TEACHERS' RETIREMENT ALLOWANCES FUND

Your TRAF Pension

TRAF

SERVING TEACHERS
PAST • PRESENT • FUTURE

INTRODUCTION

Your TRAF pension is a valuable asset and is designed to provide you with retirement income during your lifetime.

As a new employee, you have a vested interest in the benefits of the Teachers' Retirement Allowances Fund (TRAF) plan. Even though retirement may not be in your immediate future, it is important to understand how your pension works and what options are available.

Since your TRAF pension represents only one portion of your retirement income strategy it is also important to consider your other income sources as part of your overall retirement income planning. Although TRAF does not provide financial planning services, we are here to answer questions about your TRAF pension.

CONTACT

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Register for TRAF's Online Services and you will have quick and immediate access to your personal account.

An up-to-date copy of *Your TRAF Pension* is accessible online and will include changes that occur after the printing of this publication.

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The TRAF Plan

The Teachers' Retirement Allowances Fund (TRAF), established in 1925, is the pension plan for public school teachers and other eligible employees in the Province of Manitoba.

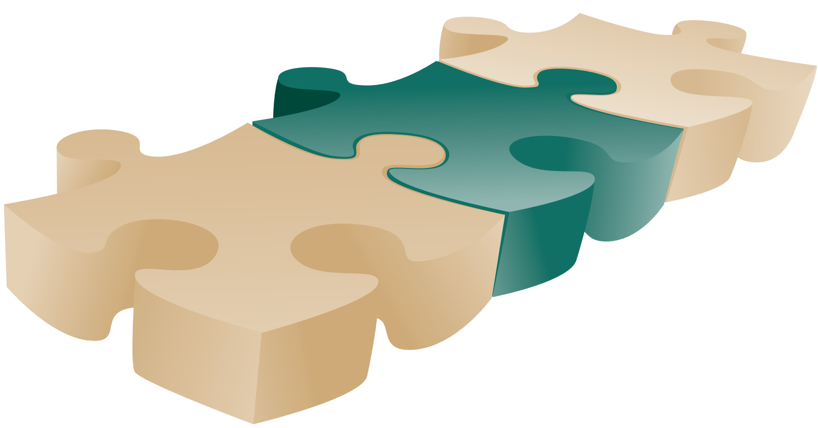
TRAF collects contributions from members, manages the investments of the pension plan and provides retirement, termination and death benefits to members and their beneficiaries as outlined in *The Teachers' Pensions Act* (TPA). TRAF must also comply with the applicable sections of *The Pension Benefits Act* (PBA) and the *Income Tax Act* (ITA).

THE TRAF BOARD

Responsibility for the operation and administration of the pension plan lies with the TRAF Board. The Board is comprised of seven members appointed by the Lieutenant Governor in Council. Three members are nominated by The Manitoba Teachers' Society (MTS) and four are appointed from the general public.

The general responsibilities of the Board are to:

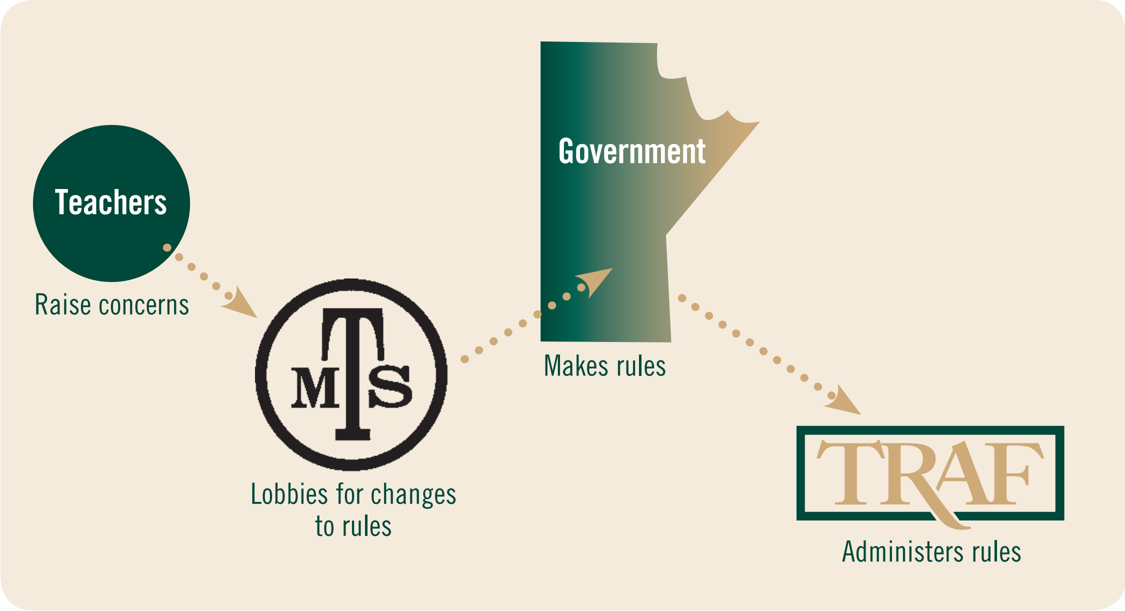
- Provide overall strategic direction
- Approve matters of policy
- Ensure that the organization fulfills the investment and administrative obligations set out in the TPA and complies with the requirements of the PBA and the ITA



THE TEACHERS' PENSIONS ACT

The Teachers' Pensions Act (TPA) is the governing legislation of TRAF and, together with its regulations, sets out the terms and conditions with respect to the administration of the pension plan. The Legislative Assembly of Manitoba is the only body that can change the TPA. Certain provisions in the regulations, such as contribution rates, may however be changed by the Lieutenant Governor in Council. Any concerns with the rules governing the pension plan should be raised with The Manitoba Teachers' Society (MTS), which is the organization that represents teachers. MTS may choose to raise members' concerns with the Province. If the Province determines that changes to legislation are necessary, the TPA will be amended. TRAF is not part of MTS.

The TPA can be found on the TRAF website at traf.mb.ca.



DEFINED BENEFIT PENSION PLAN

Your TRAF pension is a defined benefit pension plan and is determined by a formula based on your average salary and years of pensionable service. Although the contributions you make to TRAF and the related investment earnings help to fund your pension, they do not determine your entitlement.

As You Enter Teaching

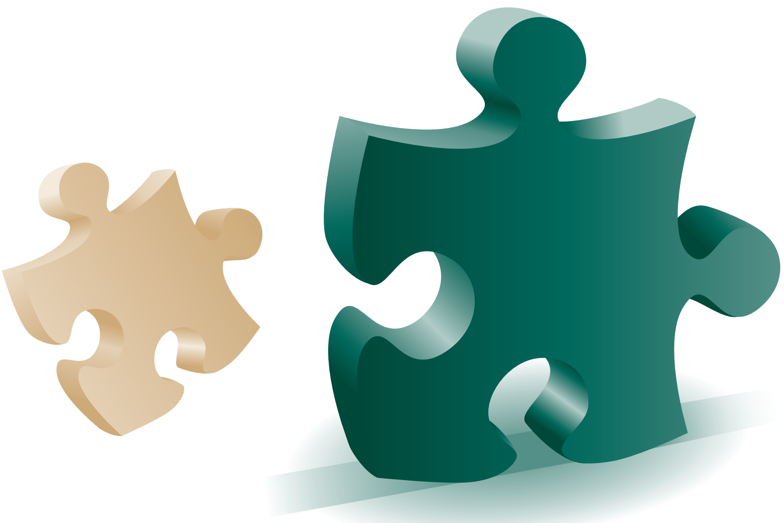
BECOMING A MEMBER

As a member of TRAF you must hold a valid Manitoba teaching certificate granted by the Minister of Education and be employed by:

- A school division under a written contract in a form authorized by *The Public Schools Act*
- A school division as a superintendent, assistant superintendent, deputy superintendent or deputy assistant superintendent, or designated as an "eligible employee" as outlined in *The Teachers' Pensions Act* (TPA)
- The Minister of Education, the Minister of Advanced Education and Literacy, or another minister in a teaching position and have completed the Election to Continue to Contribute to TRAF form
- The Manitoba Teachers' Society (MTS) or the Manitoba School Boards Association (MSBA) and meet the criteria required for an "eligible employee" as outlined in the TPA
- The Faculty of Education in a Manitoba university, have at least 10 years of qualifying service with TRAF and have completed the Election to Continue to Contribute to TRAF form

You are a "vested" member of TRAF the day you begin employment. This means you have an entitlement or right to a future pension.

