

2010

WCB facts

Workers Compensation Board of Manitoba

RETIREMENT ANNUITIES

What is a retirement annuity?

A retirement annuity is a sum of money that is payable upon your retirement. This annuity will help establish or replace your lost pension entitlement resulting from a work-related injury or illness.

Who is eligible to receive an annuity?

You may be eligible for this benefit after you have received 104 accumulated weeks of wage loss benefits.

How does the retirement annuity work?

After 104 accumulated weeks of wage loss benefits, the WCB may set aside an amount of money based on your future wage loss benefits paid towards a retirement annuity.

The amount the WCB sets aside **is not** deducted from your wage loss benefits.

The amount the WCB sets aside also depends on the amount your employer was contributing before the injury, and the amount they are still contributing to your pension plan after 104 accumulated weeks.

Where the employer's contribution rate before the injury was 5% or less, the WCB will set aside the difference between 5% and the employer's contribution rate after 104 accumulated weeks.

Where the employer's contribution rate before the injury was more than 5% but did not exceed 7%, the WCB will set aside the difference between the employer's contribution rate before the injury and the employer's contribution rate after 104 accumulated weeks.

RETIREMENT ANNUITIES PAGE 2

Where the employer's contribution rate before the injury was more than 7%, the WCB will set aside the difference between 7% and the employer's contribution rate after 104 accumulated weeks.

You can also contribute to this retirement annuity account. You can contribute any amount up to the same amount the WCB is contributing. For example, if the WCB is contributing 3%, then you can contribute an amount up to 3%. The amount you choose to contribute is deducted from your WCB wage loss benefits.

Can I increase or decrease the amount of my contribution?

No. Once you have made the decision on how much to contribute, this decision cannot be changed.

What rate of interest does the retirement annuity account earn?

The retirement annuity account earns interest at the same rate as the book rate of return on WCB investments. In 2009, the WCB book rate, therefore the annuity account interest rate, was -0.8%. If the WCB's book rate of return for a year is negative, the interest rate applied to your retirement annuity account in that year is 0%.

When will I have access to the money in my retirement annuity account?

In general, the retirement annuity account will become payable at the earlier of:

- a) age 65, or
- b) when the WCB has determined that you have retired from the workforce, but not before age 55.

If you were 61 years or older at the date of the injury, the retirement annuity account will become payable, at the earlier of:

- a) four years after the date of the injury; or
- b) when the WCB has determined that you have retired from the workforce.

Regardless of your age, the WCB will use the set of principles outlined in policy 44.60.20 Date of Retirement to determine whether you have retired from the workforce.

How is the retirement annuity paid (monthly, yearly, etc.)?

Depending on the amount in your retirement annuity account, you can receive regular monthly payments like a pension, or you might receive a lump sum payment.

A lump sum is paid if the amount in your retirement annuity account is below a certain level. In 2010, this level is \$14,000.

What are the factors that determine the monthly payments I will receive?

The monthly amount you will receive from your retirement annuity account will depend on your circumstances. Each individual's situation is different depending on the type of annuity, the amount of contributions made, the length of time during which contributions were made, the individual's age and future interest rates. All of these factors are considered when figuring out how much you will receive.

What happens if I die before I am able to collect the annuity?

If you die before you reach retirement age and you are survived by a spouse or a common-law partner, the WCB will pay your spouse or common-law partner the full value of your retirement annuity account up to the date of your death (your contributions and interest **plus** the WCB's contributions and interest.)

If you do not have a spouse or common-law partner at the time of your death, your estate will receive the full value of your retirement annuity account up to the date of your death, (your contributions and interest **plus** the WCB's contributions and interest.)

How is my retirement annuity affected in the event of a breakup of a marriage or common-law relationship?

Your retirement annuity is considered a family asset. In the event of a breakup, this family asset is divided up.

Will I receive regular statements of my retirement annuity account?

Every year, you will receive a statement that provides details about the balance in your retirement annuity account. This statement shows your total contributions (if any) to date, the WCB's contributions to date and the amount of interest earned since the last statement.

You should notify the WCB of any change in address, so that the WCB can continue to send you these retirement annuity account statements.

If you have any further questions about annuities, please call 954-4922 or toll-free 1-800-362-3340.

This publication is provided for general information. For more specific information, see *The Workers Compensation Act of Manitoba and Regulations*, available through Statutory Publications by calling (204)-945-3101. WCB Policies are available by calling (204)-954-4655. These documents are also on the WCB website at www.wcb.mb.ca.