions

Effective April 1, 1998, interest is applied to member contributions annually at the rate of 5-year personal fixed-term chartered bank deposit rates (CANSIM Series B14045).

The amount of contributions does not affect the level of pension, but could affect the amount of a payout received upon leaving the Plan prior to age 55.

PENSIONABLE SERVICE

For years after March 31, 1998, pensionable service refers to the period of contributing to the Plan. It also includes years in which you receive benefits from the Long-Term Disability Plan.

Service which was pensionable under the pension plan in effect before April 1, 1998 also counts as pensionable service under this Plan.

Pensionable service does not increase after you have attained your maximum benefit accrual date.

Leaves of Absence

If you take a leave without salary or with partial salary, you can add that period of leave to your pensionable service. You must have complied with the terms of the leave and returned to active judicial service as a full-time salaried judge or master in chambers or received benefits from the Long-Term Disability Plan after returning from the leave.

You must make pension contributions while on leave without salary.

Regular member contributions are required for the first year of leave. Twice the amount of regular contributions are required for the second year of leave.

You can have a maximum of two years of leave credited under the Plan during your tenure as a judge or master in chambers.

RETIREMENT BENEFITS

Effective October 30, 2001, you must cease to be a judge or master in chambers to commence your pension.

Unreduced Pension

You can retire with an unreduced pension as early as age 60 if your age plus years of judicial service totals at least 80.

For example, if you are 60 with 20 years of judicial service you are eligible to retire with an unreduced pension ($60 + 20 = 80$). The same would apply to a 61-year-old with 19 years of judicial service; a 62-year-old with 18 years of judicial service, and so on.

If you retire anytime after the end of the calendar year in which you attain age 69, you will receive an unreduced pension. This applies even if you do not have five years of pensionable service.

Reduced Pension

You can retire with a reduced pension at age 55 if you have at least five years of pensionable service.

Your pension will be reduced by 3% for each year short of age 60 or the 80 rule (age plus judicial service) whichever is greater. This reduction will apply only to pensionable service after March 31, 1998. There is no reduction for pensionable service up to March 31, 1998.

Providing Three Months Notice for Pension Application

Your pension application should be sent three months before your retirement date to **Alberta Justice** who will forward it to Alberta Pensions Administration (APA) Corporation.

Pension Formula

The annual pension payable on your retirement (before reduction for early retirement, if applicable) is equal to:

$$(2\% \times A) \times \text{highest average salary (5-year average),} \\ \text{plus} \\ [(2.67\% \times B) + (3\% \times C)] \times \text{highest average salary} \\ \text{(3-year average)}$$

where

A = Your years of pensionable service before April 1, 1998,

B = Your years of pensionable service from April 1, 1998 to March 31, 2000, and

C = Your years of pensionable service after March 31, 2000.

Example:

Unreduced Pension

A judge retires on March 31, 2003 at age 60 with 20 years of pensionable service.

3-year Highest Average Salary (2000-2003)	\$170,000
5-year Highest Average Salary (1998-2003)	\$160,800
Years of pensionable service	
A – Before April 1, 1998	15.0
B – From April 1, 1998 to March 31, 2000	2.0
C – After March 31, 2000	3.0
Years to age 60 or the 80 rule (age plus judicial service), whichever is greater	0
Early retirement reduction	None

Annual Pension in Normal Form

\$160,800	x	2%	x	15.0	=	48,240.00
\$170,000	x	2.67%	x	2.0	=	9,078.00
\$170,000	x	3%	x	3.0	=	15,300.00
						<u>72,618.00</u>

Example:

Reduced Pension

A judge retires on March 31, 2003 at age 65 with 10 years of judicial service and 10 years of pensionable service.

3-year Highest Average Salary (2000-2003)	\$170,000
5-year Highest Average Salary (1998-2003)	\$160,800
Years of pensionable service	
A - Before April 1, 1998	5.0
B - From April 1, 1998 to March 31, 2000	2.0
C - After March 31, 2000	3.0
Years to age 60 or the 80 rule (age plus judicial service), whichever is greater	5
Early retirement reduction (3% x 5)	15%
Annual Pension in Normal Form	
\$160,800 x 2% x 5.0 =	\$ 16,080.00
\$170,000 x 2.67% x 2.0 =	9,078.00
\$170,000 x 3% x 3.0 =	15,300.00
	<u>24,378.00</u>
\$24,378 x 85% =	<u>\$ 20,721.30</u>
	\$ 36,801.30

Maximum Benefit Accrual Date

Members attain their maximum benefit accrual date when their benefit accrual percentage reaches 70%. The benefit accrual percentage is equal to:

$$(2\% \times A) + (2.67\% \times B) + (3\% \times C)$$

where

A = your pensionable service (in years) before
April 1, 1998,

B = your pensionable service from April 1, 1998 to
March 31, 2000, and

C = your pensionable service after March 31, 2000.

