

# MEMBER INFORMATION SEMINAR 2015

November 26<sup>th</sup>, 2015

Calgary

- Calgary Firefighters participate in 2 separate pension plans:
  - The Local Authorities Pension Plan or “LAPP”, and
  - The Calgary Firefighters Supplementary Pension Plan or “FSPP”

## Why Two Plans?

- LAPP
  - Public sector pension plan for municipalities, health sector, school boards and colleges
  - City of Calgary is a participating employer
  - Common benefits for all participating employees
  - No ability to customize benefits for different segments of an employer's workforce
- FSPP
  - Pension plan that is supplementary to LAPP
  - Only participants are City of Calgary Firefighters
  - Through collective bargaining process, provides customized benefits that recognizes the specific needs of the firefighters

## **LAPP**

- Board of Trustees: Local Authorities Pension Plan Board of Trustees (“LAPP Board”)
- Responsibility for plan rules: LAPP Board and the Minister of Finance
- Plan Administration: Alberta Pensions Services Corporation (“APS”)

## **FSPP**

- Board of Trustees: Calgary Firefighters Supplementary Pension Plan Board of Trustees (“FSPP Board of Trustees”)
- Responsibility for plan rules: IAFF Local 255 and the City of Calgary
- Plan Administration: FSPP administrator, as delegated by the FSPP Board of Trustees

## Why Do You Care About the Structure?

- LAPP and FSPP are separate pension plans:
  - They have different benefits
  - They have different contribution requirements
  - Due to privacy rules, the FSPP administrator does not have access to LAPP pension data
- The administration of the FSPP is therefore separate from LAPP
- This means that Calgary Firefighters must deal separately with 2 different pension administrators

# Plan Overview



- There are two broad categories of pension plans
- Under a “defined contribution” (DC) plan, predictable annual contributions, typically defined as a percentage of pay, are accumulated in an investment account (similar to an RRSP) and your benefit at retirement is a lump sum. Your monthly lifetime pension is unknown ahead of time, depending on your account balance and what you decide to do with the proceeds. You may choose to purchase an annuity or withdraw annual amounts (similar to a RRIF).
- Under a “defined benefit” (DB) plan, a predictable monthly lifetime pension benefit at retirement is defined by a formula and variable annual contributions are made by the employer and employee to fund the monthly pension.

- Both LAPP and FSPP are defined benefit pension plans
- This means that when you retire, the amount of pension that you will receive is determined by a formula
- The formula is based on
  - The average of your highest five consecutive years of pensionable salary, and
  - Your years of pensionable service
- The pension is paid for your life, regardless of investment returns



- Both you and the City of Calgary, as your employer, are required to pay contributions into LAPP and FSPP
  - For LAPP, the City of Calgary pays 1% of pay more than firefighters
  - For FSPP, the City of Calgary pays 55% and firefighters pay 45% of the total cost
- Your pension contributions are tax deductible to you

# 2015 Contribution Rates



	LAPP		FSPP	
	Employee	Employer	Employee	Employer
<b>Contribution Rate on Pensionable Salary Up to CPP Earnings Maximum (“YMPE”)*</b>	10.39%	11.39%	2.63%	3.22%
<b>Contribution Rate on Pensionable Salary Above YMPE</b>	14.84%	15.84%	2.63%	3.22%
<b>Total Contribution Rate</b>	11.58%	12.58%	2.63%	3.22%

\* 2015 YMPE is \$53,600 (changes annually)

- Pensionable service is credited service for which contributions have been made into the plan
  - Current service (while a firefighter)
  - Purchased leaves of absence (while a firefighter)
  - Prior service (eligible service with another employer or with the City of Calgary prior to becoming a firefighter)
- Pensionable service and contributions are limited to 35 years

## Pension Benefits at a Glance LAPP and FSPP Combined

Pension Formula	To Age 65: $2\% \times \text{Highest 5 Year Average Earnings} \times \text{Pensionable Service}$  Offset at Age 65: $0.6\% \times \text{Average YMPE} \times \text{Pensionable Service}$
Unreduced Retirement Age	30 Years of Pensionable Service, or Age 55
Earliest Retirement Age	25 Years of Pensionable Service, or Age 50
Form of Pension	Single and joint lifetime pensions are available
Annual Cost of Living Increases	60% of Alberta Consumer Price Index, each January 1

- Each January 1, pensions in pay and deferred pensions are increased by 60% of the rate of increase in the Alberta Consumer Price Index
- This is often referred to as the cost-of-living increase, COLA, or indexing
- If you retire after January 1, your first increase is pro-rated for the number of complete months that you were retired
- The FSPP offset at age 65 is not impacted by COLA
  - It is a fixed offset determined at your retirement date
  - This benefits you since cost of living increases on your pension before age 55 continue to improve your lifetime pension after age 65

## How Do LAPP & FSPP Work Together?



- Think of the FSPP as:
  - a plan supplemental to LAPP, that
  - provides additional benefits not provided under LAPP, primarily in the area of:
    - Early retirement
    - Survivor benefits
    - Bridge benefits
- In aggregate the two plans together provide the total benefits just described

- In LAPP you can retire if you
  - Are vested and have reached age 55
- You cannot start your LAPP pension before age 55
- You are entitled to an unreduced pension under LAPP if
  - Your age plus LAPP pensionable service totals 85 (“85 Factor”)

## How Do LAPP & FSPP Work Together?

- How much comes from each plan depends on individual member circumstances:
  - Your age at retirement
  - Whether you have 30 years of service in FSPP
  - Whether you have 85 points (age plus pensionable service) in LAPP
  - Whether you die before or after your spouse

