

Marine and Shipbuilders Local 506 Pension Plan

To help you plan for financial security in your retirement years, the Marine and Shipbuilders Local 506 Pension Plan will provide you with a lifetime income when you retire.

You may also receive retirement income from the Canada Pension Plan (CPP) and Old Age Security (OAS).

We recommend that you supplement your Union and Government pensions with your own retirement savings, such as a personal Registered Retirement Savings Plan (RRSP).

Membership

When do I join the Pension Plan?

Effective September 1, 2015, in order to accrue a pension, two requirements must be met:

1. You must be a full member of Local 506 AND
2. You must enroll in the Pension Plan

Only Union members may enroll in the Plan. If you leave the Union without enrolling, it will be too late to enroll and no pension credit will be granted.

For instance, if you become a member in 2022:

- If we receive your completed application form before December 31, 2022, you can accrue pension credits for hours worked in the year 2022.
- If we do not receive your application form by the end of 2022, you will forfeit pension credits for hours worked in the year 2022.

How much is my employer required to contribute to the Pension Plan?

Your employer contributes \$7.16 per hour (as of March 1, 2025), according to the Collective Agreement. Remittance is based on hours earned, including overtime.

What if my employer fails to contribute to the Pension Plan for my worked hours?

You will earn no credited service or pension for the hours you work unless your employer makes the contributions required by the Collective Agreement.

Can I make contributions to the Pension Plan?

The Plan rules only allow contributions from employers as required in the Collective Agreement.

Retirement Age

When can I retire?

Normal retirement age is 65. However, you may retire as early as age 50. (See Early Retirement AND Termination Benefits)

Credited Service

Service is calculated based on Plan Years, which run from January to December.

Past Service

Each year of work from January 1, 1949 to December 31, 1974, while a member of the Union in the marine and shipbuilding industry in BC, with an employer who had a collective agreement with the Union, is treated as one year of credited service. If there was a break in service of two calendar years or more prior to January 1, 1975, service prior to the break is not recognized.

Current Service

Beginning in 1975, you earn credited service for every 100 hours reported, up to the maximum allowable hours in each Plan Year. The maximum allowable hours per Plan Year are:

- 1,200 for 1975 -1994
- 1,500 for 1995-1996
- 1,800 for 1997-2020

Beginning in 2021, credited service is calculated based on each hour reported, to a maximum of **1,900** hours in a Plan Year.

Credits for Time Lost

If you have five years of Current Service, you will earn 125 hours per month, while you are receiving WCB Wage Loss benefits or EI sickness or maternity or parental leave benefits, or Short Term Disability under the Marine & Shipbuilders Local 506 Health Benefits Plan.

Credit for time on the Health Benefits Plan's Short Term Disability is automatic. Please submit proof of WCB or EI benefits promptly to receive credits while on those benefits.

If you did not receive credit for a period of disability when entitled, you may appeal to the Trustees to have hours reinstated, by applying in writing to the Plan Office. You will need to provide evidence of your time on eligible WCB or EI benefits. Please contact the Plan Office before applying for the credit.

Pension at Retirement

How much will my pension be?

As of January 1, 2021, your monthly pension will be calculated at 6.44 cents per hour reported, up to a maximum of 1,900 hours in a Plan Year.

For example, if you join the Plan on January 1, 2021 at the age of 35 and have 1,900 hours reported per year for 25 years, your monthly pension entitlement at age 60 will be calculated as follows:

$$1,900 \text{ hrs} \times 25 \text{ yrs} \times 6.44 \text{ cents} = \$3,059 \text{ per month}$$

Monthly pension related to service for years prior to 2021 is determined by the provisions and rates in place at the time, adjusted for any changes. The Trustees may implement changes to the Plan provisions (such as the hourly rate, accrued benefits, or pensions in pay), based on the funded status of the Plan as determined by the actuary.

For example, certain accrued benefits were recently increased:

- by 12% effective January 1, 2023
- by 2% effective January 1, 2021
- by 2% effective January 1, 2019

In addition, the Trustees previously approved:

- an increase to the maximum allowable hours, from 1,800 to 1,900, effective January 1, 2021

Early Retirement

How is the amount of my pension affected if I retire from my Union job before age 60?

Your pension will be reduced by 6% for each 12 months (½% per month) that your pension starts before your 60th birthday. If you retire on or after your 60th birthday, you will receive the full amount of pension earned up to the date of your retirement.

In the event of Plan termination (wind-up), pensions for members retiring early will be actuarially reduced to fully reflect their retirement date.

Delayed Retirement

Do I have to start my pension when I reach age 65?

No, you may continue working after age 65, but tax law requires you to start your pension no later than age 71.

Your pension at retirement will include your service to date of retirement and be calculated in the normal way.

Application for Pension

Will my pension start automatically?

NO! You must apply in writing to begin receiving your pension. If you do not apply for your pension when eligible, you will not receive back payments.

Forms of Payment

What form of pension payment will I receive?

The normal form of pension is payable to you each month for as long as you live, and for a minimum of 60 months (five years). If you die before receiving 60 monthly payments, the balance of the payments will be made to your beneficiary or estate.

Other forms of pensions are available, including payments that continue to your spouse if you die before him or her. These and other options will be explained to you when you are ready to retire.

If you are married (including common-law) when you retire, you may be required to elect a form of pension which continues income to your spouse after your death.

