



Canadian Forces Personnel Newsletter

[Home](#) | [About us](#) | [Send us a question](#) | [Submission guidelines](#)

2007 issues

- [8/07– 31 Oct](#)
- [7/07– 12 Sep](#)
- [6/07– 25 July](#)
- [5/07– 6 June](#)
- [4/07– 25 Apr](#)
- [3/07– 28 Mar](#)
- [2/07– 28 Feb](#)
- [1/07– 31 Jan](#)

[Supplement](#)

[Sections](#)

Previous years

- [2006](#)
- [2004](#) [2005](#)
- [2002](#) [2003](#)
- [2000](#) [2001](#)

Other publications

[The Maple Leaf](#)

[Safety Digest](#)

Issue 5/06 – 24 May 2006

<p>TABLE OF CONTENTS ■ Recruiting Group delivers ■ Chief Military Personnel Change of Command ceremony ■ "We are grateful to you" ■ Recording of time away begins ■ Low-interest loans lighten education load ■ Heart and stroke fundraiser ■ Reserve Force pension arrangements update ■ Honours and awards ■ E-statements pay off</p>
--

Reserve Force pension arrangements update

[Plan overview](#) [Entitlements](#)

From Ms Ann Gravelle, Director Pensions and Social Programs

Are you considering releasing now?

If you are a member of the Reserve Force who meets eligibility thresholds and wishes to participate in the Reserve Force Pension Plan, you will have to be a member of the CF on the day the new arrangements are scheduled to come into force.

Reservists from 34 Canadian Brigade Group (CBG) prepare their toboggans prior to departing to the field during Exercise POLAR STRIKE I. Under the guidance of 24 Rangers from 2 Canadian Ranger Patrol Group, 138 Army Reserve soldiers practised their winter warfare survival skills in preparation for the next Arctic deployment, in 2007.
Cpl Phil Cheung, 32 CBG



Consequently, if at all possible, you should continue to serve in the Primary Reserve, the Cadet Instructor Cadre, or the Canadian Rangers.

If you are not able to continue serving in one of these three sub-components for any reason, including medical disability or compulsory

retirement age, please contact your administration officer and or release clerk for information on transferring to the Supplementary Reserve in order to maintain your options concerning the Reserve Force Pension Plan.

Implementation day

We expect new pension arrangements for Reserve Force personnel to be implemented in March 2007.

Pension arrangements

Members of the Reserve Force will be able to choose between two sets of pension arrangements:

→ If you serve in the Reserve Force on a full-time basis for extended periods of time, you will be covered by Part I of the *Canadian Forces Superannuation Act* (CFSA). The threshold for Part I coverage will be 55 months of full-time Reserve Force service in a 60-month period.

Once under the provisions of Part I, you will remain under that Part as long as you continue to serve in the Reserve Force. The formula used to determine the pensions of Regular Force personnel will also be used to calculate the pension payable to members of the Reserve Force who have become contributors under CFSA Part I. Adjustments will be made taking into account any part-time service you may have performed.

→ Long-term, full-time Reservists, however, make up a very small part of the Reserve Force. If you are among the vast majority of Reserve Force personnel who serve on a part-time basis, your pension coverage will be provided by the Reserve Force Pension Plan set up under the authority of Part I.1 of the CFSA.



Reserve Force Pension Plan overview

Eligibility

Reserve Force personnel who serve on a part-time basis will become participants under the plan once they meet eligibility thresholds:

→ **At implementation of the plan:** If you are a serving member of the Reserve Force when the new plan is implemented, you will become a participant immediately if you have earned at least 10% of the year's maximum pensionable earnings (YMPE) in two consecutive 12-month periods between April 1, 1999 and the plan's implementation. You will have to have served continuously from April 1, 1999 to implementation. [The YMPE is annual maximum contributory level under the Canada Pension Plan (CPP), and it changes every year. The YMPE was \$37 400 in 1999; in 2006, it is \$42 100.]

→ **After implementation:** You will become a participant as soon as you have earned 10% of the YMPE in two consecutive 12-month periods.

Contributions

All participants under the plan will be required to make a specified rate of current service contributions to the ongoing cost of the plan. Earnings recognized under the plan include the regular pay for your rank, excluding any allowances but including any amounts you've been paid in lieu of leave. The same contribution rate will apply to all of your earnings, whether they are below or above the maximum level set under the CPP.

Annuity Calculation

Your annuity under the new plan will be calculated as a percentage of your updated career earnings. (Earnings will be updated by adjusting actual earnings by a wage index reflecting the increases in military pay over the years.) Updated earnings are totalled and multiplied by 1.5% to determine your lifetime annual pension.

There will also be a "bridge benefit" of 0.5% of the updated earnings, to the average maximum pensionable earnings (AMPE), which will be paid from the time the pension under the plan first goes into pay until you reach 65 or become entitled to a CPP/Quebec Pension Plan disability pension. [The AMPE is the average of the YMPE for the year in which you cease to be a contributor or a participant, and for the four preceding years.]