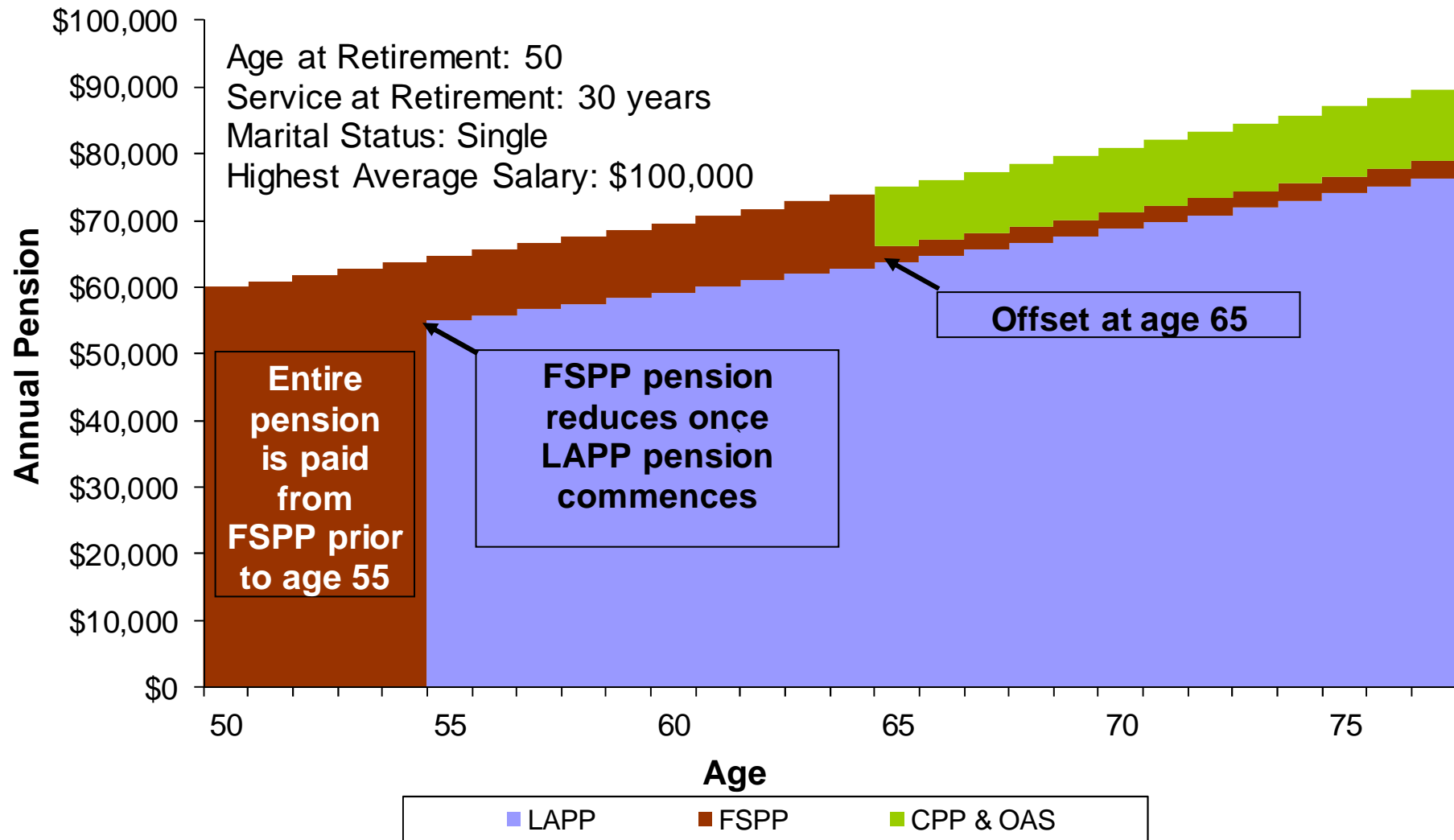


# How Do LAPP & FSPP Work Together?

## Single Member – Unreduced in LAPP and FSPP

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- If you retire as a firefighter before age 55:
  - You are considered to have “retired” under FSPP
  - You are considered to have “terminated your membership” under LAPP
- This is an important distinction that affects your options under both plans
- In LAPP:
  - If you “terminate your membership” prior to age 55, you have a choice between taking a pension starting as early as age 55 or transferring your value out of LAPP
- In FSPP:
  - If you retire on or after age 50, you will receive a monthly pension, regardless of whether you receive a pension from LAPP or transfer your value out of LAPP

## What If You Want to Retire Before 30 Years of Service? **fspp**

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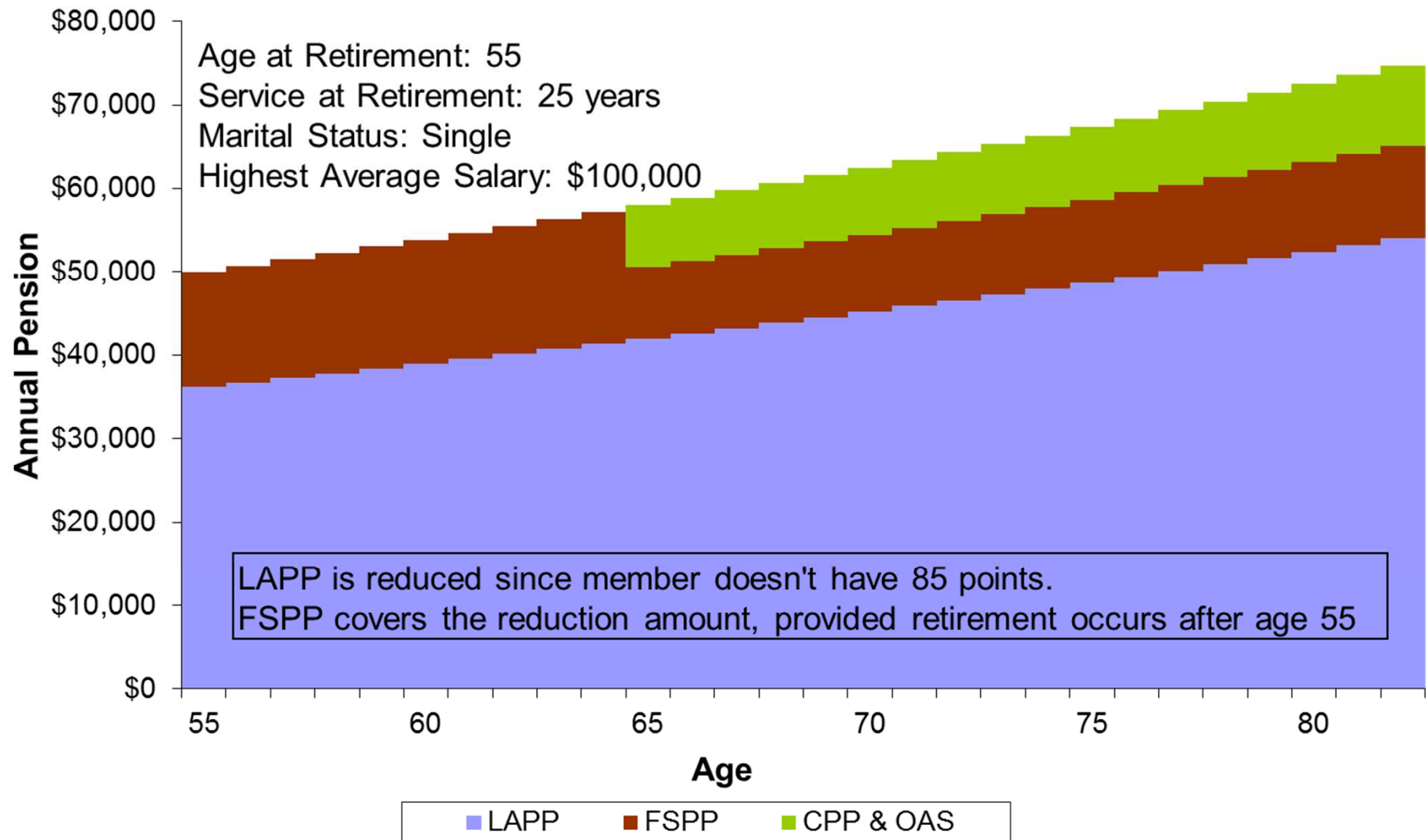
- If you don't have 30 years of service, you can retire under FSPP with no early retirement reduction provided you are at least age 55
- If you have less than 30 years of service, you may have less than 85 points under LAPP, depending on your retirement age
  - For example, if you have 27 years of service and are age 55, you will have 82 points under LAPP
  - If you have 27 years of service and are age 58, you will have 85 points under LAPP
- If you have less than 85 points under LAPP and retire on or after age 55 under FSPP, the FSPP plan will “pick up” any reduction under LAPP to ensure that when both plans are added together, you still have an unreduced pension