You are a "deferred" member of TRAF if you terminate employment before you reach the age when you are eligible to begin your pension.



CONTRIBUTIONS

Required Contributions

All eligible full-time, part-time, term, and substitute teachers who earn more than 25% of the Yearly Maximum Pensionable Earnings (YMPE*) for two consecutive calendar years must contribute to TRAF. Your school division collects a portion of your salary as outlined in *The Teachers' Pensions Act* (TPA). These contributions are remitted to TRAF and applied to partially fund your pension.

Your TRAF contributions are calculated as follows:

- 6.8% of all earnings up to the YMPE, plus
- 8.4% of any earnings above the YMPE.

2011 TRAF contributions based on monthly salary of $4,490

Earnings up to YMPE	$4,025* x 6.8%	$ 273.70
Earnings over YMPE	($4,490 - $4,025) x 8.4%	$ 39.06
Total monthly TRAF contributions		$ 312.76

* 2011 YMPE (per month)

Starting September 1, 2012, your contributions will increase by 0.5% each September until 2015.

		Effective September 1st of the following years:			
% of Earnings	**2011**	**2012**	**2013**	**2014**	**2015**
Up to the YMPE	6.8%	7.3%	7.8%	8.3%	8.8%
Above the YMPE	8.4%	8.9%	9.4%	9.9%	10.4%

Contributions are subject to the maximum levels as outlined in the *Income Tax Act* (ITA).

* YMPE is the Yearly Maximum Pensionable Earnings under the Canada Pension Plan. For 2011 the YMPE is $48,300.

Additional Voluntary Contributions

Contributing members may also make tax deductible Additional Voluntary Contributions (AVCs). These contributions do not provide the member with additional service, but are rather like a separate retirement savings account that is subject to certain limits. You can make voluntary contributions to TRAF up to the lesser of:

- 18% of your salary, less your pension adjustment calculated in accordance with the ITA, and
- The money purchase limit allowed under the ITA.

AVCs are credited with TRAF's rate of return (positive or negative). The balance in the account can be:

- Converted to an annuity at retirement (supplements your TRAF pension)
- Used to purchase eligible service, if applicable
- Withdrawn (less tax) or transferred to your RRSP before you retire

AVCs are deducted from your salary. You can increase, decrease or stop your payroll deduction at any time. To make AVCs, you will need to use the Additional Voluntary Contribution Calculator on the TRAF website to:

- Determine the amount you can contribute, and to
- Complete the Additional Voluntary Contribution Application. Print and submit one copy of the form to the payroll office in your school division and one copy to TRAF.

Advantages:

- TRAF's comprehensive investment program and low administrative costs
- Participate in TRAF's investment opportunities
- Contributions are made through payroll deduction by your school division
- Increase your retirement income on a tax-effective basis

Disadvantages compared to an RRSP contribution:

- TRAF's investment strategy is focused on the long-term funding objectives of the pension plan and may not be consistent with your investment objectives and risk tolerance
- With an RRSP contribution, you can tailor your investments to meet your personal investment objectives and risk tolerance particularly as you near retirement
- RRSP contributions are available for other uses such as the Home Buyers' Plan and Lifelong Learning Plan

Consult with a professional advisor prior to making any decisions.

Excess Contributions (50% Test)

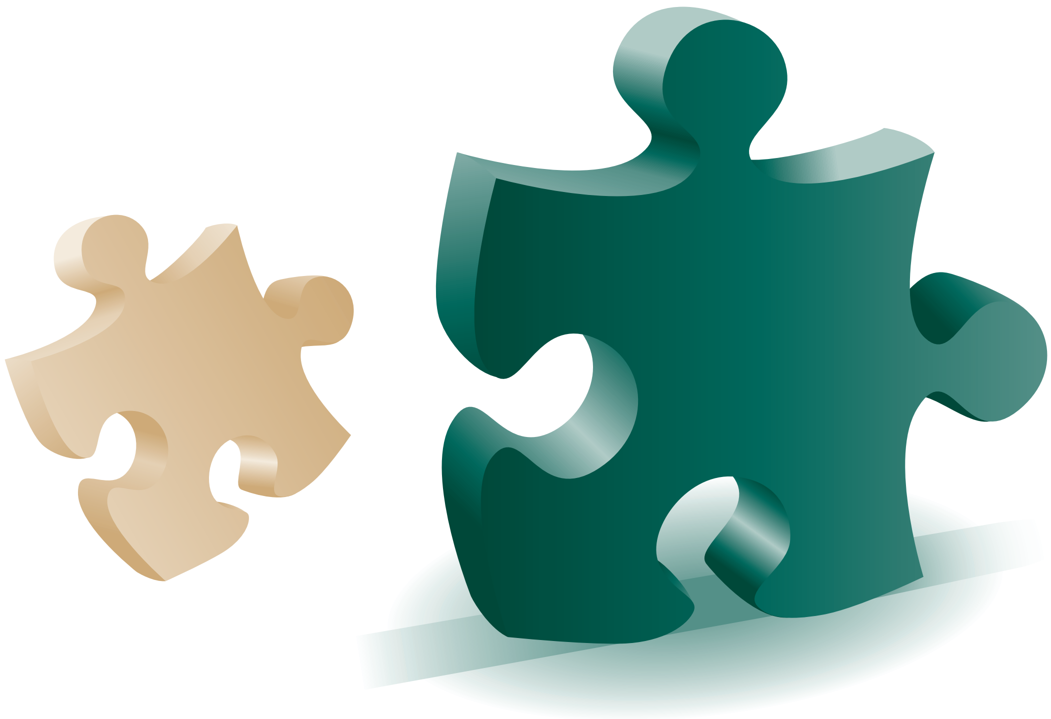
If, upon your retirement, your contributions after December 31, 1984 (less the amount allocated to the Pension Adjustment Account) plus interest are more than 50% of the commuted value of your post-1984 pension, the excess contributions will be returned to you and may be paid as a lump sum refund (less tax), transferred to your RRSP or added to your pension payment as a monthly annuity.

Benefits and contributions with respect to service purchases, transfers under reciprocal agreements and periods while receiving disability benefits are excluded. Excess contributions are also paid on death, relationship breakup, and in certain cases, termination.

Employer Contributions

The Province of Manitoba is responsible for the employer share (approximately half) of your pension.

School divisions do not make contributions to TRAF.



LOCK-IN RULES

The value of your pension and your contributions to TRAF are “locked in” when you begin teaching. If you leave teaching before reaching retirement age, you will be entitled to a pension as early as age 55. The amount of your benefit is based on the date you terminate your contract with the school division, your qualifying service and your age. See page 17.

Unlocking Small Benefits

If the commuted value of your pension at termination is below 20% of the Yearly Maximum Pensionable Earnings (YMPE*) or if your annual pension at normal retirement age is less than 4% of the YMPE, the commuted value is considered unlocked and must be refunded or transferred to an RRSP.

Other rules may apply if you left teaching before May 31, 2010. Contact TRAF for more details.

* YMPE is the Yearly Maximum Pensionable Earnings under the Canada Pension Plan. For 2011 the YMPE is $48,300.

PROTECTION FROM CREDITORS

Your TRAF pension is protected against assignment or seizure. Therefore, funds cannot be used as collateral for a loan, used to pay off debts or seized by creditors.

GARNISHMENT OF PENSION

The Pension Benefits Act and *The Garnishment Act* permit the commuted value of the pension or a pension in pay to be garnished by a designated officer of the Maintenance Enforcement Program of the Manitoba Department of Justice to satisfy delinquent maintenance payments. Your pension may also be garnished in accordance with the *Income Tax Act* and *Regulations*.

During Your Career

Your TRAF pension is based on your years of pensionable service and your average salary during the best 5 years of the final 12 years of service. A 7-year average salary is used for service prior to July 1, 1980.

