

The effects of the Teachers' Pension Plan changes

As you may know, we have made some recent changes to the Teachers' Pension Plan (TPP). The details may be found in the January/February 2019 *Teacher* magazine article, "Your Pension updated" (<https://www.bctf.ca/publications/TeacherNewsmag.aspx?id=52399>).

One way to explain the effects of the TPP changes, is to compare the pension amounts if there were no changes (pension amount calculated using Old Plan rules for all service) to the pension amounts with the changes (pension amount calculated using Old Plan rules for service before 2018 and New Plan rules for service starting 2018). This will be done for a few sample members below.

Audre had in mind from a 2015 Member's Benefit Statement (MBS), calculated with all Old Plan rules, to retire at the Earliest Unreduced date of July 1, 2021, with an age of 59 years old. Audre's recent 2017 MBS shows a later Earliest Unreduced date of July 1, 2023, with an age of 61. Unsure of wanting to work until 61, Audre gets online with the TPP MyAccount portal (<https://myaccount.pensionsbc.ca/web/my-account/sign-in>) and generates more pension estimates to look at the projected amounts. This TPP personalized estimator calculates the projected pension with service in the Old Plan combined with service in the New Plan. Below is our analysis comparing current TPP pension estimates to previous estimates (if there were no plan changes and calculations using all Old Plan rules). In summary, Audre will make more total pension with the New Plan changes.

| In 2018, Audre, 56, works full-time with 22 years of Pensionable Service (PS) and earns \$80,000 yearly. | Retirement date | Age | Monthly pension up to 65 | Monthly pension starting 65 |
|---|------------------------|------------|---------------------------------|------------------------------------|
| Pension amount calculated using Old Plan rules for all service | July 1, 2019 | 57 | \$2,742 | \$2,079 |
| | July 1, 2020 | 58 | \$2,958 | \$2,242 |
| | July 1, 2021 | 59 | \$3,182 | \$2,412 |
| | July 1, 2022 | 60 | \$3,413 | \$2,588 |
| | July 1, 2023 | 61 | \$3,547 | \$2,689 |
| Pension amount calculated using Old Plan rules for service before 2018 and New Plan rules for service starting 2018 | July 1, 2019 | 57 | \$2,714 | \$2,098 |
| | July 1, 2020 | 58 | \$2,917 | \$2,280 |
| | July 1, 2021 | 59 | \$3,131 | \$2,474 |
| | July 1, 2022 | 60 | \$3,357 | \$2,679 |
| | July 1, 2023 | 61 | \$3,509 | \$2,832 |

The general rule of thumb is that the longer you work, the larger your pension. The earliest a member could collect a pension is at the age of 55 and the latest is at 71. This range of retirement dates has not changed with the New Plan changes. Be sure to consult with your certified financial planner (fpsc.ca) to decide when it is best for you to retire. You should begin your retirement planning by getting a few different pension estimates through your TPP MyAccount portal. It is recommended you get your Canada Pension Plan (CPP) estimate (canada.ca/en/employment-social-development/services/my-account.html or 1-800-277-9914) to work with your certified financial planner.

Here are more scenarios:

| In 2018, Chris, 50 , works half-time with 10 years of Pensionable Service (PS) and earns \$40,000 yearly. | Retirement date | Age | Monthly pension up to 65 | Monthly pension starting 65 |
|---|------------------------|------------|---------------------------------|------------------------------------|
| Pension amount calculated using Old Plan rules for all service | July 1, 2026 | 58 | \$1,730 | \$1,311 |
| | July 1, 2027 | 59 | \$1,850 | \$1,402 |
| | July 1, 2028 | 60 | \$1,973 | \$1,496 |
| | July 1, 2029 | 61 | \$2,040 | \$1,547 |
| | July 1, 2030 | 62 | \$2,107 | \$1,597 |
| Pension amount calculated using Old Plan rules for service before 2018 and New Plan rules for service starting 2018 | July 1, 2026 | 58 | \$1,662 | \$1,374 |
| | July 1, 2027 | 59 | \$1,782 | \$1,485 |
| | July 1, 2028 | 60 | \$1,908 | \$1,601 |
| | July 1, 2029 | 61 | \$2,001 | \$1,695 |
| | July 1, 2030 | 62 | \$2,065 | \$1,758 |

| In 2018, Rukma, 45, works full-time with 15 years of Pensionable Service (PS) and earns \$80,000 yearly. | Retirement date | Age | Monthly pension up to 65 | Monthly pension starting 65 |
|---|------------------------|------------|---------------------------------|------------------------------------|
| Pension amount calculated using Old Plan rules for all service | July 1, 2029 | 56 | \$3,004 | \$2,277 |
| | July 1, 2030 | 57 | \$3,228 | \$2,447 |
| | July 1, 2031 | 58 | \$3,459 | \$2,622 |
| | July 1, 2033 | 60 | \$3,947 | \$2,992 |
| | July 1, 2034 | 61 | \$4,080 | \$3,093 |
| Pension amount calculated using Old Plan rules for service before 2018 and New Plan rules for service starting 2018 | July 1, 2029 | 56 | \$2,781 | \$2,384 |
| | July 1, 2030 | 57 | \$3,007 | \$2,596 |
| | July 1, 2031 | 58 | \$3,245 | \$2,820 |
| | July 1, 2033 | 60 | \$3,754 | \$3,302 |
| | July 1, 2034 | 61 | \$3,969 | \$3,517 |