# How Do LAPP & FSPP Work Together?

## Retire at 55 Without Having 85 Points Under LAPP

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- If you retire before meeting the conditions for unreduced retirement (**55 or 30 years of pensionable service**), your pension will be reduced by the lesser of:
  - 4% for each year that your pensionable service is less than 30, or
  - Actuarial equivalent reduction for each year that your retirement age is less than age 55
    - An actuarial equivalent reduction is not fixed, but depends on your age and financial market conditions

- As an example, let's suppose you are 50 years old with 27 years of service and a pension of \$5,000 per month
  - You are retiring 3 years before the 30 year threshold
  - 4% x 3 years results in a 12% reduction (or 88% of your unreduced pension)
  - Actuarial equivalent reduction is 25% (or 75% of your unreduced pension)
  - 4% per year of service produces a smaller reduction, so you can retire early and receive a pension of \$4,400 per month ( $\$5,000 \times 88\%$ )

- If you don't have a spouse (pension partner), the normal form of pension under both LAPP and FSPS is a lifetime pension to you, with a guarantee of 5 years
  - A guarantee of 5 years means that if you die before receiving 5 years of payments, the balance of the 5 years will be paid to your beneficiary
- You can elect other single life optional forms, on an actuarial equivalent basis
  - Life only
  - Other guarantee periods (10 and 15 years)
- Actuarial equivalent means that the pension in the optional form has the same actuarial value as the FSPS pension in the normal form
  - For example, if you want a longer guarantee period, you "pay" for the longer guarantee with a reduced lifetime pension

## Spouse (Pension Partner) Defined

- FSPP spouse (pension partner) is the same as under LAPP
- If LAPP changes their definition, the change automatically applies to FSPP
- LAPP current definition:
  - Someone to whom you are married and not living separate and apart for 3 or more consecutive years, or
  - If no such person exists, someone with whom you have been living in a common-law relationship for at least 3 years, or of some permanence if there is child of the relationship (birth or adoption)
- Note that under FSPP this is determined at age 55
  - If you retire before age 55, your spouse is not set yet
  - It is determined when you turn 55 (when it is defined under LAPP)
  - If LAPP changes their definition between your FSPP retirement and your age 55, the definition of spouse at your age 55 applies



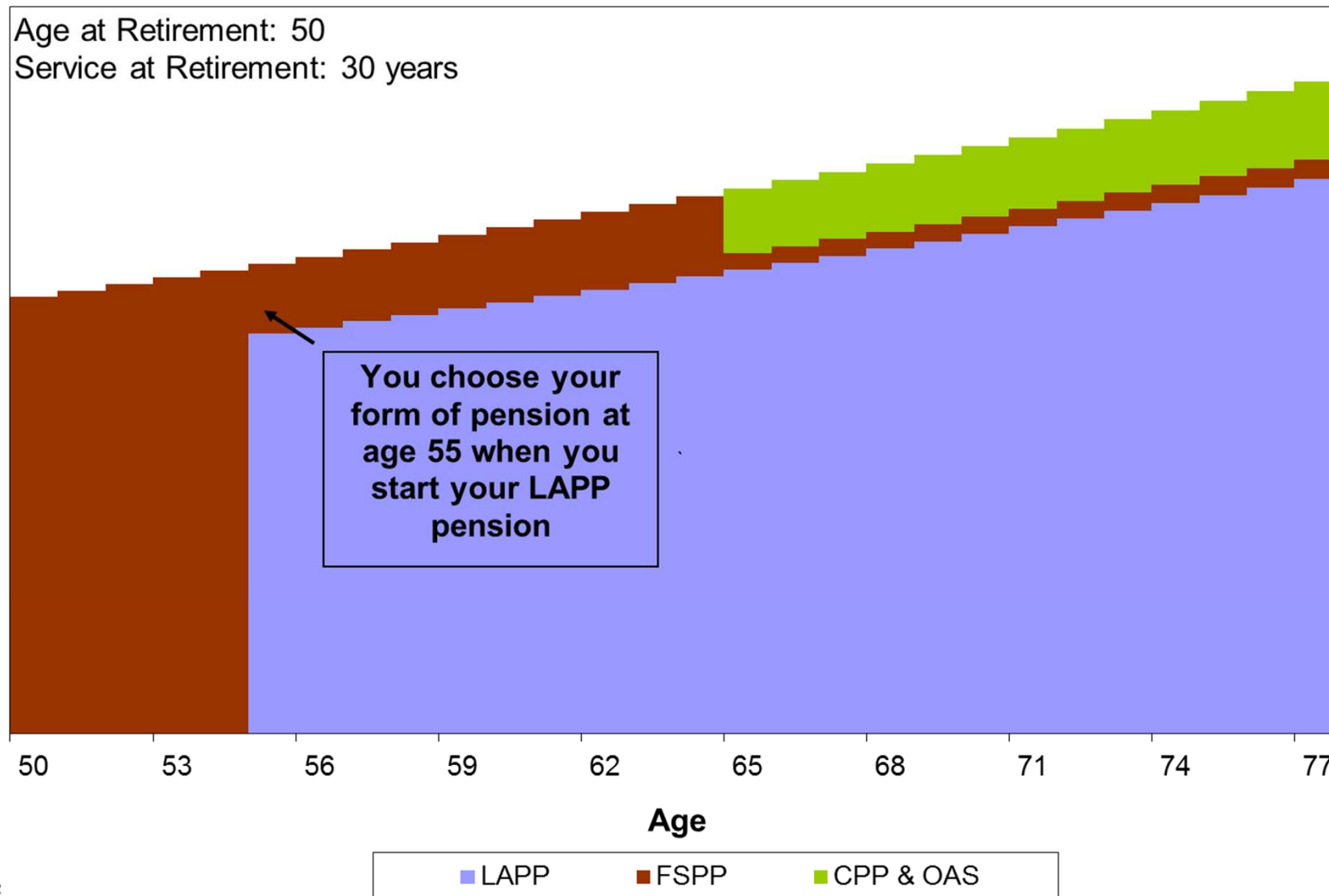
## FSPF Forms of Pension Member With a Spouse (Pension Partner)

- If you have a spouse (pension partner), the normal form of pension under FSPF provides for a spousal pension of 65% should you die and your spouse is still living
  - To get this normal form under FSPF, you must elect the Joint Reducing by 1/3 form of pension under LAPP
  - This LAPP optional form reduces by 1/3 on the earlier of your death or your spouse's death
    - If your spouse predeceases you and you elected the LAPP Joint Life Reducing by 1/3 form, your LAPP pension will reduce (even though you are still living)
    - If this happens, FSPF will provide an additional top up benefit to ensure that your lifetime pension is not impacted by your spouse's death
- The normal form of pension also provides a 5 year guarantee

# How Do LAPP & FSPP Work Together? When You Elect Your Form of Pension

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## FSPP Forms of Pension Adjustments for “Young” Spouses

- Note that if you have a spouse more than 10 years younger than you, the 65% survivor benefit is reduced by 1% for each year that your spouse is more than 10 years younger
  - For example, if your spouse is 11 years younger, the survivor benefit will be 64% of the member benefit. There is no reduction to the member benefit.