SERVICE THAT COUNTS TOWARD YOUR TRAF PENSION

Pensionable Service

Pensionable service starts to accumulate when you begin contributing to TRAF and determines the amount of pension you will receive. Pensionable service is the actual time spent working full-time, part-time or under a term contract and includes:

- Employment as a teacher, principal, or superintendent in a Manitoba public school division, including fully or partially paid personal leave and sick days
- Employment by a school division, The Manitoba Teachers' Society (MTS) or the Manitoba School Boards Association (MSBA) as an "eligible employee" as outlined in *The Teachers' Pensions Act* (TPA)
- Employment by the Department of Education or the Faculty of Education in a Manitoba university, if you elect to participate
- Eligible purchased service
- Substitute service in certain situations
- Service transferred to TRAF from another pension plan under a Reciprocal Transfer Agreement
- Time while receiving short or long-term disability benefits
- Permit teaching

If you work part-time, your pensionable service will be based on the actual time worked and will increase at a slower rate than if you work full-time.

Qualifying Service

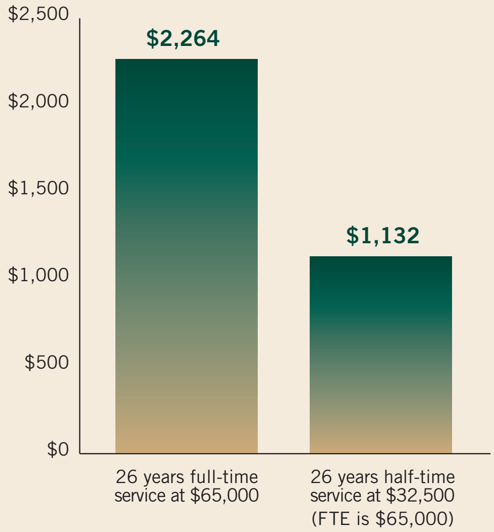
Generally, one year of qualifying service accumulates for each year in which you have any service as a member of TRAF.

Qualifying service determines whether an Early Retirement Penalty (ERP) and offsetting bridging benefit apply.

SALARY THAT COUNTS TOWARD YOUR TRAF PENSION

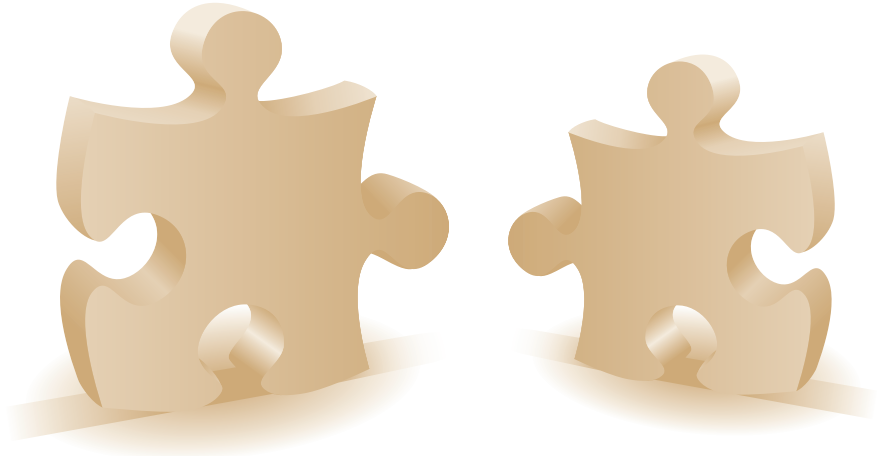
The salary used to determine your final average is based on your annual contractual salary rate, including administrative allowances. It does not include amounts such as car allowances, pre-tax benefit premiums and summer or night school earnings.

If you work part-time, your pensionable salary is the full-time equivalent salary.



Part-Time Teaching

Jan teaches half-time and earns $32,500. Her full-time equivalent (FTE), contractual salary is $65,000. She has accumulated 26 years of qualifying service and 13 years of pensionable service. As a half-time teacher, Jan is credited with the full-time equivalent salary rate. She accumulates half the pensionable service of a full-time teacher, and will be paid half the pension of a full-time teacher at the same rate of pay.



INCREASING YOUR PENSION

Before making your retirement decision, you should be aware of the options that are available to increase your TRAF pension.

Your pension is based on your years of pensionable service and your average salary. Increasing either of these variables may increase your pension. For example, you could increase your salary by obtaining an additional degree or an administrative position. If you have service before June 30, 1980, you can upgrade from a 7-year to a 5-year average salary formula. Contact TRAF for more details.

You can also increase your pension by adding service, for example by purchasing eligible service, replacing refunded contributions or transferring service from another pension plan.

Purchasing or transferring eligible service is an option anytime before you start your pension. Certain information must be confirmed by your employer. There are specific deadlines and generally, the sooner you purchase your service, the lower your cost will be.

To find out the cost to purchase or to apply for a service transfer, you must complete a Buyback Application or a Service Transfer Application available through our website. Once we receive your request, we will send you the details and advise you of the impact on your pension.

If you are purchasing service, payment may be made:

- In full
- By installment (including interest)
- Through an RRSP transfer

The installment option is only available for amounts over $1,000. Payment must be completed within four years and all payments must be completed before your pension starts.

In many cases, a portion or all of the payments are tax deductible. Contact TRAF or Canada Revenue Agency to determine the deductibility of your payment.

The following sections provide general information on the eligible service purchases and transfers. Refer to our website at traf.mb.ca for specific details and to obtain the required application forms.

Maternity Leave

To purchase a maternity leave, it must be granted by your employer under a collective agreement or in accordance with your employer's policies.

The cost to purchase this leave is based on your current salary and the contributions that would have been required during the maternity leave. Payment may be made during the leave providing you apply prior to the commencement of the leave. Alternatively, you can purchase the leave within 18 months from the end of your maternity leave. If your maternity leave is 17 weeks, keep in mind that your 18-month window starts at the end of the 17 weeks rather than at the end of your parental leave.

After 18 months, you will no longer be eligible to purchase this leave under the same formula. You may however, purchase it as past service, which is significantly more expensive as you are now responsible for both the employee and the employer share of the cost.

Parental Leave (including Adoption Leave)

To purchase parental leave, you must have been granted this leave by your employer under a collective agreement or in accordance with your employer's policies.

The cost to purchase this leave is based on the following:

- The contributions that would have been required on your current salary for the first 17 weeks, plus
- Double the contributions that would have been required on your current salary for the remainder of the parental leave.

Payment may be made during the leave providing you apply prior to the commencement of the leave. Alternatively, you can purchase the leave within 18 months from the end of your parental leave.

After 18 months, you will no longer be eligible to purchase this leave under the same formula. You may, however, purchase it as past service, which is significantly more expensive as you are now responsible for both the employee and the employer share of the cost.

Substitute Service

If you taught as a substitute teacher and did not make TRAF contributions at the time, you may purchase this service as pensionable service providing your school division confirms the number of substitute days and the related earnings. If records are unavailable, you are not eligible to purchase the service.

The cost to purchase this service depends on when you taught.

- Substitute service during the current calendar year may be purchased based on the required TRAF contributions, providing you pay before March 31st of the following year.
- Substitute service before the current calendar year may be purchased based on the employee share of the cost to fund the increased pension. You pay half the cost with the employer funding the other half.

Educational Leave

To purchase educational leave you must have:

- Been granted an educational leave by your employer,
- Attended an approved educational institution and taken a minimum of one course during your leave, and
- Returned to teach under contract in a Manitoba public school on a regular recurring basis, excluding substitute teaching, anytime after the leave has ended.

To purchase this service you must apply within 18 months of returning to teach. The cost is twice the contributions plus interest. If you apply after 18 months of returning to teach, you pay TRAF the greater of:

- Twice the contributions plus interest that would have been required during the educational leave, based on the salary rate you earn after returning to teach, and
- The employee and employer share of the cost to fund the increased pension. You pay the full cost with no employer funding.

Refunded Service

If you leave teaching, withdraw your TRAF contributions, and then return to teach and contribute to TRAF, you can replace your contributions so the related service will count toward your pension.

To purchase this service, you must pay TRAF the greater of:

- The original amount refunded, plus interest compounded annually from the date of the refund to the date of repayment, and
- The employee share of the cost to fund the increased pension. You pay half the cost with the employer funding the other half.

Past Service

You may apply to purchase past service provided you have no pensionable service during the period other than with the Canada Pension Plan.

