

Policy Bulletin #3

Division and Distribution of Pension Benefits on Marriage Breakdown

Issued December 2000 / Revised August 2006

This bulletin is designed to assist plan administrators¹, their consultants and legal counsel for divorcing pension partners in understanding the provisions of the *Employment Pension Plans Act* (the Act) governing the splitting of pension entitlements on marriage breakdown.

This Bulletin has no legal authority. The Act and the *Employment Pension Plans Regulation* (the Regulation) should be used to determine specific legislative requirements.

Terms appearing in *bold-face italic text* are defined in a glossary at the end of this Bulletin.

Under Alberta's *Matrimonial Property Act*, pension benefits are considered matrimonial property jointly accrued by the pension partners during the marriage. Such benefits are therefore subject to division when a spousal relationship breaks down.

In Alberta, pension benefits standards legislation, rather than the *Matrimonial Property Act*, deals with how pension benefits are to be divided on marriage breakdown. The *Employment Pension Plans Act* sets out basic principles for dividing and distributing pension benefits in Part 4. Part 4 of the Regulation contains detailed information on the method, process and timing of a division and distribution.

It should be emphasized that this legislation sets standards for the terms under which a *pension partner's* share of the pension asset may be satisfied by a transfer of funds or direct payment to the *pension partner*. It gives the *pension partner* the right to have a division performed at the time of the marriage breakdown. Except where the pension is already in pay, it gives the *pension partner* the right to have his/her share transferred from the plan. In the case of a pension already in pay, it gives the *pension partner* the right to begin receiving a share of the pension (or, at the option of the plan, a transfer of the capitalized amount).

¹ Whether or not there is a third-party provider actually performing the mechanics of the calculations and issuing option statements, the plan administrator as defined in section 1 of the *Employment Pension Plans Act* is responsible for ensuring that the plan is following the pension division rules. The administrator of a single-employer plan, generally speaking, is the employer. For Specified Multi-Employer Plans and Multi-Unit Plans (both of which have more than one participating employer) the administrator is generally a Board of Trustees. Where the pension asset is being held in a locked-in account in a financial institution, the financial institution is the administrator.

It does not attempt to pronounce upon what share of the total value of the pension asset should be awarded to the *pension partner*; that is left to the Court or the parties to specify in a Matrimonial Property Order (Order) or agreement. However, if the Order or agreement contemplates that the *pension partner's* share should be higher than the amount the legislation permits to be paid out of the plan to him/her, the difference will have to be made up from other matrimonial property.

Neither does this legislation require that a *pension partner's* share of the pension asset be satisfied by a transfer from the pension fund or a splitting of the pension. If the other assets of the marriage are sufficient, the *pension partner's* share may be entirely satisfied in the matrimonial property settlement by trading off other assets of equal value to the pension partner's share of the pension asset.

Matrimonial Property Order or Agreement Required
Act s. 1(1) (q.1), (x.1), (x.2), 58(b) Reg s. 1(1)(e)

Division and distribution of pension benefits can occur only where the pension partners or former pension partners obtain and file with the pension plan administrator:

- a Matrimonial Property Order (an Order) under the *Matrimonial Property Act*,
- an agreement under the *Matrimonial Property Act*, providing for the division and distribution of a pension benefit (an Agreement), or
- a similar order enforceable in Alberta of a court outside of Alberta.

No other form of agreement is acceptable. As the *Matrimonial Property Act* in Alberta does not give property division rights to common-law couples, the Act's division rules do not apply to common-law couples who reside in Alberta. If common-law couples are eligible to obtain Orders dividing family property, under the similar legislation of another jurisdiction, that are enforceable in Alberta, such an order is valid for dividing an Alberta pension.

Orders Must Comply
Act s. 59 Reg s. 44.3

The legislation prohibits the Court from making Orders that do not comply with the rules for dividing and distributing pension benefits. Orders entered into on or after March 1, 2000 must be structured in accordance with these rules. If both pension partners elect in writing, the rules can also be applied with respect to orders entered into prior to March 1, 2000.