Discontinuing Retirement

If you return to work after retirement with an employer who is contributing to the pension plan, your pension will be suspended for any month in which 80 hours or more are reported. Pension payments will start again when you resume retirement, adjusted for your additional service.

Death Benefits

What benefits are payable if I die before I retire?

Your spouse, or beneficiary if you have no spouse, will receive a lump sum payment equal to the greater of:

1. The Commuted Value of your pension; and
2. The Commuted Value of 60 monthly payments of the pension you earned to your date of death

multiplied by the Plan's Funded Ratio if not fully funded at the time.

Your spouse may elect to receive a monthly lifetime pension equal in value to the lump sum payment.

What benefits are payable if I die after I retire?

The death benefits will depend upon the form of pension you select when you retire.

Termination Benefits

What happens to my pension benefits if I stop working at a Union job?

If you work less than a total of 350 hours in two consecutive calendar years, you become a Terminated Member. You will be entitled to receive a “deferred pension” payable for your lifetime, starting at your retirement date or early retirement date.

If you are not yet 55 years of age, you may transfer the lump sum value of your deferred pension to your Locked-in Retirement Account or another pension plan. Some restrictions apply to funds transferred out of the Plan.

If you choose a deferred pension and subsequently rejoin the Plan, future service will add to the pension already earned.

If you choose any of the lump sum transfers and subsequently rejoin the Plan, you will be treated as a new member.

Spouse and Beneficiary

Who is my spouse?

Under provincial law, your “spouse” is

- (i) a person to whom you are married and are either living with, or separated from for less than two years; or
- (ii) a person with whom you have been living in a marriage-like relationship for at least two years but to whom you are not married.

Beneficiary Designation

You may designate or change a beneficiary under this Plan at any time by completing the Plan’s Application for Enrolment.

If you have a spouse, your spouse is your primary beneficiary, as shown on the Application. Even if you have a spouse, we suggest you name one or more “alternative” beneficiaries as explained on the Application.

If you do not have a spouse, and have not designated a beneficiary, the Plan shall consider the beneficiary under the Group Life Insurance Plan to be your designated beneficiary. If you are not survived by a beneficiary, any death benefits shall be paid to your estate.

Marriage Breakdown

If you separate from your spouse, she or he is likely entitled to part of your pension under provincial law. We strongly recommend that you enter into a separation agreement or divorce settlement to clarify those rights, if any.

If your spouse or former spouse has rights under the Plan, those rights are not changed if you name another person as beneficiary, or even if you re-marry.

Other Topics

Who manages the Pension Plan?

The Plan is managed by six Trustees appointed by the Union following Union elections. The trustees decide on the Plan’s benefit amounts and the terms of their payment, consistent with the Plan Text. The trustees appoint an actuary to value the liabilities and assets of the Plan at least once every three years.

Employer contributions are remitted to a trust fund. The trustees are responsible for holding and investing the assets of the trust fund. They have appointed investment counsel and a custodian to assist with these tasks. The trust fund is audited at least once a year.

Decisions of Trustees

In all cases, decisions made by the Trustees in accordance with the Plan Text shall be considered final and binding.

Discontinuance of the Plan

The Trustees may suspend or discontinue the Plan upon written instruction from the Union or after a reasonable determination that contributions to the Plan have been discontinued and are not likely to be resumed within the foreseeable future.

Can my benefits be increased or reduced?

Your benefits may be increased from time to time, at the trustee’s discretion. Excess (or surplus) plan assets are used for this purpose.

Your benefits may be reduced if the Plan is discontinued and has insufficient assets to meet its liabilities at that time. They may also be reduced to meet the funding standards required by the provincial regulator.

Are the Pension Plan contributions the employer makes on my behalf subject to income tax?

Your employer’s contributions to the Plan’s trust fund are not added to your income and, therefore, are not subject to income tax. Benefit payments which you receive from the Plan are treated as taxable income at the time you receive them.

Does my membership in the Pension Plan affect the amount I can contribute to an RRSP?

Yes. Since the Pension Plan is registered under the Income Tax Act, your membership affects the amount you may contribute to an RRSP.

If you have no RRSP contribution room, you might consider contributing to a **TFSA**.

Can a creditor or other party claim my benefits?

All pension benefits, death benefits, and other amounts payable to you are designed to provide retirement income.

Except for marriage breakdown, your benefits cannot be assigned to anyone, nor can they be used as collateral or security, or claimed by your creditors.

Your Address is Important

It is your responsibility to ensure that your correct address is on file in the Plan Office.

Provided your correct address is on file, you will receive annual statements showing your years of service and accumulated pension.

Where can I get more information?

The trustees have appointed Convyta Partners to administer the Plan. If you require further information about the Plan, contact Convyta Partners as shown on this brochure.

NOTE: This brochure only summarizes the provisions of the Pension Plan. While every effort has been made to describe the Plan accurately, it is difficult to express complex legal language in simple terms. The legal plan documents are used to determine your pension benefits.

** updated May 2024 ** CUPE 1816 **

Find the current version of this brochure and other Plan information at
<https://ms506benefits.org/>

Marine and Shipbuilders Pension Plan (Local 506)

Summary Description

Based on the plan provisions
in effect at June 1, 2025



**Plan Established
In 1975
By Local 506**

Administered by:
Convyta Partners
501 – 4445 Loughheed Hwy, Burnaby, BC V5C 0E4
Telephone: 1-844-968-7506
E-mail: ship506@convyta.com
Web: <https://ms506benefits.org/>