If you meet this condition, legislation allows you to purchase:

- Maternity or parental leave not previously purchased
- Service while employed under the Minister of Education or the Minister of Advanced Education and Literacy – you must have held a valid teaching certificate during this time
- Service while employed with the Faculty of Education at a Manitoba university – you must have held a valid teaching certificate during this time
- Service as a clinician while employed by a school division before 1981 – you must have held a valid clinician certificate during this time

Your previous employer must be able to verify your earnings and service during this time. If records are unavailable, you are not eligible to purchase this service.

To purchase this service you must pay TRAF the employee and employer share of the cost to fund the increased pension. You pay the full cost with no employer funding.

Service Purchase Estimates

For illustration purposes, this chart shows the approximate cost to purchase **one year** of service based on a member at age 32 with a contractual salary rate of $63,000 in 2011. Purchasing one year of additional service will add approximately $80 per month to this member's TRAF pension at retirement.

Each situation is different and your cost will depend on the length of service to be purchased, your current salary rate and, in some cases, your age. For example, as your age increases, the cost to purchase substitute service, educational leave beyond 18 months, and past service will significantly increase.

Service Type	Service Date	Cost in 2011
Maternity Leave	2009 - 2010	$ 4,440
Parental Leave	2010 - 2011	$ 7,235
Substitute Service (before current calendar year)	2000 - 2007	$ 2,965
Refunded Service ($3,350 originally refunded)	2005 - 2006	$ 5,470
Educational Leave (within 18 months)	2010 - 2011	$ 9,050
Educational Leave (beyond 18 months)	2005 - 2006	$ 10,900
Past Service	2005 - 2006	$ 5,930

Service Transfer from another Pension Plan

TRAF has reciprocal transfer agreements with certain organizations. This list is available on our website.

If you have service with another pension plan, you may be eligible to transfer that service so it counts toward your TRAF pension.

Transferring your service into TRAF:

- Will combine two smaller pensions into one
- May help you meet eligibility rules
- May reduce or eliminate early retirement penalties
- May provide you with a larger pension by allowing the service from both plans to be based on potentially higher salaries in the new plan

You are eligible if:

- You have at least 20 days of pensionable service in TRAF
- You are not receiving a pension from the plan you are leaving or from TRAF

Outstanding issues such as relationship breakup settlements and service purchases must be finalized before the transfer can take place.

The transfer amount is based on a number of variables such as the salary you are earning, the plan formula and the interest rates in each plan. Differences in these variables may result in less service credited to you than the actual amount of service you had in your previous plan.

If you transfer your TRAF service to another plan, return to TRAF and then request a service transfer back to TRAF, you may not receive full credit for your original TRAF service.

The plan you are leaving will:

- Provide you with details such as the amount available for transfer and what your benefit will be if you decide not to transfer.

TRAF will:

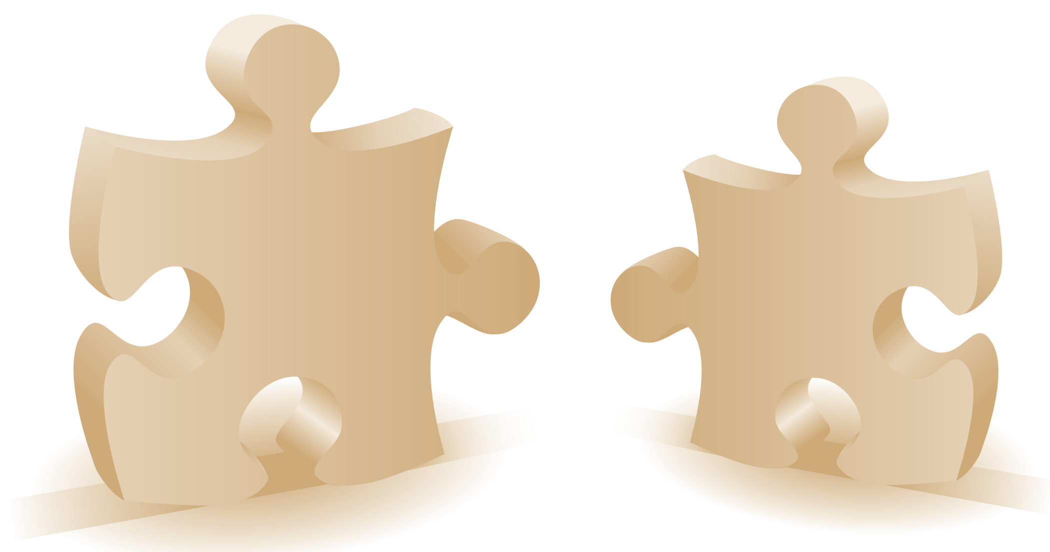
- Provide you with information such as the transfer amount required, any shortfall that may exist and an estimate of the monthly pension you could receive with and without the transfer.

Generally, transfers take approximately six to eight months to complete.

Service Transfer To TRAF

Barry moved to Manitoba in 2000 after teaching in Ontario for 8 years. When he applied to transfer his Ontario service to TRAF, he was advised of a $17,500 shortage in the transfer. This means he will receive 5.5 years of pensionable service in TRAF out of his total 8 years of service in Ontario. Barry has the following options:

- He can transfer the service from Ontario, and receive 5.5 years of pensionable service and 8 years of qualifying service. This will increase his TRAF pension by $480 per month.
- He can pay the shortage of $17,500 to receive an additional 2.5 years of pensionable service. This means that his TRAF pension will increase by a further $217 for a total increase of $697 per month.
- Barry can cancel his application for the transfer. He can apply at a later date, anytime up to his retirement. If he does not apply for the transfer, he will receive separate benefits from Ontario and Manitoba.



Approaching Retirement

ELIGIBILITY

Eligibility for TRAF benefits depends on a number of variables such as:

- The date you terminate your contract with the school division
- The length of your qualifying years
- Your age

If you terminate your contract with your school division on or after May 31, 2010 and have:

- Less than 10 years of qualifying service, you are eligible for a TRAF pension at age 65. Alternatively, you can apply for an actuarially reduced TRAF pension payable as early as age 55.
- 10 or more years of qualifying service, you are eligible for a TRAF pension as early as age 55.

Different rules may apply if you terminated your contract with your school division before May 31, 2010.

You must terminate your employment contract and submit your Pension Application before your pension starts. A late application will result in lost income since pensions are not paid retroactively.

Other rules apply if you are age 65 and have at least 15 years of qualifying service. You have the option to receive your pension the month following your 65th birthday without terminating your contract.

- Once you receive your pension, you are no longer required to make TRAF contributions and you are not subject to "teaching after retirement" rules
- Alternatively, you may choose not to receive your pension, so you would continue to make TRAF contributions past age 65 and continue to accrue pensionable service
- You must complete an Age 65 Election form in advance of your 65th birthday to advise TRAF of your decision.

You should also be aware that:

- If you are employed but not contributing to TRAF, for example, employed in a private school, you are eligible to start your TRAF pension, providing you are at least age 55, and you have submitted your Pension Application to TRAF. You will lose pension income if you do not apply on time.
- The latest you can start your TRAF pension is the end of the year in which you turn age 71.

Eligibility rules are complex. We suggest you contact TRAF to confirm when you are eligible to retire.

PREPARING FOR YOUR RETIREMENT

As part of your overall retirement planning, you should evaluate and consider:

- Your retirement income including all sources of income
- Your intended lifestyle
- Your expenses
- The health and life expectancies of you and your partner, if applicable

You should also explore the various ways of increasing your pension and make sure you settle relationship breakups well in advance of your retirement date. See pages 10 and 27.

As you plan for your retirement, it is important to follow these steps:

1. Obtain Pension Estimate

Obtain a pension estimate well in advance of your retirement so you know how much pension you can expect each month. As a registered member of TRAF's Online Services, you can determine your gross pension income under various scenarios. You can also request a pension estimate directly from TRAF.

2. Attend Retirement Seminar

If you are age 48 or older, you will receive an invitation from The Manitoba Teachers' Society or your local association to attend a retirement seminar where you will receive general information about your TRAF pension. A recording of the retirement seminar is also accessible on the TRAF website.

3. Meet With Specialist

We encourage you to book an appointment with a Member Service Specialist who is trained to discuss your TRAF pension and to answer your questions. We recommend that you bring your partner, if applicable, to the appointment.

4. Choose Plan Option and Decide Whether To Integrate

When you complete your Pension Application you must choose a plan option and decide whether you want to integrate. See pages 21 and 25.