**Administrator May
Apply To Court
Act s. 67**

If a pension plan administrator receives an Order or Agreement that does not comply with the new rules or is unclear, the administrator may apply to the Court for clarification, with costs of the application to be paid by both or either pension partners. Pension partners/former pension partners and their counsel are encouraged to ensure that Orders or Agreements are sufficiently clear and precise to be executed by the plan administrator without further involvement by the courts

**Division and
Distribution
Reg s. 58**

Unless a pension is already being paid or the *member* is within 10 years of *pensionable age*, a division and distribution at the time of the marriage breakdown is the only option the Act requires a pension plan to allow. To split pension benefits on divorce, where the pension is not yet being paid, the pension is valued as if the *member* had terminated employment on the date in question and assuming pension commencement at *pensionable age*.

If a pension is already in pay, the legislation only requires that it be divided. However, at the plan's option, the *pension partner's* share may be commuted. He/she then would have a choice of having it transferred out to his/her own pension plan, annuity, or locked-in vehicle. The plan, at its option, may also convert the *pension partner's* share to a separate pension from the plan. The Regulation does not specify what form the pension may take. The plan may offer the normal form, and may also offer whatever optional forms the plan provides. There is no requirement for the *pension partner* to take a joint life pension with a new pension partner as co-annuitant.

In the case of a DC RIA, he/she may only transfer to a LIF, an annuity or a DC RIA with another pension plan, if the defined contribution provisions of that plan so permit.

**Plan Administrator
Provides Statement to
Member and/or Pension
Partner
Reg s. 24**

Within 90 days after receiving a written request from the *member* or the *pension partner* or both, the plan administrator is to provide a statement to both which includes:

- the *member's* estimated *total entitlement* accrued under the pension plan to the date the statement is requested;
- any *additional voluntary contributions* or *optional ancillary contributions* made by the *member* (unless a pension is already being paid);
- the date the *member* began to participate in the pension plan; and
- if the *member* no longer participates in the pension plan, the date membership terminated.

A financial institution holding a locked-in account will only be able to supply the first piece of information. An estimate provided in advance of the Order/Agreement is not to be construed by either the divorcing couple or the plan administrator as the final amount for the total entitlement. This figure will change if a significant period of time elapses between the estimate and the issuing of the Order/Agreement.

This information must also be provided on request to common-law pension partners undergoing a relationship breakdown. However, except if the matrimonial property law in their jurisdiction gives common-law pension partners the right to obtain an Order/Agreement dividing family property, the information is useful to them only as a means of valuing the pension asset for the purpose of equalizing shares of jointly held assets.

Total Entitlement
Reg s. 59

If the *member* is not yet retired and receiving a pension, *total entitlement* is the value of the accrued benefit immediately before the division, excluding any *additional voluntary contributions* or *optional ancillary contributions*. The Regulation sets out what *total entitlement* means in various circumstances:

- for *non-vested benefits*, the dollar amount of the *member* accumulated contributions, if any, and interest;
- if the *member* is in receipt of a pension, the stream of payments that constitutes the *member's* pension.
- For *vested benefits* in a defined contribution pension plan, the dollar value of the person's account as of the time in question;
- for *vested benefits* in a defined benefit pension plan, the commuted value of those benefits, determined as if the *member* had terminated membership, but using the assumption that the *member* would commence to receive a pension at *pensionable age* and excluding any credit for excess employee contributions which would normally be calculated in a contributory plan if a member terminated;
- for *vested benefits* where the *pension partner* is eligible for and chooses to delay division and distribution:

- the actuarial present value of the *member's* pension or other benefit as at the future date the *member* retires, terminates or dies or the plan terminates (which will not be known at the time the administrator provides the statement of the estimated *total entitlement* prior to the issuing of the Order), or
- if the *pension partner* is eligible for and chooses to receive his/her share as a pension paid from the plan, the stream of payments that constitutes the *member's* pension.