## FSPP Forms of Pension

### Other Option for Member With a Spouse

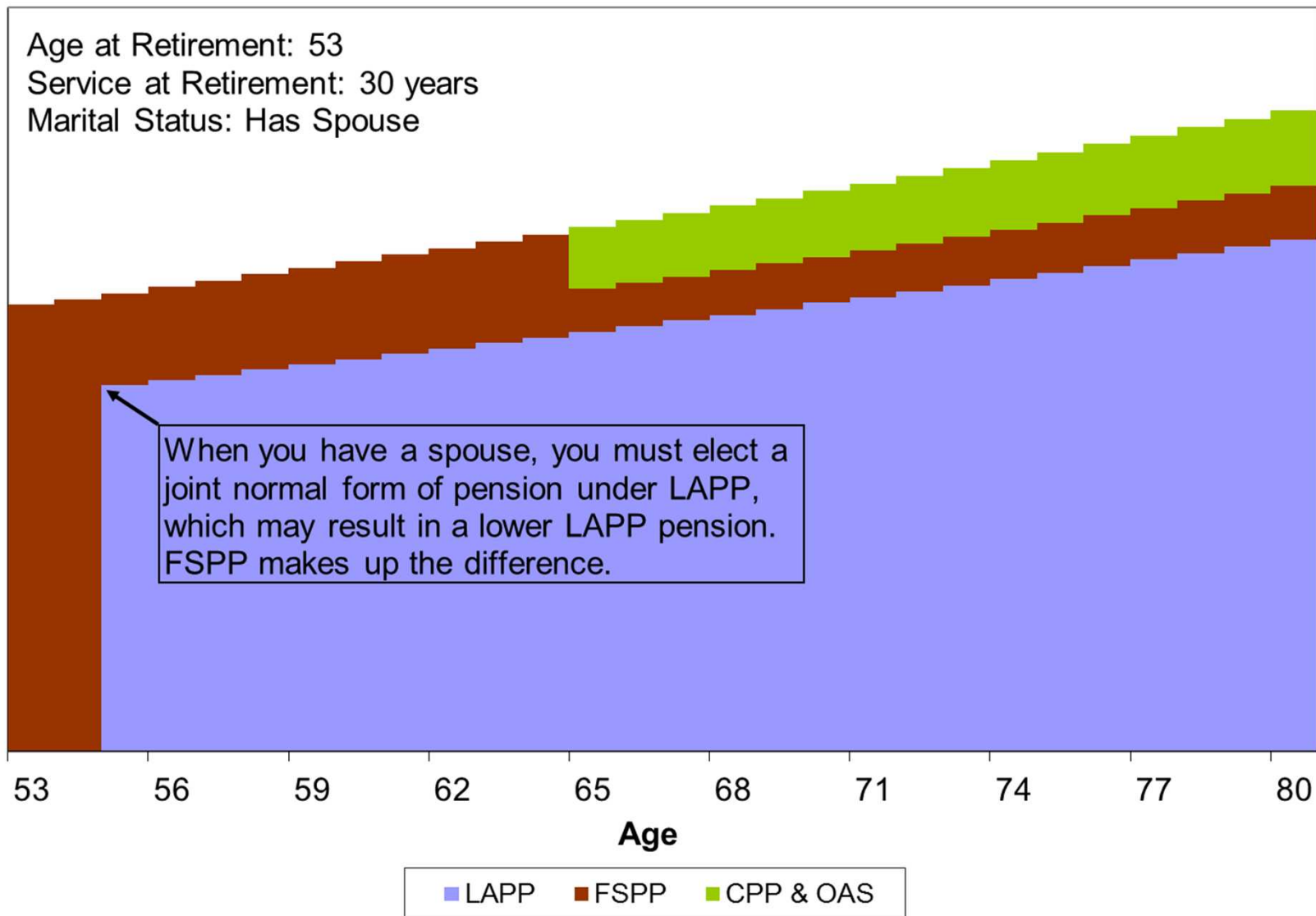
- You may also elect an optional form under both FSPP and LAPP that provides for a 100% survivor pension
  - You must elect this same form in both FSPP and LAPP
  - Your FSPP pension will be adjusted so that it has the same actuarial value as the normal form pension
  - Similar to the guarantee, you “pay” for the extra survivor pension by taking a reduced lifetime pension

# How Do LAPP & FSPP Work Together?

## Normal Form, Where Member Has a Spouse, Both Living

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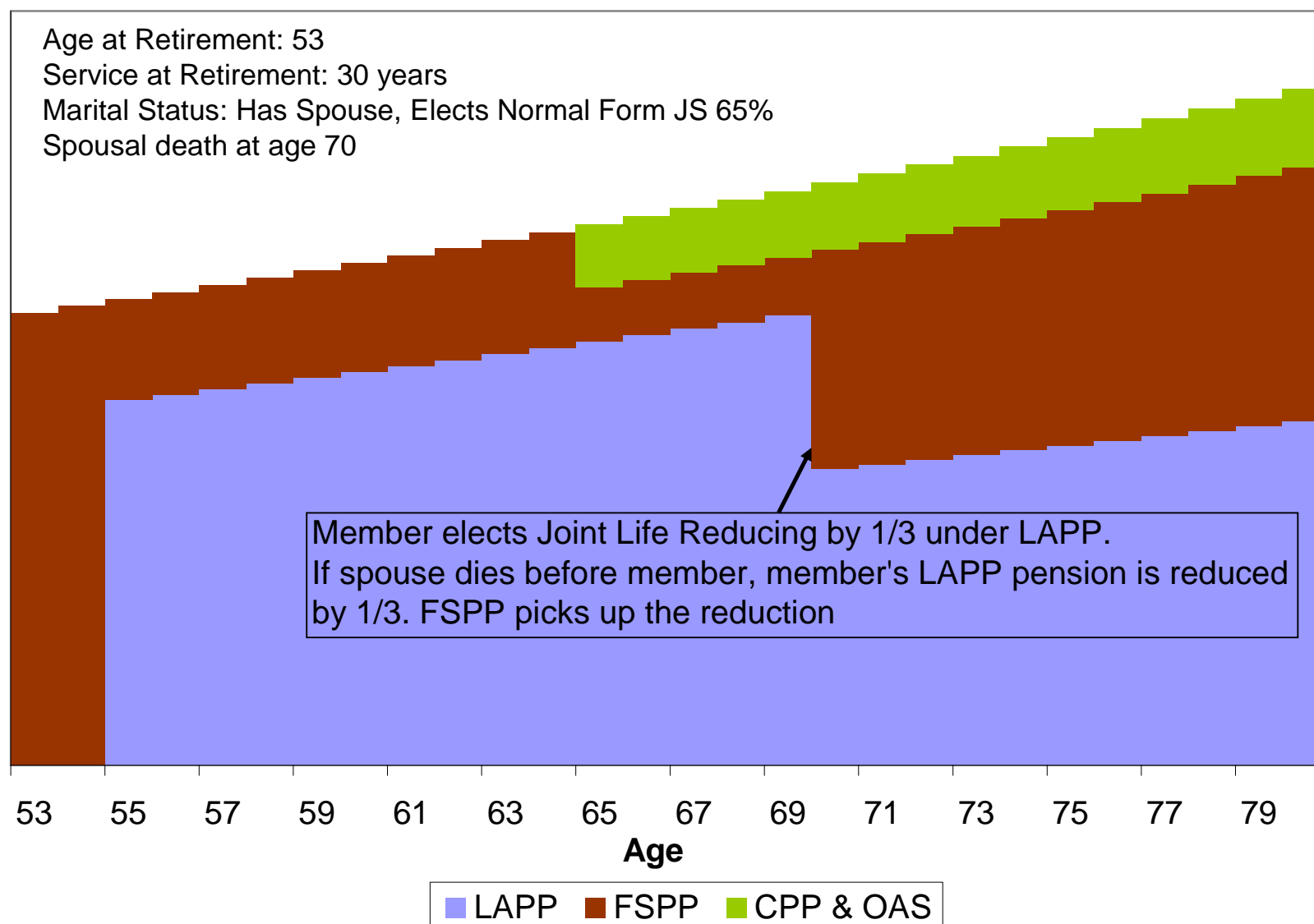