These decisions should not be taken lightly as they cannot be changed once you receive your first pension payment. This should be a personal decision that best fits your specific situation.

CALCULATING YOUR TRAF PENSION

Pension Formula

The pension formula is based on the lesser of (A) or (B):

(A) Years of service prior to July 1, 1980 x 2% x average salary of best 7 of the final 12 years of service PLUS years of service after July 1, 1980 x 2% x average salary of best 5 of the final 12 years of service

less

Years of service from January 1, 1966 to July 1, 1980 x 0.6% x average salary up to the Yearly Maximum Pensionable Earnings (YMPE) in the same 7-year period PLUS years of service after July 1, 1980 x 0.6% x average salary up to the YMPE in the same 5-year period*

(B) 70% of your weighted average annual salary in the 7 and 5-year periods used above

Generally, a member needs approximately 43 years of service to attain the 70% maximum pension.

All pensions are subject to maximums as required by the *Income Tax Act*.

If you have no pre-July 1, 1980 service, or if you already converted that service to a 5-year average, your pension formula is based on the average salary of the best 5 of the final 12 years.

* Prior to 1966, TRAF contributions were 6% of salary. When the Canada Pension Plan (CPP) was introduced, the rate was reduced to account for contributions made to CPP. The reduction in TRAF contributions is reflected in the pension formula and offset by the CPP benefits you can expect to receive.

Pension Formula

Marcy retired in June 2011 with 28 years of service and a 5-year average salary of $69,000. Based on the pension formula, she receives a monthly pension of $2,581.82 as follows:

28 years x 2% x $69,000	$ 38,640.00
(less) 28 years x 0.6% x $45,584*	$ 7,658.11
	$ 30,981.89 (A)
70% maximum ($69,000 x 70%)	$ 48,300.00 (B)
Lesser of (A) and (B): Annual pension	$ 30,981.89
Monthly pension (Plan A)	$ 2,581.82

* 5-year average YMPE

ADJUSTMENT DUE TO EARLY RETIREMENT (WITH AT LEAST 10 YEARS OF SERVICE)

Early Retirement Penalty (ERP)

If you retire before you are 60 years of age, and your age and qualifying years of service add up to less than 80, legislation applies a lifetime ERP to your pension for any service you have after 1991.

The penalty is the lesser of ¼ of 1% for each month you retire before age 60, or ¼ of 1% for each month the combined age at retirement plus service is less than 80.

To offset this reduction you will receive a “bridging benefit”.

Bridging Benefit

The bridging benefit is the actuarial equivalent of your Early Retirement Penalty and is paid to you monthly as a supplement to your TRAF pension from retirement until age 65, or your death, whichever comes first.

Remember, the month you turn age 65 is the last month you receive a bridging benefit. Your monthly TRAF pension payment will decrease by the amount of this benefit including the cost of living adjustments that have been granted on the bridging benefit.

ERP and Bridging

Mark retired at age 55 with a lifetime ERP of $40 per month and a bridging benefit of $73 per month which will be paid until age 65 or until he passes away, whichever happens earlier. At age 65, his monthly pension reduces for the rest of his life by the $73 bridging benefit plus the cost of living adjustments granted on this amount.

ADJUSTMENT DUE TO EARLY RETIREMENT (WITH LESS THAN 10 YEARS OF SERVICE)

If you terminate your contract with less than 10 years of qualifying service, your pension will be reduced to the actuarial equivalent of the pension that would have been payable at age 65.

If you defer your pension to age 65, an unreduced pension will be payable.

Different rules may apply if you terminated your contract before May 31, 2010.

Actuarial Equivalent

Katherine is retiring with 9 years of service. Even though she has less than 10 years of service, she has the option to apply for an actuarial equivalent pension before age 65. If she applies at age 55, her reduced pension would be $243 per month; her unreduced pension at age 65 would be $487 per month.

PLAN OPTIONS

The amount of pension you receive when you retire and the amount left to your beneficiary in case of your death will vary depending on the plan selected.

If you are single, plan options A and B are available to you. If you are married or living common-law, and you and your spouse or partner are cohabiting at the time of your retirement, plan options A to H are available to you.

With all plans, if you pass away and the total amount of pension paid is less than your contributions plus accumulated interest at your retirement date, any remaining balance will be refunded to your estate or beneficiary. A refund is generally available if you pass away within eight to nine years of commencing pension. This also applies with plans C to H if both you and your partner pass away before the contributions plus interest have been paid out.

To avoid pension overpayment it is important that TRAF be advised as soon as possible when a death occurs.

The amount payable under each plan option is based on actuarial factors, which change periodically.

Plan A: Ordinary Life

You receive the full base pension until you pass away with no continuing pension to your estate or beneficiary. Plan A is considered the standard form of pension for a single member.

If your base pension is $2,500 per month, you receive the full amount of $2,500 per month for the rest of your life. When you pass away, your pension ends.

Plan B: 10 or 15-Year Guarantee

You receive less than the base pension for your lifetime. The pension payment is guaranteed for 10 or 15 years from your retirement date. If you pass away before the end of the 10 or 15-year period, the monthly pension continues to your beneficiary or estate for the remainder of this period only.

Otherwise the monthly pension continues for your lifetime, even if you live beyond the guarantee period.

If you are age 55, and select Plan B: 10-Year Guarantee with a base pension of $2,500 per month, you receive $2,493 per month for the rest of your life. If you pass away during the first 10 years, your beneficiary receives the same amount for the remainder of the 10 years, but no income after that.

For plans C to H:

- "Last Survivor" refers to you, or your spouse or common-law partner
- "Beneficiary" refers to your spouse or common-law partner only

Plan C: Full to Last Survivor

You receive less than the base pension until the death of either you or your partner. Upon the first death, your pension continues in the same amount to the survivor for life.

If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,346 per month for life. On the death of **either you or your partner**, the benefit remains at $2,346 per month to the survivor for life.

Plan D: 2/3 to Last Survivor

Depending on the age of your partner, you may receive more or less than the base pension until the death of either you or your partner. Upon the first death, the pension reduces to 2/3 and is paid to the survivor for life.

If you have a partner, you must choose Plan D unless your partner signs a waiver. Plan D is the legislated form of pension for a married/common-law member under the TRAF plan.

If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,453 per month. On the death of **either you or your partner**, the benefit reduces to $1,635 per month and is paid to the survivor for life.

Plan E: 1/2 to Last Survivor

Depending on the age of your partner, you may receive more or less than the base pension until the death of either you or your partner. Upon the first death, the pension reduces to 1/2 and is paid to the survivor for life.

If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,511 per month. On the death of **either you or your partner**, the benefit reduces to $1,255 per month and is paid to the survivor for life.

Plan F: 1/2 to Beneficiary

You receive less than the base pension for your lifetime. If your partner passes away before you, your monthly pension will not change. However, if you pass away before your partner, your pension reduces to 1/2 and is paid to your partner for life.

If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,420 per month for your lifetime. If your partner passes away, your pension remains at $2,420 per month. If you pass away, your partner receives $1,210 per month for life.

Plan G: 2/3 to Beneficiary

You receive less than the base pension for your lifetime. If your partner passes away before you, your monthly pension will not change. However, if you pass away before your partner, your pension reduces to 2/3 and is paid to your partner for life.

If you and your partner are age 55 and your base pension is $2,500 per month, you receive $2,395 per month for your lifetime. If your partner passes away, your pension remains at $2,395. If you pass away, your partner receives $1,597 per month for life.

Plan H: Personalized Option

If you feel plans A to G do not suit your needs, or if you would like to change one slightly, you can design your own plan. It must be paid monthly and it must be acceptable under the *Income Tax Act* (Canada).

Summary of Plan Options

Assumes you and your partner are age 55 and your base pension is $2,500 per month.

