

Pension Division on the Breakdown of a Relationship in BC

University of Victoria Money Purchase Pension Plan

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INTRODUCTION

The Money Purchase Plan is a defined contribution (DC) plan. In a DC plan, benefits are determined by accumulated contributions and investment returns (rather like an RRSP). Every member of the Money Purchase Plan has a DC account called a Money Purchase Contribution Account (MPCA). The balance in a member's MPCA is reported annually on the member's annual statement.

Under the Family Law Act a spouse's share of a DC pension is settled with a lump sum transfer, generally to a locked Registered Retirement Savings Plan (RRSP).

The spouse's proportionate share of a DC account is one-half the contributions made during the relationship plus returns to the end of month prior to payment with interest added for the final month. DC Accounts include a

To

If the spouse does not respond, the spouse's share may be included with the benefit the member selects in which case the member will be responsible for paying the former spouse.

If the spouse's share is retained in the plan, no returns or interest will be added beyond the deadline date.

NOTE: The dollar value of a spouse's share of a

- x the correct name of the pension plan;
- x that the pension is to be divided in accordance with Part 6 of the Family Law Act (BC);
- x the entitlement period
- x

has been discharged, the member's MPCA be reduced by the amount allocated to the spouse and the benefits reported on any future statements will be 100% the member's.

ADMINISTRATIVE FEES

The Family Law Act allows administrators to charge fees for a plan administered division of pension benefits. The Pension Board has decided to charge the maximum fees permissible by legislation. This is because the fees only partially offset the costs of administering the division and do not amount to full recovery. Plan administration costs are deducted from returns and reduce the net return credited to all members' accounts. Charging the maximum, limits the extent to which costs are passed on to other members of the plan. The member and spouse are jointly responsible for paying the fee(s). If either pays more than half, they can recover the excess from the other party. Fees are payable in the form of a cheque made payable to the "University of Victoria Money Purchase Pension Plan."

	Form	Fee
Divide a Money Purchase Contribution Account (MPCA)	Form P3	\$175
Divide a Variable Benefit Account (VBA)	Form P3	175
Divide a Restricted Voluntary Account (RVA)	Form P3	175
Divide an Unrestricted Voluntary Account (UVA)	Form P3	175

If a claim is withdrawn after payment of a fee but before the division is complete, the fees are not refundable.

WITHDRAWING A CLAIM

A claim may be withdrawn with either a Form P7 submission of the separation agreement or court order confirming the pension was not divided. A silent agreement is deemed to allocate the pension 100% to the member. A Form P7 cannot itself be withdrawn and cannot be used to cancel a division that is already in progress (or that has been completed). If a claim is withdrawn after payment of a fee but before the division is complete, the fees are not refundable.

CONFIDENTIALITY

Information provided regarding a member and his/her pension benefits is confidential. It is provided in accordance with the provisions of Part 6 of the Family Law Act and the Division of Pensions Regulation and in accordance with Section 13 of the Regulation must be kept in confidence and not be disclosed other than for the purpose of dividing benefits under Part 6 of the Act or determining compphW5 Tc 0.169 Tw -26.77 -1i hehesphfun1(t fun1(t fun1tA)-7

SUMMARY OF PROCESS FOR DIVIDING A MONEY PURCHASE PLAN ENTITLEMENT

	Step 1	Step 2
	Breakdown of relationship	Negotiation of separation agreement
Both		
Member	Request information from Pension Office on Pension	If the pension is to be divided, give the Pension Office a draft of the pension section of the agreement.
Spouse	File Form P1 with Pension Office and request information on the member's pension.	If the pension is not being divided, withdraw the claim (Form P1) with a Form P7
Pension Office	Send member a Form P6 when a Form P1, P3 or P7 is received	
	Provide information to the member or to a spouse who has submitted a Form P1 within 60 days of a request.	Notify the member's spouse if any clarification is required regarding provisions in the separation agreement (eg: the entitlement period must be specified). Provide ONE preliminary calculation of the spouse's share of the benefits (see Calculations from the Pension Office)

GLOSSARY OF TERMS

Defined contribution (DC) is when pension benefits are determined by accumulated contributions and investment returns (rather like an RRSP).

Entitlement period - is determined by dates specified in the agreement or court order, usually determined by the date the relationship began and the date of separation, but other dates can be used.

Family Law Act (BC) replaced the Family Relations Act (BC) effective 18 March 2013. The Division of Pensions Regulations also replaced at that time.

Form P1 Claim and Request for Information and Notice - is used by a spouse who is claiming or considering claiming an interest in the member's pension. Form P1 enables the spouse to obtain certain information from the Pension Office about the member's pension benefits. Information must be provided within 60 days of request. Updates must be provided within 30 days of request. The Pension Office is only required to respond to requests for information or updates once per calendar year. The Form also entitles the spouse to 30 days' notice of certain actions, such as a member's request for a benefit or a change in beneficiary. It is common to submit a Form P1 pending final division of family assets. A Form P1 can be withdrawn with a Form P7.

Form P3 Request for Transfer from Defined Contribution Account is used by a spouse to request a lump sum transfer from MP, CA, RVA, UVA or VBA in full satisfaction of the claim on the pension.

Form P7 Withdrawal of Notice/Waiver of Claim is used by a spouse to withdraw a notice or other document delivered to the Pension