# How Do LAPP & FSPP Work Together?

## Normal Form Pension is Chosen and Spouse Dies First

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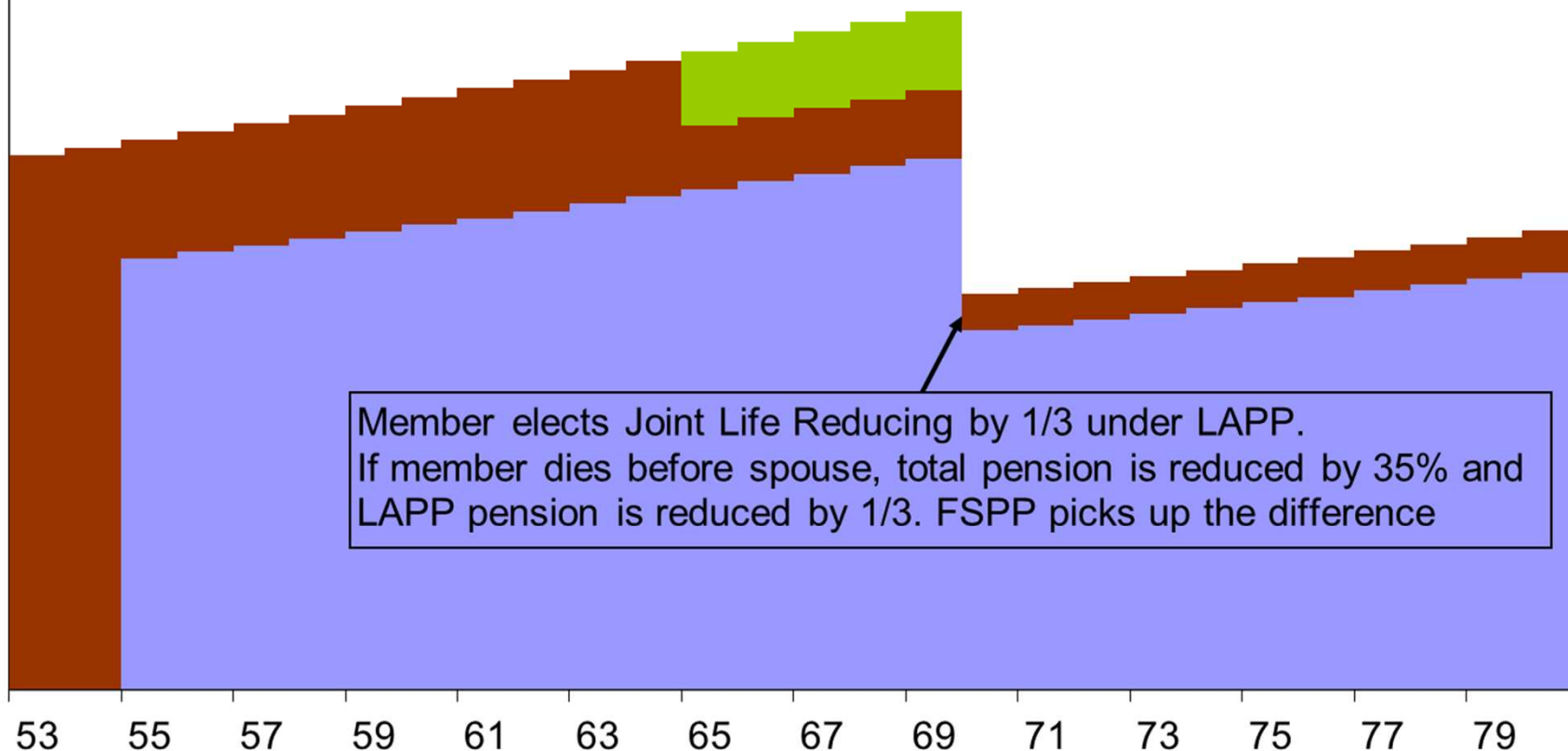
# How Do LAPP & FSPP Work Together?

## Normal Form Pension is Chosen and Member Dies First

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Age at Retirement: 53  
Service at Retirement: 30 years  
Marital Status: Has Spouse, Elects Normal Form JS 65%  
Member death at age 70