	At Retirement To:	After First Death To:	
Plan Option	**Plan Member**	**Plan Member**	**Beneficiary**
A Ordinary Life	$ 2,500	$ 2,500	$ 0.00
B 10-Year Guarantee	$ 2,493	$ 2,493	$ 2,493*
B 15-Year Guarantee	$ 2,474	$ 2,474	$ 2,474*
C Full to Last Survivor	$ 2,346	$ 2,346	$ 2,346
D 2/3 to Last Survivor	$ 2,453	$ 1,635	$ 1,635
E 1/2 to Last Survivor	$ 2,511	$ 1,255	$ 1,255
F 1/2 to Beneficiary	$ 2,420	$ 2,420	$ 1,210
G 2/3 to Beneficiary	$ 2,395	$ 2,395	$ 1,597

* To the end of guarantee period only

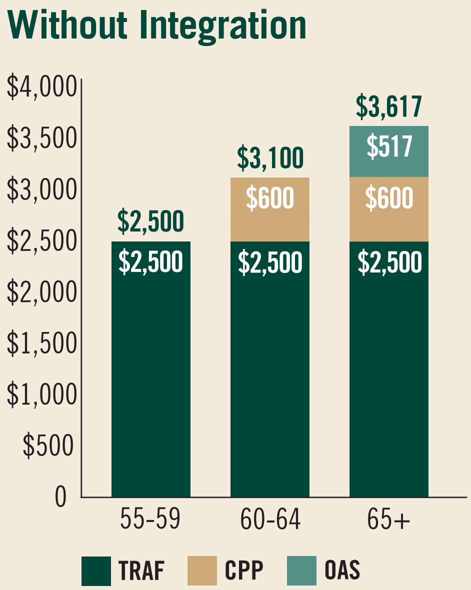
INTEGRATION

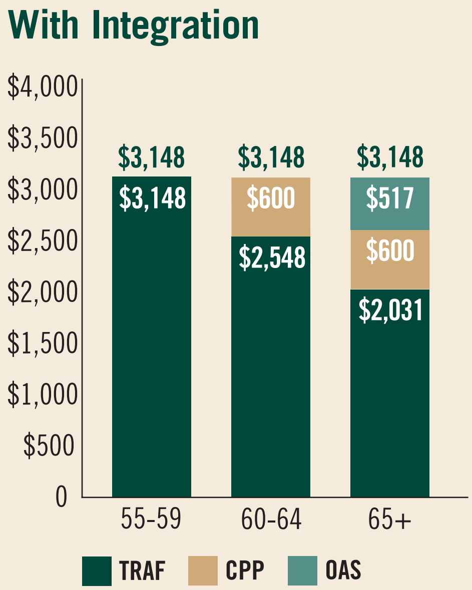
When you retire, you have the option to integrate your pension with the Canada Pension Plan (CPP), Old Age Security (OAS) or both.

Integration has the effect of leveling your income throughout your retirement. If you choose to integrate, you receive a higher TRAF pension at the beginning of your retirement and then a lower TRAF pension at age 60 and 65, when you may be eligible for CPP and/or OAS. The reductions applied to your TRAF pension at age 60 and 65 are permanent. You must apply for CPP and OAS benefits directly through Service Canada.

You need to consider this decision carefully if you expect to have other income at this time, since integration increases your taxable income during the early years of retirement.

If you choose not to integrate, your retirement income may increase at age 60 when you can apply for CPP, and again at age 65 when you can apply for OAS.





APPLYING FOR YOUR TRAF PENSION

Apply for your pension at least three months before you want to receive your first payment. Complete your online application and submit it to TRAF along with all the required documents including proof of age for you and your partner if applicable, federal and provincial TD1 tax forms, and bank account information.

Remember, you must terminate your contract with your school division unless you are 65 years of age with 15 years of service. TRAF will request payroll information from the school division approximately four weeks before your pension is scheduled to start, so please notify us of your intent in advance.

A late application will result in lost income since pensions are not paid retroactively.

Income tax and optional group benefit premiums are deducted from your TRAF pension.

COST OF LIVING ADJUSTMENTS (COLA)

COLA payments are meant to partially offset inflation. Since 1977, all member contributions have been divided into two accounts. The majority goes into the "basic" account that pays pensions. The balance goes into the Pension Adjustment Account (PAA) which funds half the COLA. The other half of the COLA is paid by the Province.

You are entitled to your first COLA after you have received pension for 12 months. The first COLA will be pro-rated for the months in which you have received pension in the previous calendar year. Further COLA based on the determined adjustment will be paid each July thereafter.

Until 2017, the maximum amount of COLA that can be paid each year is the lesser of:

- 2/3 of the change in the Consumer Price Index (CPI) for Canada, December over the previous December to a maximum of 5.33%, and
- The amount the PAA can afford.

Starting in 2018, the COLA will be determined based on the lesser of the actual CPI and the maximum percentage the PAA can afford.

Upon your death, your beneficiary will receive a re-calculated COLA equal to 2/3 of the COLA that has already been granted as well as 2/3 of future COLAs, regardless of the pension option chosen.

Life Events Can Affect Your Pension

Marriage or common-law relationship, breakup, moving to another pension plan, leave of absence, disability, leaving teaching and death can all affect your pension.

MARRIAGE/COMMON-LAW RELATIONSHIP

Your married or common-law partner* is entitled to certain benefits including:

- Plan D – 2/3 to Last Survivor plan option at retirement unless waived (if cohabiting at the time of retirement)
- Pre-retirement death benefits unless waived (if cohabiting at the time of death)
- Half the commuted value of the pension earned between the date the relationship started and the date of separation if the relationship breaks up

You are living common-law if:

- You have officially registered your relationship under *The Vital Statistics Act* and neither person is married, or
- You have been living with your partner for one year where neither person is married, or
- You have been living with your partner for three years if either person is married.

* Includes same-sex partner

MARRIAGE/COMMON-LAW BREAKUP

If you and your married partner separated after 1983, or if you and your common-law partner separated after June 29, 2004, your partner is entitled to half the commuted value of the pension earned from the date of marriage or common-law relationship to the date of separation. You will need to complete and submit a Marriage/Common-Law Breakup Calculation Request confirming the dates your relationship began and ended. This form authorizes TRAF to advise you of the commuted value of your pension. TRAF cannot provide estimates.

Legislation requires the pension to be divided if:

- A court order under *The Family Property Act* (Manitoba) or a written agreement between the parties requires family assets to be divided; or
- A court order from another province or territory in Canada requires the division of the member's pension or pension benefit credit; or
- An order of the Court of Queen's Bench (Manitoba) requires the division of the member's pension or pension benefit credit in the case of a common-law relationship.

TRAF requires a copy of the applicable document.

You should know:

1. Once we receive the required documents your partner's share of the pension can be transferred to:
   - A Locked-In Retirement Account (LIRA)
   - The TRAF Money Purchase Account
   - Your partner's pension plan, providing the employer will accept such a transfer
2. Once we receive the required documents you and your partner can agree to trade the net difference between both pension plans.
3. You do not have to divide your pension when both parties have entered into a written agreement acknowledging that each has:
   - Entered into the agreement voluntarily without duress, coercion or compulsion of any kind
   - Received independent legal advice with respect to the effect of the agreement
   - Received a statement from TRAF detailing the commuted value of your pension earned during the period of marriage or common-law relationship

   TRAF will require an original or certified copy of this agreement.

Division of your pension cannot be waived by a prenuptial or cohabitation agreement.

If the division occurs, your pension will be reduced by half the pension that accrued during the relationship plus assumed cost of living adjustments between the date of separation and the date your pension starts.

Marriage/Common-law Breakup

Gina is age 45 and has 20 years of teaching service. She was married to Doug for 18 of those 20 years. During their marriage, she accumulated $1,400 per month of pension which represents a commuted value of $186,500. Doug is entitled to half the commuted value during their marriage or $93,250. He can transfer this amount into a LIRA and Gina's eventual pension will be reduced by $700 ($1,400 ÷ 2) per month plus assumed COLAs. However, if Gina and Doug agree to waive division of the pension, Doug will not receive any payment from TRAF and Gina will keep all of her pension.

If you separate after retirement, your partner is entitled to a monthly payment equal to half the pension that accrued during the marriage or common-law relationship. The benefit must be paid as a monthly pension and cannot be converted to a lump sum commuted value.

MOVING TO ANOTHER PENSION PLAN

TRAF has reciprocal transfer agreements with certain organizations that allow the commuted value of the pension credits to be transferred from one pension plan to another plan. See the TRAF website for a list of these organizations. This transfer of service may qualify you for a larger or earlier pension. If you are leaving employment as a teacher in the Manitoba public school system, you may transfer your TRAF service to your new employer's pension plan.

You are eligible if:

- Your new pension plan has a Reciprocal Transfer Agreement with TRAF,
- You have at least 20 days active service in the plan you are transferring to, and
- You are not receiving a pension from the plan you are leaving or the plan you are transferring to.