After this date, you will stop contributing and you won't accrue further pensionable service.

Cost-of-Living Increases

After your pension payments begin, annual cost-of-living increases of 60% of the increase in Alberta's consumer price index will be applied to your pension. This increase will also be applied to a deferred pension for the years when your contributions are left in the Plan.

PENSION CHOICES

Normal Form of Pension

If you have a pension partner when your pension starts, the normal form of pension is payable for your lifetime and continues at 75% of the amount to your surviving pension partner after your death (the “pension partner normal form”).

If you are single at the time your pension starts, your pension is paid for your lifetime only (the “single normal form”).

Pension Partner Protection

If you have a pension partner on your retirement date you must select the pension partner normal form of pension or a Joint Life Pension with your pension partner as the nominee (see Optional Forms of Pension on page 11 for a description of the different forms of pension payment).

The “pension partner protection provision” does not apply if:

- a) your pension partner signs the designated waiver form within 90 days of the date your pension starts, or
- b) there is a Matrimonial Property Order regarding your pension, or
- c) you are legally married but sign a statutory declaration at retirement stating:
 - you have been separated from your legal spouse for at least three years;
 - your legal spouse is not financially dependent on you;
 - you are not aware of any matrimonial property order or similar order affecting your pension;
 - to your knowledge, your legal spouse will not be claiming an interest in your pension; and
 - you do not have a pension partner.

Optional Forms of Pension

The pension formula under the Plan provides a pension payable in the normal form (see Normal Form of Pension). However, several different forms of pension are available to suit your personal circumstances and these optional forms of pension are described below. (If you have a pension partner at retirement, see Pension Partner Protection on page 10.)

Optional forms of pension have the same actuarial value as the single or pension partner normal form of pension, whichever applies. The monthly pension amount varies from option to option because of the different guarantees and death benefits available under these different options.

A conversion to another form of pension is based on the single normal form if the “pension partner protection provision” does not apply to the pensioner. Otherwise the conversion is based on the pension partner normal form.

Single Life Pension

A single life pension is paid for your lifetime only and stops at the time of your death, regardless of the number of payments made.

Joint Life Pensions

A joint life pension is paid as long as either you or your nominee (usually your pension partner) continue to live. If you choose a joint life not-reduced pension, when you die your nominee will be paid the same amount you were paid for as long as he or she lives.

If you choose a joint life reduced-by-one-third pension, the pension to the survivor will be reduced by one-third after your death or the death of your nominee.

You can also select a five-year guaranteed term with the joint life pensions. If both you and your nominee die before the term is over, your pension is paid to the beneficiary for the remainder of the five-year term.

The monthly payment is determined by your age and the age of your nominee.

A nominee must be a person allowed by the tax rules to receive survivor benefits after your death. Benefits are payable only for the eligible survivor period allowed under the tax rules. The plan administrator can give you more information about who qualifies as your nominee and restrictions on payment.

Guaranteed Term Pension

Guaranteed term pensions are paid for your lifetime. If you die before the end of the guaranteed term of 5, 10 or 15 years, the pension is paid to your beneficiary or estate for the remainder of the guaranteed term.

LEAVING THE PLAN BEFORE RETIREMENT

If you cease your judicial service with fewer than five years of pensionable service, you will receive a refund of your member contributions with interest. If you transfer your entitlement to a Registered Retirement Savings Plan, income tax will not be withheld.

If you have at least five years of pensionable service and are not yet age 55, you are entitled to a deferred pension commencing at age 55 or later.

DISABILITY BENEFITS

If you are disabled and are not eligible for benefits from the Long-Term Disability Plan, you may be eligible for disability benefits from the Plan.