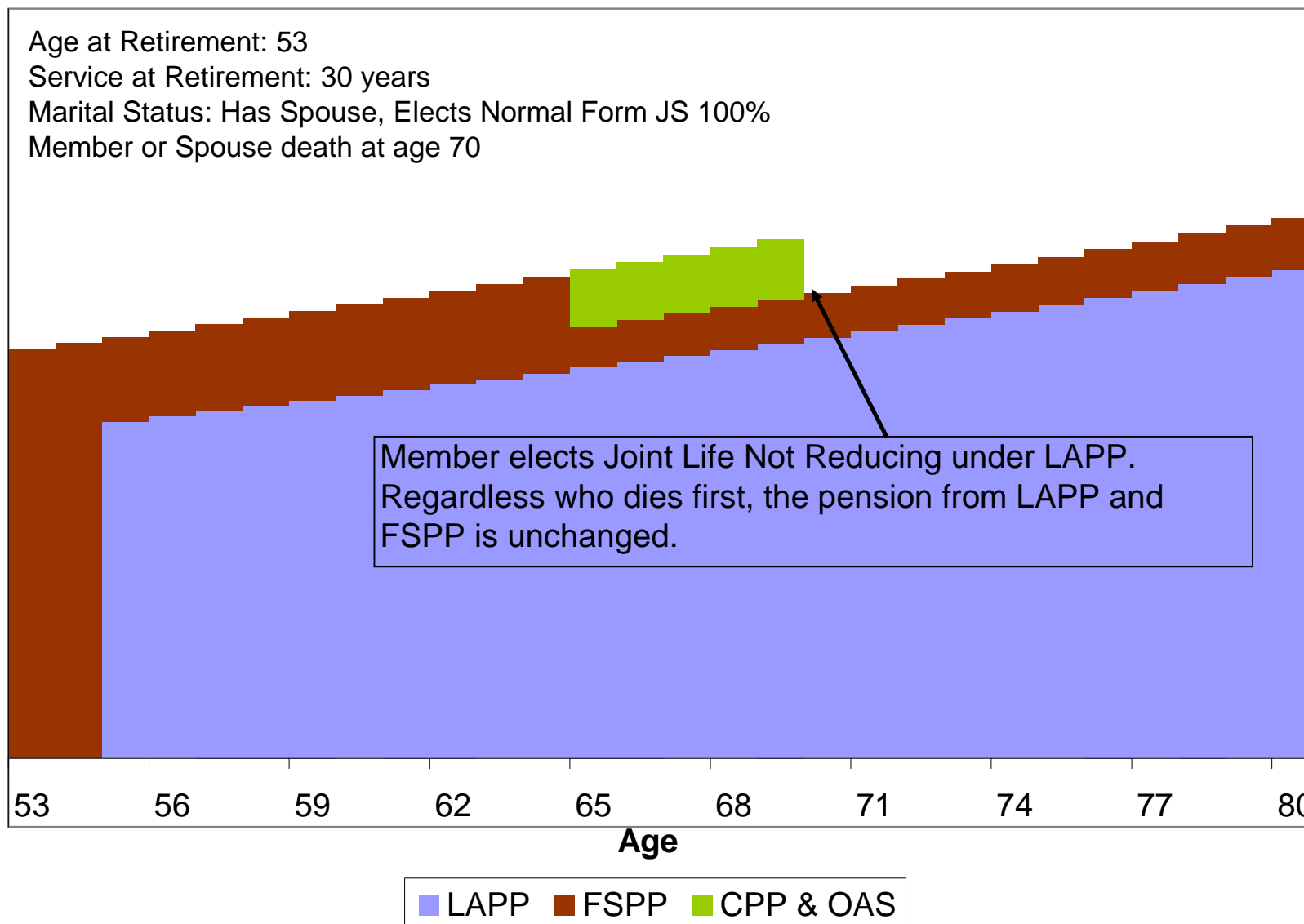


Member elects Joint Life Reducing by 1/3 under LAPP.  
If member dies before spouse, total pension is reduced by 35% and LAPP pension is reduced by 1/3. FSPP picks up the difference

# How Do LAPP & FSPP Work Together? J&S Pension Without Reduction is Chosen Spouse or Member Dies First

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- If you terminate employment but you are not eligible to retire, you will have a choice between a deferred pension or a transfer of value from the plan
  - The transfer is referred to as a commuted value
  - In the event you are not vested under LAPP, your FSPP benefit will be calculated as if you were vested under LAPP and a transfer of value from the FSPP would be mandatory
- Most of the time, all or a portion of the FSPP commuted value must be paid in cash, subject to immediate tax withholding
  - This is because the tax authorities restrict the amount of commuted value payments from pension plans and most of your available tax sheltering room is used up under LAPP
- You cannot elect a transfer if you terminate after age 50

- If you should die before commencing your pension, your death benefit will depend on your years pensionable service of whether you have a spouse (pension partner) or dependent children
- If you have less than 10 years of service, your spouse or, if you do not have a spouse, your beneficiary, will receive the commuted value that you would have been entitled to had you terminated employment immediately prior to death
- If you have a spouse, in lieu of the commuted value, your spouse may elect to receive a pension that is the actuarial equivalent to the commuted value

- If you have 10 or more years of pensionable service, immediate survivor pensions are available (65% to your surviving spouse and either 10% or 15% to any dependent children (15% if there is no spouse))
  - In this case, the immediate pension is based on service projected to your age 60
  - The commuted value of the total benefit payable will not be less than the commuted value that you would have been entitled to had you terminated employment immediately prior to death
  - Your spouse or, if there is no spouse, your beneficiary, may elect to receive the commuted value that you would have been entitled to had you terminated employment immediately prior to death

# Retirement Process



- Before you choose your retirement date, you should consult with your employer, the LAPP administrator (Alberta Pensions Services Corporation), the FSPP administrator and your financial advisor. This is a significant and lasting decision which requires careful planning and consideration
- Once you have determined the optimal date for your retirement, you should notify the City of Calgary to begin the retirement process
- The City of Calgary will notify the FSPP administrator of your decision to retire and they will prepare and mail a retirement option statement, listing all FSPP payment options available to you
- You will receive a separate communication from APS regarding your LAPP options

- The FSPP begins pension payments as soon as the FSPP administrator receives your election and other required documents from you
  - Every effort is made to minimize the gap in your cash flow and ensure a smooth transition from employment to retirement
  - Once your data has been finalized and the FSPP administrator receives all of your required documentation, they will finalize your pension payments
- The pension is finalized after the City of Calgary provides the FSPP administrator with the final service, earnings, and contributions information. This usually happens within 2-3 months after your pension commencement

# Contact Information



### **FSPP Administration Centre** (effective April 27, 2015)

800 Bay St., 7<sup>th</sup> Floor  
Toronto, ON M5S 1Z8

### **Call Centre**

Hours of operation:	8:00 to 6:00 PM MST (Alberta) Monday to Friday
Toll free in Canada:	1-877-351-5911
Outside of Canada	1-416-351-5911
Fax:	1-416-351-5900

### **Website**

[www.fspp.ca](http://www.fspp.ca)



For LAPP queries or requests:

### **LAPP**

C/O Alberta Pensions Services Corporation (APS)  
5103 Windermere Blvd SW  
Edmonton, AB T6W 0S9

### **LAPP Member Services Centre**

Toll free in Canada: 1-877-649-5277 (LAPP)  
Email: [memberservices@lapp.ca](mailto:memberservices@lapp.ca)

### **Websites**

[www.lapp.ca](http://www.lapp.ca)  
[www.apsc.ca](http://www.apsc.ca)



# Appendix A

## LAPP and FSPP Pension Examples

**2% x FSP pensionable service x highest average salary**

less

**LAPP pension for period of FSP pensionable service, in FSP “normal form”**

less, at age 65

**0.6% x FSP pensionable service x average YMPE at retirement**

**1.4% x pensionable service x highest average salary up to the average  
YMPE**

plus

**2.0% x pensionable service x highest average salary above the average  
YMPE**

Note: the LAPP pension formula is based on a single life, guaranteed 5 year normal form. If you have a spouse, you must convert your LAPP pension to a joint form. You “pay” for this joint form through a reduction to your LAPP lifetime pension.