Outstanding issues such as settlement of relationship breakups and service purchases must be finalized before the transfer can take place.

The plan you are transferring to will provide you with details including the amount of the transfer and the effect the transfer has on your pension.

It is important to know that if you transfer your TRAF service to another plan, return to TRAF and then request a service transfer back to TRAF, you may not receive full credit for your original TRAF service.

LEAVES OF ABSENCE

During a leave of absence you do not contribute to TRAF, do not earn pensionable service, and cannot withdraw contributions or collect your pension. There are special provisions for maternity, parental, adoption, and educational leave. See page 11.

If you are enrolled in a deferred salary leave plan, contributions are not made to TRAF and pensionable service is not credited for the year in which the leave is taken. However, while you are deferring your salary in the years leading up to the leave, you will continue contributing to TRAF based on 100% of your gross annual salary rate and continue earning full service credits. If you attend an educational institution during your leave, you may purchase this time as an educational leave. See page 12.

DISABILITY BENEFITS

You will continue to accrue pensionable service and salary for the period during which you receive disability benefits including short-term disability. Your TRAF contributions are waived during this time.

LEAVING TEACHING

If you leave teaching before you are eligible for a TRAF pension, the value of your pension and your TRAF contributions are "locked-in" the pension plan and you will be entitled to a pension as early as age 55. If your benefit is below a minimum amount, the value of your pension is "unlocked". See page 7.

If you are employed but not contributing to TRAF, for example, employed in a private school, you are eligible to start your TRAF pension providing you have met the age requirement.

Other rules may apply if you left teaching before May 31, 2010. Contact TRAF for more details.

DEATH

Before Retirement

If you leave teaching on or after May 31, 2010, upon your death your partner or estate is entitled to the greater of:

- The pre-1985 contributions and interest at the same interest rate earned by the pension plan on its investments plus the commuted value of the deferred pension earned in 1985 or later
- The commuted value of the deferred pension earned on all service

Your spouse or partner is entitled to this benefit if you and your spouse or partner were cohabiting at the time of your death. Entitlement to the survivor benefit can be waived by the spouse or partner before or after the member's death. This waiver may be revoked by both the member and spouse anytime before the member's death.

Once TRAF is notified of the death, we will provide information about the benefit and request the following documents:

- Copy of the death certificate or funeral director's certificate
- Copy of the will
- Completed Application for Death Benefit available from our office

Other rules apply if you left teaching before May 31, 2010. Contact TRAF for more details.

After Retirement

If your death occurs after retirement, your pension will be adjusted in accordance with the plan option you selected when you applied for your pension. See page 21.

To avoid pension overpayment, TRAF must be advised of a death as soon as possible since the pension could be impacted upon your death or your partner's death.

TEACHING AFTER RETIREMENT

Teaching after retirement rules apply to all positions where TRAF contributions are normally required. Your pension will be affected differently depending on when you return to teach and how long you continue to teach. Members who return to teach after age 65 are not subject to these rules.

If you return to teach under contract **within 90 days** from the date of your retirement (excluding substitute teaching):

- You will no longer be considered retired according to *The Teachers' Pensions Act* (TPA)
- TRAF will cancel your pension and you must again contribute to TRAF as an active member
- You will be required to repay the TRAF pension payments you received to this point
- Once you retire, your pension will be based on your total service as if you had never applied for pension

If you return to teach under contract **after 90 days** from the date of your retirement and work more than 120 full days* in a school year (including substitute teaching during the first 90 days):

- Legislation requires your pension to be suspended on the 121st day
- You are required to contribute to TRAF again
- You will not be required to repay the TRAF pension payments you received to this point
- When you retire again, your initial pension will be reactivated and you will have to apply for a second benefit based on your additional salary and service. Depending on how long you continue employment, the second benefit may be paid as a lump sum or as a pension.

* Teaching more than 50% of a day is considered to be a full day of work. Teaching up to 50% is considered a half day. It is possible to teach more than 50% of a day in one morning. We recommend you check with your school division.

Teaching After Retirement

Each week Richard teaches three out of five days on a 60% contract basis. As a result, he counts each day as one full day, giving him a total of 120 days of work by the end of June. Therefore, his pension is not affected and continues at the same level he received prior to returning to teach.

Marie is also teaching at 60% time but she works 60% every day, five days a week. Since she works more than 50% of a day, each day counts as a full day. By early March, she will accumulate 120 days of work. Therefore, her pension will be suspended until she stops teaching again. Marie will resume contributing to TRAF and will be earning a second TRAF pension benefit based on her additional service.

General Information

MEMBER APPEAL POLICY

You may appeal decisions TRAF has made that affect your pension benefit. The *Member Appeal Policy* outlines the process to follow and is available on our website.

This policy sets out the procedure for appealing decisions made under *The Teachers' Pensions Act* (TPA) that directly impact a member's benefits.

CONFIDENTIALITY

TRAF is dedicated to protecting your privacy and safeguarding your personal information. Our privacy policy complies with the provisions of *The Freedom of Information and Protection of Privacy Act* (FIPPA) and governs our actions as they relate to the collection, use and disclosure of your personal information.

Your personal information will not be released to a third party without your written consent.

The *Privacy Statement* is accessible on our website.

CONTACT INFORMATION

Teachers' Retirement Allowances Fund
Johnston Terminal
330 – 25 Forks Market Road
Winnipeg, MB R3C 4S8

Phone: (204) 949-0048
Toll Free: (800) 782-0714
Fax: (204) 944-0361

Email: info@traf.mb.ca

Website: traf.mb.ca

TRAF Services

ONLINE SERVICES

We encourage you to register for Online Services at traf.mb.ca to access the Pension Estimator, Tax Calculator, your personal Benefits Statements and your Teaching Account History. You can also update your address and contact information instantly.

WEBSITE

You can quickly gain access to general information, the most recent investment news, as well as fact sheets, publications, application forms and audiovisuals.

ANNUAL BENEFITS STATEMENTS

Your annual Benefits Statement will be available through Online Services each January. It provides you with an estimate of your gross monthly pension, as well as termination and death benefit information. Previous Benefits Statements are also accessible through Online Services.

SEMINARS

Early to Mid-Career

Seminars for the early to mid-career teacher are offered by MTS in certain regions of the Province each year.

Retirement

You will receive an invitation to attend a retirement seminar from The Manitoba Teachers' Society or your local association if you are age 48 or older.

TRAF presents information about the pension plan at both of these seminars.

You can also view the audiovisuals of these seminars online at traf.mb.ca.

PERSONAL APPOINTMENTS

We recommend that you book an appointment with a Member Service Specialist to discuss your pension in advance of your planned retirement date.

PUBLICATIONS

Fact sheets, newsletters and annual reports are posted on our website.

FRENCH-LANGUAGE SERVICES

Certain documents are available on our website in French, including newsletters and plan information booklets. You can also access your Benefits Statement in French by selecting French as your language preference through Online Services. French-speaking specialists are available to meet with you and answer questions about your TRAF pension.

MEMBER INQUIRIES

Member Service Specialists are available during regular office hours 8:00 – 5:00 Monday through Friday, and one Saturday per month during the school year.

The following links are available directly through our website at traf.mb.ca.

