

Capital Pension Plan Termination of Employment



When you terminate your employment with a plan participating employer, the options available to you depend on whether you are a **non-vested or vested member of the Capital Pension Plan**.

Vesting refers to the point in time when you become entitled to all past and future contributions made by your employer on your behalf. You become vested when you meet the continuous service requirement your employer has established with the Plan. This vesting period cannot be longer than 2 years.

Options for Non-vested Members

What is a non-vested member?

If you terminate your employment before completing the vesting period established by your employer, you are a non-vested member of the Capital Pension Plan.

How is my equity balance determined?

As a non-vested member, you are entitled to receive all of the contributions that YOU made to the Plan (i.e. your employee required contributions and any voluntary contributions), plus the accrued earnings on these contributions. You are not entitled to receive the employer required contributions made on your behalf.

What are my options?

If you are a non-vested member when your employment terminated, you have the following options:

Option 1: request a cash refund of your equity balance.

You may request a cash refund of your equity balance in the Plan. The request must be made in writing and include your Member ID or social insurance number and your signature. Cash refunds are considered taxable by the Canada Revenue Agency. The Plan is required to withhold and remit tax from your payment based on the following rates:

Amount of Total Cash Refund	Withholding Tax Percentage
up to and including \$5,000	10%
over \$5,000, up to and including \$15,000	20%
over \$15,000	30%



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Option 2: transfer your equity balance to an RRSP.

You may transfer your equity balance directly to an RRSP with a financial institution. To process the transfer, the Plan requires a completed CRA T2151 form completed by the financial institution. Since the funds are transferring from one 'registered' option (a pension plan) to another 'registered' option (the RRSP), there are no tax implications.

Option 3: transfer your equity balance to another pension plan.

If you become employed with a new employer that has a registered pension plan, you may be able to transfer your equity to that Plan if they agree to accept the funds.

If the new pension plan has a reciprocal agreement with the Capital Pension Plan, the employer required contributions may be transferred as well. Depending on the terms of the reciprocal agreement, there may be a time limitation pertaining to this option.

Once funds are transferred under a reciprocal agreement, they become locked-in, which means you would no longer be eligible for a cash refund of these funds if you terminate your employment with your new employer before becoming vested with the new plan. The Administrator of your new employer's pension plan can inform you if a reciprocal agreement with the Capital Pension Plan exists.

Option 4: leave your equity balance with the Capital Pension Plan for up to 12 months.

You may leave your equity with the Capital Pension Plan for up to 12 months. This option may be useful if you return to work with your employer or if you become employed with another participating employer. After the 12 months has lapsed, you must choose one of the previous options.

Options for Vested Members

What is a vested member?

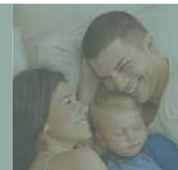
You are a vested member when you complete a 2 years of continuous service with a participating employer, unless your employer has established a vesting period of less than 2 years.

How is my equity balance determined?

For vested members, your equity balance is the total of:

- your employee required and any voluntary contributions you made to the Plan; plus
- the employer required contributions made on your behalf; plus
- accrued investment earnings on all contributions made in your name.

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What does 'locked-in' mean?

Once you become vested, employee and employer required contributions become 'locked-in' which means they may only be used to provide income at retirement and are no longer eligible to be withdrawn as cash.

What is 'eligible equity'?

For Saskatchewan members that made contributions to the Capital Pension Plan prior to 1994, a portion of their existing account balance may be deemed as eligible equity. This portion is equivalent to 50% of required employee contributions made prior to January 1, 1994, plus accrued investment earnings thereon to December 31, 1993.

What are my equity balance options?

If you are a vested member when your employment terminated, you have the following options:

Option 1: remain with the Capital Pension Plan

Vested members can continue their membership with the Capital Pension Plan, even if they have terminated employment with a Plan participating employer. Your equity balance will continue to accrue investment earnings based on the returns earned by the Plan's investment funds. **There are no additional costs for remaining with the Capital Pension Plan and no forms are required.**

Option 2: transfer to your new pension plan

If your new employer has a pension plan, you may be able to transfer your equity balance to that plan. If the new plan has a reciprocal agreement with the Capital Pension Plan, your service may transfer as well.

Option 3: transfer to a LIRA

You may transfer your equity balance to a locked-in retirement account (LIRA) with a financial institution. The LIRA-issuer must agree to administer the LIRA according to the terms and conditions of the Plan, which means the equity can only be used to provide retirement income when you become eligible beginning at age 50. Voluntary and/or eligible funds (if applicable) may be transferred to an RRSP.

Option 4: Receive a cash refund of any voluntary and/or eligible equity (if applicable).

If you have voluntary and/or eligible equity, you may choose to receive a cash refund of these funds. The request must be made in writing and include your Member ID or social insurance number and your signature. Cash refunds are considered taxable by the Canada Revenue Agency. The Plan is required to withhold and remit tax from your payment based on the following rates:

Amount of Total Cash Refund	Withholding Tax Percentage
up to and including \$5,000	10%
over \$5,000, up to and including \$15,000	20%
over \$15,000	30%

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Option 5: transfer to a retirement income option

If you are eligible to retire, you may transfer your equity balance to a retirement income option. Members of the Capital Pension Plan are eligible to retire:

- at age 50; or
- before age 50, if their age plus pensionable service totals 75 or more.

The retirement income options available are determined by applicable pension legislation, depending on your jurisdiction. For most, your jurisdiction is determined by the province of employment when you made your last contribution to the Capital Pension Plan (even if you have moved to another province or country). The retirement options available for members in the Saskatchewan jurisdiction include:

- establish a Variable Benefit (VB) with the Capital Pension Plan;
- establish a Life Annuity (LA) with the Capital Pension Plan's Retirement Annuity Fund;
- establish a retirement income product with a financial institution or insurance company.

How can I contact the Plan?

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