## Example of FSPP Pension Formula Single Member, Retiring Before Age 55

- Suppose:
  - You retire on January 1, 2015 at age 54
  - You have 30 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You do not have a spouse at retirement

## Example of FSPP Pension Formula Single Member at Retirement, Ignoring COLA

	Total Annual Pension		LAPP Annual Pension Payable at Age 55	FSPP Annual Pension		
	To Age 65	After Age 65		To Age 55	Age 55-65	After Age 65
<b>Annual Pension</b>	\$63,000	\$54,029	\$54,029	\$63,000	\$8,971	Nil *
	(2% x 30 x \$105,000)	(2% x 30 x \$105,000 minus 0.6% x 30 x \$49,840)	(1.4% x 30 x \$49,840 plus 2.0% x 30 x \$55,160)	(Difference between Total and what LAPP provides for period of FSPP pensionable service)		

\* In reality, cost of living increases will be paid annually, resulting in a pension under FSPP after age 65.

## Example of FSPP Pension Formula Member With a Spouse, Retiring Before Age 55

- Suppose:
  - You retire on January 1, 2015 at age 54
  - You have 30 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You have a spouse at retirement

## Example of FSPP Pension Formula Member With a Spouse at Retirement

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	Total Annual Pension		LAPP Annual Pension Payable at Age 55	FSPP Annual Pension		
	To Age 65	After Age 65		To Age 55	Age 55-65	After Age 65
<b>Annual Pension</b>	\$63,000	\$54,029	\$52,669	\$63,000	\$10,331	\$1,360
	(2% x 30 x \$105,000)	(2% x 30 x \$105,000 minus 0.6% x 30 x \$49,840)	(1.4% x 30 x \$49,840 plus 2.0% x 30 x \$55,160) x JS optional form factor	(Difference between Total and what LAPP provides for period of FSPP pensionable service)		

In addition, COLA increases will be provided annually.



## Example of FSPP Pension Formula Single Member, Retiring After Age 55

- Suppose:
  - You retire on January 1, 2015 at age 57
  - You have 32 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You do not have a spouse at retirement

## Example of FSPP Pension Formula Single Member at Retirement, Ignoring COLA

	Total Annual Pension		LAPP Annual Pension Payable at Age 57	FSPP Annual Pension	
	To Age 65	After Age 65		Age 57-65	After Age 65
<b>Annual Pension</b>	\$67,200  (2% x 32 x \$105,000)	\$57,631  (2% x 32 x \$105,000 minus 0.6% x 32 x \$49,840)	\$57,631  (1.4% x 32 x \$49,840 plus 2.0% x 32 x \$55,160)	\$9,569  (Difference between Total and what LAPP provides for period of FSPP pensionable service)	Nil *

\* In reality, cost of living increases will be paid annually, resulting in a pension under FSPP after age 65.

## Example of FSPP Pension Formula Member With a Spouse, Retiring After Age 55

- Suppose:
  - You retire on January 1, 2015 at age 57
  - You have 32 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You have a spouse at retirement

## Example of FSPP Pension Formula Member With a Spouse at Retirement

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	Total Annual Pension		LAPP Annual Pension Payable at Age 57	FSPP Annual Pension	
	To Age 65	After Age 65		Age 57-65	After Age 65
<b>Annual Pension</b>	\$67,200	\$57,631	\$56,084	\$11,116	\$1,547
	(2% x 32 x \$105,000)	(2% x 32 x \$105,000 minus 0.6% x 32 x \$49,840)	(1.4% x 32 x \$49,840 plus 2.0% x 32 x \$55,160) x JS optional form factor	(Difference between Total and what LAPP provides for period of FSPP pensionable service)	

In addition, COLA increases will be provided annually.

## Example of FSPP Pension Formula Single Member, Retiring at Age 60

- Suppose:
  - You retire on January 1, 2015 at age 60
  - You have 25 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You do not have a spouse at retirement

## Example of FSPP Pension Formula Single Member at Retirement, Ignoring COLA

	Total Annual Pension		LAPP Annual Pension Payable at Age 60	FSPP Annual Pension	
	To Age 65	After Age 65		Age 60-65	After Age 65
<b>Annual Pension</b>	\$52,500  (2% x 25 x \$105,000)	\$45,024  (2% x 25 x \$105,000 minus 0.6% x 25 x \$49,840)	\$45,024  (1.4% x 25 x \$49,840 plus 2.0% x 25 x \$55,160)	\$7,476  (Difference between Total and what LAPP provides for period of FSPP pensionable service)	Nil *

\* In reality, cost of living increases will be paid annually, resulting in a pension under FSPP after age 65.

## Example of FSPP Pension Formula Member With a Spouse, Retiring at Age 60

- Suppose:
  - You retire on January 1, 2015 at age 60
  - You have 25 years of pensionable service
  - Your highest average salary (“HAS”) is \$105,000
  - The average YMPE is \$49,840
  - Your highest average salary up to the YMPE is \$49,840
  - Your highest average salary above the YMPE is \$55,160  
(\$105,000 – \$49,840)
  - You have a spouse at retirement

## Example of FSPP Pension Formula Member With a Spouse at Retirement

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	Total Annual Pension		LAPP Annual Pension Payable at Age 60	FSPP Annual Pension	
	To Age 65	After Age 65		Age 60-65	After Age 65
<b>Annual Pension</b>	\$52,500	\$45,024	\$43,715	\$8,785	\$1,309
	(2% x 25 x \$105,000)	(2% x 25 x \$105,000 minus 0.6% x 25 x \$49,840)	(1.4% x 25 x \$49,840 plus 2.0% x 25 x \$55,160) x JS optional form factor	(Difference between Total and what LAPP provides for period of FSPP pensionable service)	

In addition, COLA increases will be provided annually.





# Appendix B

## Matrimonial Property Division

- If a marriage breakdown occurs, family property, including pensions, may be subject to division
- Contact us for more information should this occur
  - LAPP and FSPP have different requirements for marriage breakdown that can affect your and your ex-spouse's entitlements