Legislation:	*The Teachers' Pensions Act* *The Pension Benefits Act* *The Vital Statistics Act* *The Public Schools Act* *The Family Property Act*
Professional Organizations:	The Manitoba Teachers' Society (MTS) Retired Teachers' Association of Manitoba (RTAM) Manitoba School Boards Association (MSBA) Manitoba Association of School Superintendents (MASS)
Government:	Canada Revenue Agency (CRA) Canada Pension Plan (CPP) Old Age Security (OAS)
Group Benefits:	Johnson Inc. Manitoba Blue Cross Manulife
Other Support:	Age & Opportunity Where Next? Pathways to ElderCare

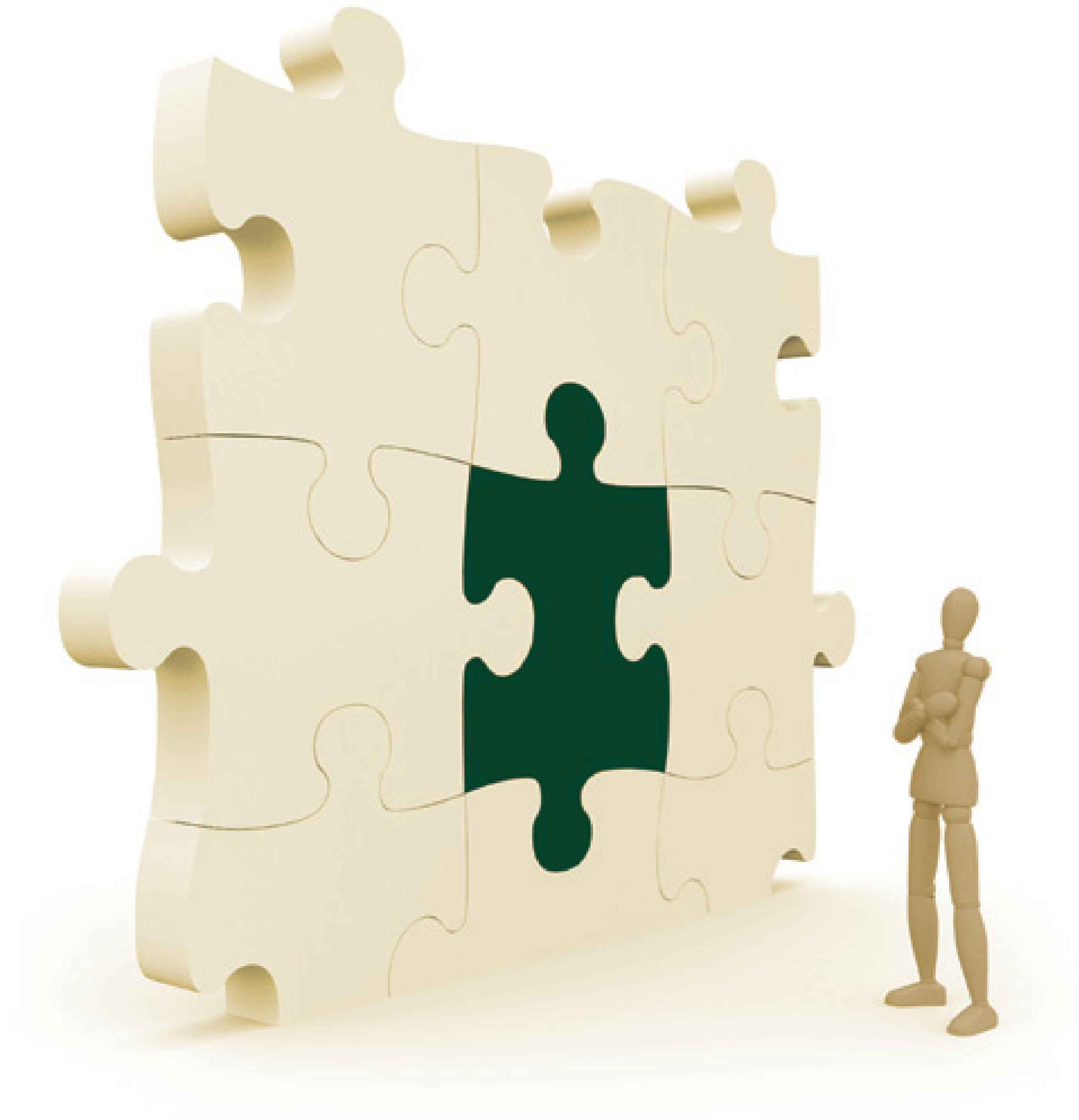
Glossary

5-Year Service	Pensionable service after June 30, 1980 and service prior to July 1, 1980 that has been converted to a 5-year average salary. The calculation of your pension for this service will be based on a 5-year average salary.
7-Year Service	Pensionable service prior to July 1, 1980 that has not been converted to a 5-year average salary. The calculation of your pension for this service will be based on a 7-year average salary.
Actuarial Equivalent	A benefit having the same present value as the benefit it replaces. It is based on actuarial assumptions such as age, life expectancy, return on investments and interest rates.
Annuity	A monthly lifetime benefit, with no cost of living provision, that is based on contributions made to TRAF plus accumulated interest.
Bridging Benefit	A monthly benefit which is added to your pension if you have an Early Retirement Penalty and is paid until the earlier of age 65 or death.
Canada Pension Plan (CPP)	The federal pension plan administered by Human Resources and Social Development Canada.
Common-Law	You are living common-law if: • You have officially registered your relationship under *The Vital Statistics Act* and neither person is married, or • You have been living with your partner for one year and neither person is married, or • You have been living with your partner for three years if either person is married.

Commuted Value	The amount needed today to pay your retirement benefit in the future. It is determined by using actuarial factors that consider several variables such as age, life expectancy, return on investments and interest rates in effect at the time of calculation.
Consumer Price Index (CPI)	An inflation indicator that measures the change in the cost of a fixed basket of products and services. TRAF uses CPI for Canada to calculate annual adjustments to your pension.
Deferred Pension	A monthly lifetime benefit, which may include cost of living adjustments, that is payable in the future to a member who has left teaching but is not of age to begin receiving pension.
Defined Benefit Pension	A monthly lifetime benefit that is determined by a formula based on your years of service and your salary. It is not based on the contributions you make to the pension plan and the related investment earnings.
Early Retirement Penalty (ERP)	A reduction in the monthly lifetime pension that applies if you retire before you are age 60 with at least 10 qualifying years of service and your age and qualifying years of service total less than 80. A lifetime penalty is applied to your pension earned after 1991. If you are subject to an ERP, a bridging benefit is paid until age 65 or death to offset this reduction.
Legislated Form of Pension	For a married or common-law member: • A joint and last survivor benefit that reduces to 2/3 upon the death of the plan member or the partner (Plan D)
Lock-In	Contributions must be left in TRAF and will be used to provide a monthly pension benefit at retirement.

Old Age Security (OAS)	The federal income security program for seniors age 65 and older, administered by Human Resources and Social Development Canada.
Partner	Includes: • Your married spouse • Your common-law partner • Your same-sex spouse or partner
Pension	A monthly lifetime benefit, which may include cost of living adjustments, that is payable to a member who meets the age, service and minimum pension requirements.
Pension Adjustment Account (PAA)	A special account used to fund half the annual cost of living adjustment granted to retired members. The PAA is currently credited with 16.7% of all teacher contributions. This percentage will increase by 0.1% every five years until the percentage reaches 17.0%. The next scheduled increase will occur on September 1, 2015.
Pension Estimate	An estimate of your future benefit entitlement that includes assumptions for retirement dates, employment status, salary rates and legislation. Your final pension may be higher or lower than the estimates provided.
Pensionable Salary	Your full-time equivalent contractual salary rate including administrative allowances. Pensionable salary is used to determine your average salary and the amount of pension you will receive.
Pensionable Service	Includes service for which TRAF contributions were deducted, service while receiving disability benefits, purchased service and transferred service. Pensionable service determines the amount of pension you will receive.

Plan Option	An option that provides a life only, guaranteed or joint and last survivor pension in the event of your death after retirement. The option is selected at the time you apply for your pension and cannot be changed once the pension starts.
Qualifying Service	One year of qualifying service is credited for each year in which you have any service as a member of TRAF. Qualifying years are used to determine: • Whether an Early Retirement Penalty applies • Whether a bridging benefit applies
Reciprocal Transfer Agreement	An agreement between two or more participating plans that provides for a transfer of service and enables you to consolidate pension benefits into a single plan.
The Teachers' Pensions Act	The legislation governing the pension plan for Manitoba public school teachers.
Vested	The entitlement or right to a future pension.
Yearly Maximum Pensionable Earnings (YMPE)	The maximum pensionable earnings designated by the Canada Pension Plan. The YMPE is used to determine your TRAF contributions and the amount of pension you will receive.



This is not a legally binding document. It does not in any way alter the pension plan terms as established by *The Teachers' Pensions Act* and other applicable legislation. TRAF will administer the pension plan based on the applicable law, facts and policies in effect at the time it makes any particular decision. Decisions are subject to appeal under TRAF's *Member Appeal Policy* which is accessible at traf.mb.ca.

Si vous désirez avoir une copie de ce livret en français, visitez nous à traf.mb.ca, ou veuillez nous contacter directement.

TRAF

TEACHERS' RETIREMENT
ALLOWANCES FUND

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Winnipeg, MB R3C 4S8

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