Table 1 illustrates what this all might look like:

YEAR	ACTUAL PENSION-ABLE EARNINGS	YMPE*	WAGE MEASURE*	UPDATED PENSION-ABLE EARNINGS**	UPDATED PENSION-ABLE EARNINGS TO AMPE***
1989	\$ 4900	\$ 27 700	50.80	\$ 10 183	\$ 10 183
1990	\$ 3000	\$ 28 900	54.50	\$ 5811	\$ 5811
1991	\$ 1500	\$ 30 500	58.60	\$ 2702	\$ 2702
1992	\$ 1200	\$ 32 200	58.60	\$ 2162	\$ 2162
1993	\$ 900	\$ 33 400	60.36	\$ 1574	\$ 1574
1994	\$ 900	\$ 34 400	60.36	\$ 3148	\$ 3148
1995	\$ 1800	\$ 34 900	60.36	\$ 3148	\$ 3148
1996	\$ 2600	\$ 35 400	60.36	\$ 4547	\$ 4547
1997	\$ 2500	\$ 35 800	61.68	\$ 4279	\$ 4279
1998	\$ 1000	\$ 36 900	80.82	\$ 1300	\$ 1300
1999	\$ 1000	\$ 37 400	83.42	\$ 1253	\$ 1253
2000	\$ 4000	\$ 37 600	89.52	\$ 4632	\$ 4632
2001	\$ 56 000	\$ 38 300	89.52	\$ 61 994	\$ 41 360
2002	\$ 56 000	\$ 39 100	97.72	\$ 60 497	\$ 41 360
2003	\$ 64 000	\$ 39 900	101.64	\$ 66 473	\$ 41 360
2004	\$ 600	\$ 40 500	104.18	\$ 608	\$ 608
2005	\$ 600	\$ 41 100	104.18	\$ 608	\$ 608
2006	\$ 600	\$ 42 100	107.31	\$ 590	\$ 590
2007	\$ 600	\$ 43 200	110.53	\$ 573	\$ 573
TOTAL	\$ 204 600			\$ 236 082	\$ 171 198

				x 1.5%	x 0.5%
	= ANNUAL	LIFETIME	PENSION	of \$ 3541	
	plus	ANNUAL	BRIDGE	BENEFIT	of \$ 856

→ * The YMPE for 2007 and the wage measure for 2006 and 2007 are estimated.

→ **Total updated pensionable earnings cannot be less than the total pensionable earnings. Updated pensionable earnings are calculated as follows (an example for 1989): $\$10\,183 = 4\,900 \times (110.53 + 107.31 + 104.18 + 104.18 + 101.64) / (50.80 \times 5)$

→ ***The updated pensionable earnings for any year cannot be greater than the AMPE. $AMPE = (\$43\,200 + \$42\,100 + \$41\,100 + \$40\,500 + \$39\,900) / 5 = \$41\,360$

→ **Note:** The annual pension is a lifetime benefit, and one-twelfth of the annual amount is paid at the end of each month. There is also provision for paying annual indexing to cover any increases in the cost of living.



Your entitlements under the plan

The benefits available to you under the plan will include:

Immediate annuity: If you are a member of the Reserve Force who has been a participant under the plan for two years, you will collect an immediate annuity at the time you cease to be a participant if you:

- are 60;
- are 55 and have 30 years of pensionable service;
- have completed 25 years of paid service in the CF; or
- are disabled.

Deferred annuity: If you do not qualify for an immediate annuity but have been a participant under the plan for two years, you will collect an annuity starting at age 60.

Annual Allowance: If you are entitled to a deferred annuity, you may choose to receive pension payments as early as age 50, but there will be a reduction in the amount payable to reflect the longer payment period. This reduction will continue for life.

Transfer Value: If you are entitled to a deferred annuity and are younger than 50 when you cease to be a participant under the plan, you may transfer the lump sum value of your pension to another registered pension plan or locked-in retirement savings vehicle (such as an Registered Retirement Savings Plan).

Return of Contributions: If you have fewer than two years' participation under the plan, you will be entitled to a refund of the contributions you paid under the plan, plus interest.

Other entitlements

Under the new plan, your eligible survivor and your dependant children will receive benefits on the same basis as those provided to eligible survivors of deceased Regular Force personnel.

All continuing pensions will be indexed at the same rate and under the same conditions as pensions payable to Regular Force personnel.

Election of prior earnings

If you have been a participant under the plan for two years, you will be eligible to elect to count the earnings associated with any past Reserve Force service. You will also be entitled to make an election to count the earnings associated with a period of Regular Force service for which you were paid a return of contributions. The cost of counting past service earnings and service will be based on the contribution rate that applies at the date the election is made, and earnings updated to the date of election, together with 7% compound interest. An election can be paid by either a lump sum or by life-insured installments for up to 20 years or age 65, whichever is later.

➔ Visit the [Canadian Forces Pension Modernization Project](#) or [CFPMP](#) (Intranet) for up-to-date information.



<p>TABLE OF CONTENTS ■ Recruiting Group delivers ■ Chief Military Personnel Change of Command ceremony ■ "We are grateful to you" ■ Recording of time away begins ■ Low-interest loans lighten education load ■ Heart and stroke fundraiser ■ Reserve Force pension arrangements update ■ Honours and awards ■ E-statements pay off</p>
--

Last Modified: 2006-05-24



Important Notices