# Appendix C

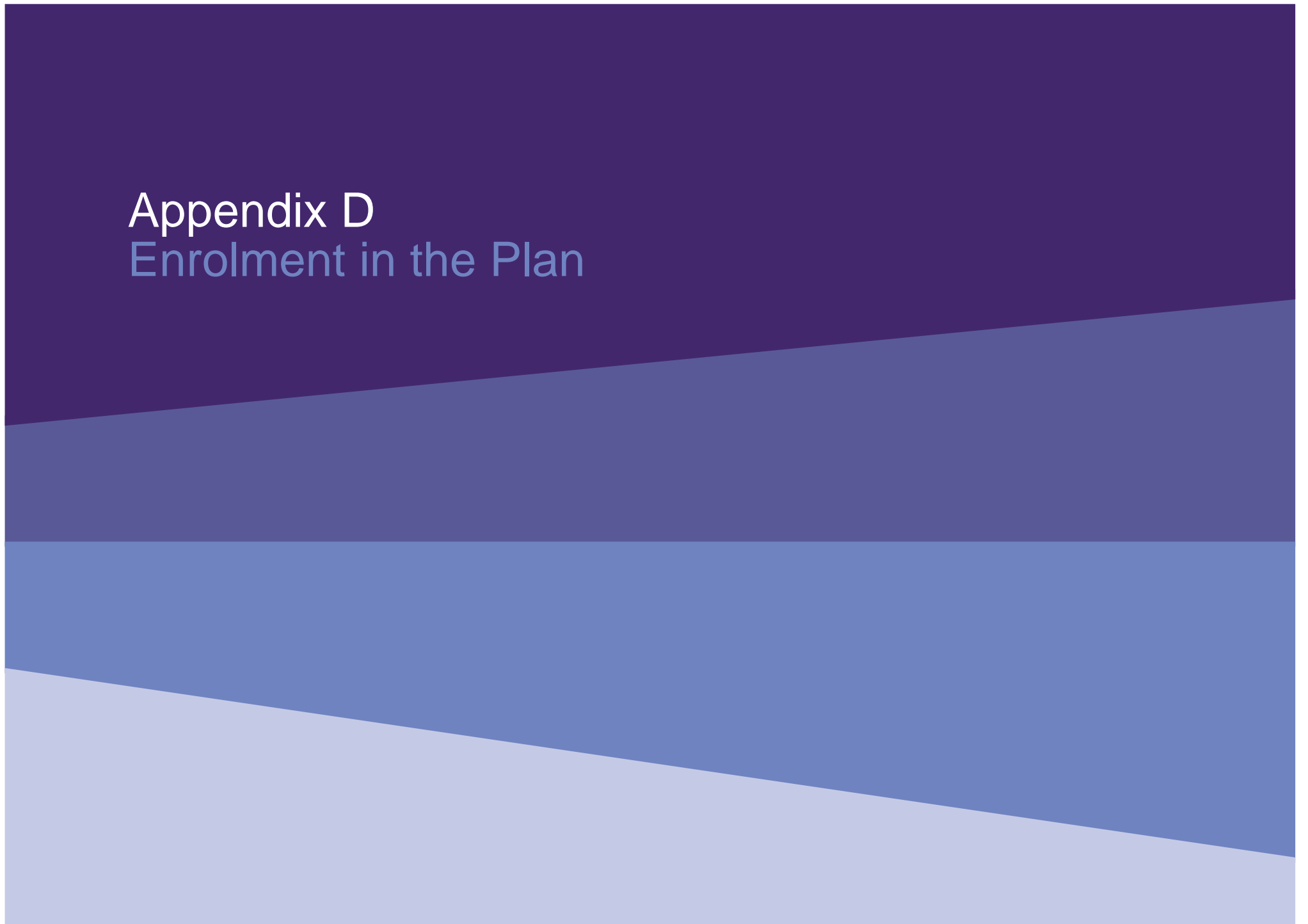
## Things to Think About When Electing a Commuted Value

## Things to Think About When Electing A Transfer from the Plan

- When faced with a decision to transfer or take a pension, you must give thoughtful consideration to the risks and your personal situation
  - With a transfer, you take on all investment and longevity risk, good or bad
  - Financial market conditions can be volatile, as we have seen in the last few years. Past returns are not always good predictors of future returns
  - A monthly pension pays benefits for your life (and your spouse's life if you elect a form with a survivor pension)
  - The transfer amount is based on current inflation levels. If inflation increases in the future, you are not guaranteed the same level of indexing as would be provided with a monthly pension
  - You will likely pay immediate taxes on all or a portion of your FSPP transfer amount, based on your marginal tax rate at time of transfer
  - The commuted value provides you with flexibility for estate planning, particularly for members with shortened life expectancy

# Appendix D

## Enrolment in the Plan



- When you became a firefighter you were provided with a new hire information package and asked to fill out the following pension forms:
  - Designation of beneficiary and pension partner;
  - Request and consent to release information; and
  - Prior service questionnaire
- The package also contained:
  - An FSPP employee booklet,
  - Additional information on prior service bulletin, and
  - An accompanying set of instructions

- If you have prior service in LAPP or prior service that was pensionable with another employer before becoming a firefighter, here are the steps that you must follow for us to provide you with a purchase of service estimate:
  - Provide us with a LAPP statement showing your pensionable service in LAPP
  - If you are buying prior service in LAPP, provide us with your estimate from LAPP showing how much service is being purchased and the period of time being bought
- Due to privacy reasons, we cannot obtain this information directly from the LAPP administrator

# Appendix E

## Leave of Absence and Purchasing Prior Service



- If you have been away from work on an unpaid or partially paid leave, your earnings and service will reflect your leave
- Upon return from your leave, you can purchase the leave of absence to ensure that your earnings and service are not affected by the leave
- The cost to purchase the leave is based on the contribution rate in effect during the leave, plus interest
  - For the first year of any purchased leave, the City pays the employer share of the contributions
- You only have until April 30<sup>th</sup> following your leave to purchase the service on a contribution basis
  - After that, the basis will no longer be contributions with interest – it will be based on full actuarial cost, with you paying the full cost
- If you purchase LOA service in LAPP, you must purchase it in FSPP

- Prior service is eligible service with another employer prior to joining the plan or service with the City of Calgary prior to becoming a firefighter
  - If you worked with the City of Calgary or another LAPP employer before becoming a firefighter, you may already have service in LAPP. This is not prior service in LAPP, but is prior service in FSPP
  - So, you shouldn't assume prior service is the same in both LAPP and FSPP
- In order to have prior service be credited as pensionable service in FSPP, you must purchase the prior service in FSPP
  - Purchasing service in LAPP does not mean you have purchased the service in FSPP
  - You must separately purchase the service in FSPP
  - The FSPP purchasing basis for prior service is full actuarial cost
- Any prior service purchased in LAPP must also be purchased in FSPP

- You may have a choice to pay for your purchased service in instalments, rather than an immediate lump sum
- The longest instalment payment period is the earlier of:
  - The period of service you are purchasing
  - Your age 60
  - 15 years
- You will be given your payment options when you request a purchase of service calculation
- Instalment payments must be set up with the City of Calgary as payroll deductions

# Appendix F

## Differences in Service Between FSPP and LAPP

- The FSPP benefit is based on the years of service you contributed to FSPP
- Circumstances where credited service in LAPP differs from FSPP:
  - You worked for the City before becoming a firefighter and participated in LAPP, and you did not purchase your LAPP service in FSPP
  - You purchased service in LAPP but did not purchase the same service in FSPP
  - You purchased service in FSPP but did not purchase the same service in LAPP
- When we determine your FSPP benefit, we calculate your LAPP offset based on your FSPP service, regardless of what you have in LAPP
- If you believe that your FSPP service should be the same as LAPP and it is not, it is important that you let us know. We have no access to your LAPP data other than through you, due to privacy rules

# Appendix G

## Vesting

The background of the slide is composed of three distinct horizontal bands of color. The top band is a deep, dark purple. The middle band is a medium blue. The bottom band is a light, pale blue. The boundaries between these bands are not perfectly horizontal; they are slightly angled, with the top boundary sloping upwards from left to right and the bottom boundary sloping downwards from left to right.

- Vesting refers to the date that you are entitled to receive a pension from the FSPP
- Vesting in FSPP is immediate effective September 1, 2014. There is, however, a 2 year vesting period under LAPP
- For the purposes of determining FSPP benefits, you will be treated as if you were vested under LAPP