Required Content of Matrimonial Property Order
Reg s. 57

An Order/Agreement filed with a pension plan administrator must contain:

- the dates pension benefits commenced and ceased to be jointly accrued by the pension partners, as set out in the Order/Agreement;
- either:
 - the *pension partner's* share of the *total pre-division benefit*, or
 - how the amount of that share is to be calculated if the distribution is to be delayed until the *member* ultimately terminates, commences pension, dies, or if the plan terminates at that future date, and
- the way the *pension partner's* share is to be distributed.

Pension Partner's Share
Act s. 63

The *pension partner's* share is limited to no more than 50% of the value of benefits earned during the period of joint accrual as established by the Order or Agreement. Any *additional voluntary contributions* and contributions to flexible plans (*optional ancillary contributions*) are not included in this limit and may be dealt with in any manner the Court or the pension partners wish.

To Initiate Division and Distribution
Act s. 1(1)(q.1), 69.1, 88

To file an Order/Agreement with the pension plan administrator, the pension partners or their counsel must have a certified copy of the document served on the administrator in the manner set out in section 88(a) or (b) of the Act. This, in general, will mean that the document should be personally delivered to an officer of the pension plan administrator, or sent by registered or certified mail to the office of the pension plan administrator. The pension partners and their counsel must be able to prove, if it ever becomes an issue, that the document has been properly served.

Pension Plan Administrator Determines Total Entitlement at Time of Division
Reg s. 59

Upon receiving the Order/Agreement, the plan administrator will calculate the *member's total entitlement*. This will be a recalculation if there has been a previous estimate issued. The value determined as at the date of division may differ from the estimated value initially provided, due to the passage of time and the accrual of further benefits where the *member* is still an active plan member.

Total Pre-Division Benefit
Reg s. 59(4)

The *total pre-division benefit* is determined using the pro-ration on service formula set out in the regulations.

That formula is: *total entitlement* multiplied by the ratio of the period of joint accrual of benefits², as set out in the Order/Agreement, over the total period during which benefits were accrued under the pension plan.

$$\text{total entitlement} \times \frac{\text{period of joint accrual (years + fraction of year)}}{\text{total accrual period (years + fraction of year)}} = \text{total pre-division benefit}$$

Plan Administrator Provides Statement Outlining Options
Reg s. 24, 58

Division and distribution may take place once the Order/Agreement is filed with the administrator. The plan administrator must provide the *pension partner* with a statement of options.

Division Options if Pension is in Pay
Reg s. 58(4)

If a pension is already being paid at the time of the division, the *pension partner's* share of the pension will be paid to him or her as a pension. This must at minimum be a portion of the pension in the form chosen by the *member*, but the plan could offer an option or options under which it could be converted to a pension of equivalent value in another form, such as a single life pension for the life of the non-member pension partner.

Also at the plan's option, the *pension partner's* share of the pension may be commuted and transferred out. If the plan permits transfers, he/she may choose to transfer:

² That is, the period during which both of the following conditions are met: the member pension partner is accruing benefits, and is determined by the Court to have been in the relationship with the non-member pension partner.

- to a *LIRA* (if the *pension partner* has not reached the end of the year in which he/she reaches age 69),
- to a *LIF* if the *pension partner* is at least age 50,
- to a life insurance company to purchase a life annuity,
- to another registered pension plan if that plan permits,
- to a *DC RIA*, if the registered pension plan permits.

If, at the time of that transfer the pension partner is age 50 or over and the money is coming from a pension plan and being transferred to a LIF, he/she must be offered the option to have half the funds unlocked – see [Policy Bulletin #34: 50% Unlocking](#). If the pension is simply split and not converted, after the death of one of the expansion partners, the benefit payable to the survivor may either be paid entirely to the survivor, or divided as per shares determined in the Order/Agreement, with the portion not belonging to the survivor going to a beneficiary chosen by the deceased. If it is paid to a beneficiary, the tax deferral status of that portion ends under the Income Tax Act, and it cannot continue to be paid as a periodic amount. The Order/Agreement should specify what is to happen on the death of one of the pension partners. The Regulation is silent on this matter.