DEATH BEFORE RETIREMENT

If you have a pension partner and die before retirement, your pension partner is automatically your beneficiary. If you do not have a pension partner, benefits are paid to your beneficiary or estate.

If you die with less than five years of pensionable service, your pension partner or other eligible beneficiary will receive an amount equal to your member contributions with interest.

If you die with five or more years of pensionable service, and have no surviving pension partner, your member contributions with interest are payable to your beneficiary. However, if you had attained age 55, a benefit (a one-time payment or pension) will be paid to your beneficiary or estate as if you had retired and chose a guaranteed-term pension with a term of 10 years.

If you die with five or more years of service and are survived by your pension partner, your pension partner will receive a pension for his or her lifetime equal to 75% of the benefit you accrued up to your date of death. The early retirement reduction does not apply.

WORKING AS A PENSIONER

If, after you start receiving a pension under this Plan, you begin working for an employer under the Management Employees Pension Plan or the Public Service Pension Plan and are required to make contributions, your pension payments will be suspended during that period of work.

If you work for an employer under the Management Employees Pension Plan or the Public Service Pension Plan and are NOT required to make contributions, your pension payments will be suspended if the period of work exceeds 84 working days in a year.

If you are reappointed as a full-time salaried judge or master in chambers, your pension payments will be suspended from the day you rejoin the Plan. On your subsequent retirement, you will be entitled to an additional pension.

REVIEW OF ADMINISTRATIVE DECISIONS

A person aggrieved by a decision of the plan administrator arising out of the administration of the Plan may appeal that decision by serving the administrator with a notice of appeal within 30 days of being notified in writing of the decision appealed against. The notice of appeal must specify the decision appealed against and the grounds of appeal. Within 30 days of being served, a three-member appeal board will be appointed to hear the appeal. The appeal board may confirm, vary or vacate the decision.

The three-member appeal board appointed by the Minister of Finance consists of: one member nominated by the Minister of Justice and Attorney General, one member nominated by the Alberta Provincial Judges Association, and one member appointed on the joint nomination of the two members noted above.

GLOSSARY

Beneficiary

The person(s) you name to receive i) a benefit if you die before retirement or ii) the remainder of a guaranteed term if you die after retirement. If you do not name a beneficiary and you do not have a pension partner, your estate is your beneficiary.

Highest Average Salary

The average of the member's annual salaries in the three or five consecutive years* of service over which his or her salaries were the highest, namely

- i) his pensionable service, and
- ii) any further service that would be pensionable but only for that occurring after the maximum benefit accrual date.

* See "Pension Formula" on page 7 regarding where the three and five year calculations are to be used.

Judicial Service

The member's years of service occupying the position of a judge appointed under the *Provincial Court Act* or a master in chambers appointed under the *Court of Queen's Bench Act*.

Maximum Benefit Accrual Date

The date a member first attains a maximum benefit accrual percentage of 70%.

Nominee

The person you name to receive your joint life pension if you die first, during the period you are receiving retirement benefits. Under the tax rules, a nominee must be the member's spouse¹, former spouse¹ or dependent child at the time of death.

¹ For this purpose, spouse is as defined in the *Income Tax Act*.

Pension Partner

If it is necessary to decide between two persons when identifying the member's pension partner, use the following to identify who the pension partner is under plan rules:

- a) A member's pension partner is the person at pension commencement who the member is married to, and
 - i) not judicially or otherwise separated from him or her, or
 - ii) if so separated, was wholly or substantially dependent on him or her,
- b) If there is no person to whom subclause a) applies, a person who, as at and up to the relevant time, had lived with the member in a conjugal relationship,
 - i) for a continuous period of at least three years, or
 - ii) a period of some permanence, if there is a child of the relationship by birth or adoption,and was during that period or that relationship, as the case may be, held out by the community in which they lived as being in that conjugal relationship, or
- c) if there is no person to whom subclause a) or b) applies, a person who was married to but separated from the member and not wholly or substantially dependent on him or her at the relevant time.

Pensionable Service

The member's years of service during which you contribute to the pension plan or for which you have received pension credits.

Salary

Annual salary under the Provincial Court Judges and Masters in Chambers in Compensation Regulation or any predecessor of that regulation. In the case of members receiving long-term disability benefits or on a leave without salary, the amount that would have been salary had they remained in active judicial service in the capacity in which they served immediately before becoming disabled or going on leave, as the case may be.