

# **PENSION INFORMATION FOR SWORN MEMBERS**

UPDATED MARCH 2021

**SURREY**  
**POLICE**

# THE PENSION PLAN

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Surrey Police Service (SPS) participates in the BC Municipal Pension Plan (MPP), one of the largest pension plans in Canada. The MPP provides secure retirement benefits for over 360,000 plan members employed in a variety of sectors. SPS Sworn Members will accrue pension benefits under MPP's Group 5 (MPP5). MPP5 is only available to Police Officers and Fire Fighters and it provides a higher pension accrual rate and supports earlier retirement.

MPP5 is fully detailed on the MPP website at [www.mpp.pensionsbc.ca](http://www.mpp.pensionsbc.ca).

Please note this website contains information about current MPP5 provisions. A proposal is under review to change the plan design effective January 1, 2022. Information on the proposed changes can be found online at [mpp.pensionsbc.ca/proposed-plan-design-changes](http://mpp.pensionsbc.ca/proposed-plan-design-changes).

The SPS does not provide pension advice. Please speak with the MPP or your current pension provider for more detailed information on your personal options. Also please note that the information provided on this website is provided to support SPS applicants in the recruitment process, MPP5 and the Plan documents for your current pension provide the complete and final definition of all pension benefit and entitlement details.

## WHAT IS MPP5?

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MPP5 is a defined benefit plan to which both the SPS and the Sworn Member contribute.

- **It is only for Police Officers and Fire Fighters**
- **It provides a 2.33% benefit (basically 2.33% of pensionable salary for every year of pensionable service), which includes the value of the bridge benefit for eligible members who retire before the normal retirement age**
- **It provides post-retirement benefits**
- **It provides post-retirement inflation protection through a cost of living provision**

When you join the SPS, you join MPP5 on your first day of work. Please remember your MPP5 pension benefits are in addition to any pension entitlement under CPP and OAS, and any personal RRSP savings.

While all Sworn Members participate in the same pension plan, their pension opportunities vary by the employer they come from, their age, their service, their average salary, market conditions, timing of their move to the SPS, and other variables.

# COMING FROM THE RCMP

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Membership in MPP5 begins day one of your employment with the SPS. You will have several options with respect to your vested Federal RCMP Pension, the option you choose will depend upon your personal circumstances. **The options include:**

## Option 1

- Taking retirement from the Federal RCMP Pension (if you are retirement eligible) and joining MPP5 (potentially collecting 2 pensions in the long term)

## Option 2

- Leaving your Federal RCMP Pension with the Federal Government and joining MPP5 (potentially collecting 2 pensions in the long term)

## Option 3

- Transferring your Federal RCMP Pension value to purchase service under the MPP at no cost (collecting a single pension reflecting your pension service in both plans)

Option 3 is permitted based on the Pension Transfer Agreement that exists between the Federal RCMP Pension Plan and the BC Municipal Pension Plan. If you elect for Option 3, you may have the opportunity to purchase additional pension service under the MPP.

Under Option 3, RCMP service accrued prior to November 20, 2019, would be provided under MPP2 and RCMP service after November 19, 2019, would be provided under MPP5. The same distinction applies to past RCMP service whether it is transferred in or is an additional top-up purchase.

## FAQS

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### 1 How do the Federal RCMP Pension and the MPP5 compare?

Both pensions are defined benefit plans, which means your average pensionable earnings combined with your years of pensionable service determine the pension you receive (when linked to your age at retirement).

Both plans are funded by employee and employer contributions. However, the MPP5 provides a greater pension benefit than the Federal RCMP Pension Plan. MPP5 members and their employers have contributed more over time to MPP5 to fund this greater pension benefit.

**This table provides a basic comparison of MPP5 and the Federal RCMP Pension Plan.**

## **2 What options will I have with the benefits accrued in my Federal RCMP Pension Plan?**

You should speak with your current Pension Plan Administrator to clarify your options. Depending upon your age and your service with the RCMP, you may have the option to retire from the RCMP; leave the benefits in the Federal RCMP Pension Plan and retire later; or transfer the benefit value from the Federal RCMP Pension Plan to the MPP to purchase pension service in MPP 5 and MPP 2.

## **3 Will my Federal RCMP Pension Plan benefit value buy the same amount of Pension Service Credits with the MPP?**

Perhaps, but remember each individual's pension options are unique. Overall, since the Federal RCMP Pension Plan has a lower Pension Formula (2.0%) than MPP 5 (2.33% for post-2019 service) and less favorable early retirement provisions, your RCMP transfer may purchase fewer years of pensionable service in the richer MPP plan but your overall pension value remains unchanged.

## **4 Does my lower pensionable service impact my years of service for benefits, vacation, and salary progression?**

No, pensionable service and years of service are two different concepts. You will be credited with your previous RCMP service for vacation, and for salary placement and progression. Your other SPS benefits have various starting dates.

## **5 Why do I hear comments that I will have to pay to move my Federal RCMP Pension Plan credits to the MPP?**

These comments likely result from a misunderstanding of how the pension transfer works. The MPP provides a richer pension for each year of service (all else being equal) than the Federal RCMP Pension Plan. The value of the Federal RCMP Pension Plan will be transferred to the MPP to provide a pension of equal value under the MPP. As each year under the MPP provides a richer pension, the purchased past service pension will represent fewer years of service. The transfer is intended to be cost-neutral — no intention of gaining or losing through this process.

The MPP will provide options to eligible SPS Sworn Members to purchase additional pension service credits. It will be your choice to purchase this additional benefit. It is not mandatory. There is a cost associated with this option, but the resulting pension will be greater than would have been provided by the RCMP transfer. You will have up to three years to make this decision.

## **6 What is the optional additional service credit option?**

Basically, eligible Sworn Members may find that the amount they are transferring from the RCMP Pension into the MPP is not sufficient to purchase all of their available past pension service. Remember, one year of pension service under the MPP provides a richer pension and has a higher value than one year of pensionable service under the Federal RCMP Pension Plan. Therefore, you may have the voluntary opportunity to buy more pension service if the RCMP value only covers partial past service.

## **7 How much will it cost me to buy additional pension service?**

While all Sworn Members participate in the same pension plan, their pension opportunities vary by the employer they come from, their age, their service, their average salary, market conditions, timing of their move to the SPS, and other variables. MPP will provide eligible Sworn Members with an estimate of the cost to buy additional pension service.

## **8 If my salary increases when I move to the SPS, how does that impact my pension in MPP5?**

Since your pension formula is based on your pensionable earnings with the SPS, the higher your salary the greater your pension.

## **9 I hear MPP5 is making some changes effective January 1, 2022. What will that mean for me?**

Please refer to the MPP website for more information.

## **10 I am joining the SPS but not from the RCMP. What does that mean for my pension?**

For Sworn Members coming from other BC municipalities:

- If you have not retired from the MPP5, your membership in MPP5 will continue
- If you have retired from the MPP, you are not eligible to re-enroll in MPP5

For Sworn Members coming from municipalities outside of BC:

- Membership in MPP5 begins day one of your employment with SPS
- The MPP website provides an excellent guide for new members

For new recruits:

- Membership in MPP5 begins day one of your employment with SPS
- The MPP website provides an excellent guide for new members