Payments from a DC RIA
Reg s. 58(5)

If the former plan member is receiving payments from a *DC RIA*, the pension partner’s share is to be transferred out of the plan, to a LIF, an annuity, or another *DC RIA*. The option to unlock 50% does not apply because the member would already have had the opportunity to exercise the option.

Pension Not in Pay
Reg s. 58(2)

If the pension is not yet in pay, the *pension partner’s* options depend on whether benefits are vested and whether the *member* is within 10 years of *pensionable age*.

Options if Member not Vested
Reg s. 58(2)(a)

If the *member’s* benefit is not vested, there will be no benefit unless the *member* has been required to make contributions. If so, the *pension partner’s* share may be:

- paid in a lump sum (that is, taken in cash and taxed or transferred to an RRSP), or
- if the *pension partner* has a pension plan that permits such a transfer, transferred to that plan.

Options if Member is Vested but not Within 10 years of Pensionable Age
Reg s. 58(2)(b)

If the benefit is vested but the *member* is not within 10 years of pensionable age the *pension partner's* share may be transferred in accordance with the portability rules for vested benefits, that is:

- to another pension plan if that plan permits,
- to a *LIRA*,
- if the pension plan provides and if the *pension partner* is at least 50 years old, to an insurance company to purchase a life annuity or to a *LIF*, or,
- to a *DC RIA* with a pension plan, if that plan permits

Options if Member is Vested and Within 10 Years of Pensionable Age
Reg s. 58(2)(c)

If the benefit is vested and the *member* is within 10 years of *pensionable age*, the *pension partner* may choose to receive her/his share immediately or may delay division and distribution until the date when the *member* ultimately terminates, commences a pension or dies.

If the *pension partner* chooses immediate distribution, his/her share may be transferred in accordance with the pension plan's normal portability rules for vested benefits (see the options shown above where the *member* is vested but not within 10 years of *pensionable age*).

Delayed Division and Distribution
Reg s. 58(2)(c) Reg s. 59(3)(c)

If the *pension partner* is eligible to choose (see above) and chooses to delay division and distribution, his or her share can be

- determined and transferred in accordance with the pension plan's portability rules for *vested benefits* at the time when the *member* ultimately terminates, commences a pension or dies or, in the event the plan itself terminates, at that date, or
- if the *member's* pension plan permits, determined and paid as a pension from the plan to the pension partner when the *member* ultimately commences a pension. The Regulation would allow this pension to be paid either based on the form chosen by the *member*, or on a new form chosen by the *pension partner*. The plan may choose what form or forms to offer. If the *pension partner* chooses a new form, he/she is not required to choose a joint life form with a subsequent pension partner as the nominee. If the pension is paid in the form chosen by the *member*, the *member* is required to choose a form that protects a subsequent pension partner if

- there is a subsequent pension partner when the *member* retires. The stream of pension payments, however, is split between the *member* and *pension partner*, including any survivor pension that is paid to the subsequent pension partner.

If division and distribution is to be delayed until the *member* commences a pension, terminates or dies, the Order/Agreement must stipulate that, at that future date, the *total pre-division benefit* and the *pension partner's* share will be determined in the manner outlined in this Bulletin. The plan administrator will keep track of the filed document and act in accordance with that order at the relevant future time.

A delayed division and distribution may be preferred in those cases where a *pension partner* could be advantaged by waiting to remove his/her share of the benefit from the pension plan until the *member* begins to receive a pension. The *pension partner* could be advantaged if, for example, the *member* becomes eligible for an unreduced pension due to length of service. However, even in those cases where the value of the retirement pension offered under the pension plan exceeds the value of benefits payable on termination or pre-retirement death, the *pension partner* may realize little increase in value through a delayed division if the *member* terminates or dies before commencing a pension. The plan administrator can provide information about plan provisions and benefits that can help determine whether a delayed division would advantage the *pension partner*. However, the legislation does not require the plan administrator to perform calculations based on different scenarios to show the potential effect of delayed division in differing circumstances. Either or both pension partners may hire an actuary to perform this service, if they wish, at their own cost.

**Plan Administrator
Adjusts Member's Share
After Division
Reg s. 60**

After the division takes place, the plan administrator will adjust the *member's* share of the jointly accrued benefit entitlement in a manner that follows generally accepted actuarial principles and that ensures the pension plan neither gains nor loses as a result of the division and distribution.

The following example may be of assistance regarding the adjustment of the *member's* share in a defined benefit plan. When the division takes place, a calculation is made of the effect of the

division on the *member's* accrued pension. If the *member's* accrued pension as of that date is \$4,000 per year, payable at *pensionable age* and the *pension partner* is awarded half of it, the reduction in the *member's* accrued pension is \$2,000 per year, also payable at *pensionable age*. The administrator records this amount for use when the *member's* eventual benefit is calculated. When the *member* terminates, dies or commences a pension, or when the plan terminates, the *member's* accrued pension at that date is reduced by the amount that was divided and distributed to the *pension partner*. If the member commences the pension earlier than *pensionable age*, the offset would have to be adjusted appropriately, on the same basis as the plan uses to adjust the pension itself for early retirement. If, using the above example, the *member's pension* accrual at *pensionable age* is \$10,000 per year, his/her accrued entitlement, adjusted for the division, is $\$10,000 - \$2,000 = \$8,000$. This reduced pension accrual is used to produce a commuted value if the *member* is taking a transfer of a commuted value.

As noted earlier, the calculation of the *pension partner's* share at the time of division and distribution does not include a determination of "excess contributions" under the test required by section 37 of the Act for defined benefit plans to which members contribute. This is because section 37 applies only when the *member* terminates membership, commences a pension or dies, or the plan terminates. However, at the later date when the *member's* membership ceases for one of those reasons, this calculation must be performed as usual. For the purpose of determining whether there are excess employee contributions at that time, the commuted value of the entire pension, ignoring the distribution to the *pension partner*, is calculated and then tested against the full contribution account. This calculation, therefore, is performed as if no marriage breakdown had occurred and the pension was still whole.

**Statement Showing
Adjusted Benefit Sent to
Member Pension Partner
Reg s.24 (4)**

Within 90 days after the division, the plan administrator must give the *member* a statement indicating the date the division took place and the *member's* remaining benefit entitlement.

Plan Administrator May Charge Fees
Act s. 68 Reg s. 61

The pension plan administrator may charge fees for providing required information, performing calculations and taking action to effect a division and distribution of the pension benefit. The maximum allowable fees are in total:

- for a plan containing only defined benefit provisions, \$500
- for a plan containing only defined contribution provisions, \$150, and
- for a plan containing both defined benefit and defined contribution provisions, \$650

The fee is to be paid in equal shares by the pension partners. The pension plan administrator may instead deduct the fee from any benefit payment.

Assignment, Etc.
Act s. 69

Division and distribution on marriage breakdown is not an assignment, charge, alienation or anticipation of the benefits and therefore is not prohibited under section 85 of the Act.

Interpretation of MPO's that are certified by a court outside of Alberta

Where the Court of Queen's Bench in Alberta certifies a matrimonial property order, section 59(1) of the Act is clear that this Order must comply with the Act. However, an administrator that is served with an Order certified by a court from a designated province or territory other than Alberta is obligated to comply with that Order **even if** the Order does not fulfill the requirements of the EPPA.

Even if the pension benefit that the Order is dividing was accrued under (and/or is otherwise subject to) the EPPA, the Superintendent of Pensions does not have the authority to overstep the ruling of the court from another province or territory that divides the pension.

This issue is a jurisdictional matter concerning the paramountcy of provincial pension legislation as well as provincial matrimonial property/marriage breakdown legislation between two distinct provinces and/or territories. This scenario is created because the laws around pensions and matrimonial property are created by, and confined to, the borders of a particular province or territory, whereas the individuals residing in those jurisdictions are not.

In circumstances described above, the Superintendent of Pensions would neither expect, nor would require, that the administrator of a pension plan refuse to act upon the order.

**Division and
Distribution of Pension
Monies Held in a LIRA,
LIF, or DC RIA
Reg s. 42**

Part 4 of the Act, and associated regulations dealing with division and distribution, also apply to monies contained in a *LIRA*, *LIF*, or *DC RIA*, but with the following adaptations:

- the *member's* total entitlement is the total dollar value of the *LIRA*, *LIF*, or *DC RIA* at the end date of the period of joint accrual specified in the Order/Agreement;
- the financial institution / plan administrator (in the case of a *DC RIA*) must provide all information and statements in respect of monies in a locked-in vehicle as are required to be provided by a pension plan administrator in respect of benefits in a pension plan, so far as they are relevant;
- in the case of a LIRA the *pension partner's* share may be transferred to his or her own *LIRA*, *LIF*, *DC RIA*, or life annuity (all four subject to age restrictions based on the *pension partner's* age) or to the *pension partner's* pension plan if that pension plan permits; and
- in the case of a LIF or DC RIA, the pension partner's share may be transferred to his or her own LIF, DC RIA, or life annuity (all three subject to age restrictions based on the pension partner's age) or to the pension partner's pension plan if that pension plan permits.

EXAMPLE: MAVIS AND JOE

Joe is a carpet layer and has been a member of the Carpet Layers union pension plan for 20 years. He married Mavis 12 years ago. The couple's relationship broke down 6 months ago and they are now in court for a divorce and a Matrimonial Property Order. Joe is 51 years old; Mavis is 50.

Prior to obtaining an Order, Joe asks his pension plan administrator for information about his benefits to assist in the preparation of the Order. The administrator of the pension plan provides a statement indicating the period during which Joe accrued benefits in the pension plan and estimating Joe's **total entitlement**. The amount on the statement is \$33,800. This amount is the commuted value of Joe's 20 years in a flat benefit pension plan which provides \$30 monthly pension for each year of credited service. The value also takes into account that **pensionable age** under the pension plan is age 65 and it is assumed that is when Joe will commence his pension.

With the information provided by the administrator, Joe and Mavis and their lawyers go to court to obtain an Order. The court decides, and sets out in the order, the period during which the Joe and Mavis' spousal relationship existed – 11.5 years – and during which, in consequence, the pension benefit was jointly accrued. The order also specifies Mavis' share of the jointly accrued benefit – 50%.

The Order obtained by Mavis and Joe is filed with the plan administrator, who recalculates a revised **total entitlement**, updating it to take into account changes in value, due to Joe's additional service since the initial estimate and other factors. This value is calculated at \$34,548, which at the time of the final calculation is based on 20.333 years of service. The administrator then calculates the pre-division benefit according to the legislated formula:

$$\begin{array}{r} \$34,548 \text{ [total entitlement]} \times \frac{11.5 \text{ [joint accrual period]}}{20.333 \text{ [total accrual period]}} = \$19,540 \text{ [total} \\ \text{pre-division benefit]} \end{array}$$

Mavis's share of the pre-division benefit is 50% or \$9,770.

Once the calculations are completed, the plan administrator sends Mavis a statement outlining what she can do with her share of the pension benefit. Joe is vested in his pension benefits, but is not within 10 years of **pensionable age**. Mavis can therefore transfer her share of the pension benefit

- to another pension plan (including a DC RIA),
- to a **LIRA**, or
- if Joe's pension plan permits, to an insurance company to purchase her own life annuity or to her own **LIF**, as she is 50 years old and therefore entitled to draw an income from the pension monies.

Because Joe's benefits are vested, Mavis' share must be locked in and must be used to provide pension income during Mavis' future retirement years, except that she may choose to unlock half of that amount prior to transferring the money to a LIF (whether directly from the pension plan or indirectly with an intermediate transfer to a LIRA). The unlocked amount could be withdrawn in cash or rolled over into an **RRSP** or **RRIF**.

If Joe had been age 55, Mavis could have delayed the division and distribution of her share of the benefit until Joe retired, terminated from the pension plan or died, but she would have to decide this before obtaining an Order so that the order could incorporate that decision.

After Mavis removes her share of the pension benefit from the plan, the plan administrator calculates an adjustment to Joe's accrued benefits that takes into account the division but ensures that the pension plan neither gains nor loses. The plan administrator then provides Joe with a statement showing his remaining, adjusted pension benefits.

Instead of splitting Joe's pension benefits, Mavis and Joe could

- *trade off other matrimonial assets so that Joe can keep his pension and give \$9,770 in other assets to Mavis, or*
- *obtain an order saying that whenever Joe gets a benefit from the plan, he pays \$9,770 of it to Mavis.*

Neither type of settlement would involve the pension plan except that the administrator would have to provide an initial estimate to establish the value of the pension so that the parties or the Court could use it in arriving at a settlement

GLOSSARY

Additional voluntary contributions: employee contributions that are not required to be paid under the terms of the pension plan and which do not attract employer contributions.

Defined Contribution (DC) or Retirement Income Account (RIA): an account similar to a LIF that may be offered by a defined contribution pension plan, to and from which locked-in funds may be transferred. (See [Policy Bulletin # 30 – Defined Contribution Retirement Income Accounts](#)).

LIRA, LIF: products offered by financial institutions that hold and invest locked-in pension funds transferred from a pension plan. The Locked-in Retirement Account or "LIRA" is an RRSP investment vehicle with restrictions to ensure that pension funds remain locked-in until retirement. The Life Income Fund or "LIF" are RRIF investment vehicles providing lifetime retirement income subject to maximum annual withdrawal limitations. See [Policy Bulletin #10 – Locked In Retirement Account, #11 – Life Income Fund](#).

Member: in relation to the pension plan in question, the person who is or was the member in question, and " *pension partner*" means the pension partner of the member. "Pension partner", when the term is used in the EPPA's marriage breakdown provisions, includes a former pension partner.

Optional Ancillary Contributions: voluntary employee contributions paid into a flexible pension component of a defined benefit pension plan so that the member can purchase ancillary benefits such as cost of living adjustments or improved early retirement benefits.

Pensionable Age: the age identified in the pension plan as the normal age, or date by reference to a specific age, at which a member can retire and receive an unreduced pension, sometimes known as normal retirement age or normal retirement date.

Registered Retirement Savings Plan (RRSP) – a tax deferred retirement savings vehicle to which an individual contributes.

Registered Retirement Income Fund (RRIF) – a tax deferred account that allows owners to withdraw amounts as income and be taxed only on the sums withdrawn.

Total Entitlement: the value of the *member pension partner's* accrued entitlement in the plan immediately before the division, excluding *additional voluntary contributions* and *optional ancillary contributions* if the pension has not commenced, and assuming pension commencement at *pensionable age* or the date mentioned in the Matrimonial Property Order, if the *member pension partner* has already reached *pensionable age*. (See section 59(3) of the Regulation.)

Total Pre-Division Benefit: the portion of the *member pension partner's total entitlement* that was jointly accrued during the period of the marriage.

Vested Benefits: benefits that include the value associated with employer contributions made on behalf of a member. Benefits are vested once the member meets applicable service requirements of the pension plan. For further information please contact:

Superintendent of Pensions
Alberta Finance
Room 402, 9515 - 107 Street
Edmonton, AB T5K 2C3

Telephone: (780) 427-8322
Fax: (780) 422-4283
Internet: www.finance.gov.ab.ca

For toll-free dialling, contact your local Alberta Government R.I.T.E. line by calling 310-0000.