What's the math on the pension offer?

30 years at a salary of
$280,000 annually
equates to a retirement pension of
$130,000 annually

How does it compare to investing?

Assuming 4% earnings on investments
you would need to have invested
$2,575,000
to earn that same annual amount of $130,000

What are your contributions?

about $925 from each cheque is added to your pension

A closer look

30 years at a salary of **$280,000 annually** equates to a retirement pension of **$130,000 annually**

If you lived 40 years in retirement you would need $2,575,000 earning 4% to generate $130,000 annually. You would reduce your investment to zero at death.

The amount taken from each cheque for pension contributions is about $925 which equates to $24,000 annually and $721,000 over the 30 years.

A better everyday.

A total pension contribution of $721,000 over 30 years equates to a nest egg worth $2,575,000.

Learn more

mpp.pensionsbc.ca/how-the-plan-works

The story of your pension dollar

On average, investment returns make up around 75 cents of each dollar of your pension. The remaining 25 cents come from member and employer contributions.

You contribute to the plan

Every pay period, a portion of your pay goes to the pension plan. Your employer also contributes at the same time.

Your contributions are pooled in the pension fund

Your contribution and your employer's contribution are added to the pension fund, along with the contributions of thousands of other employees.

Professional investment managers invest the pension fund

Professional investment managers at BC Investment Management Corporation (BCI) manage the money in the pension fund. They make investment decisions based on guidelines set by the plan's board of trustees. These decisions prioritize the long-term growth and stability of the pension plan.

Regular valuations keep the pension fund on track

Every three years, an independent actuary (a specialist in risk and financial theory) conducts something called a valuation. That means they check to make sure the total amount of money in the pension fund will be enough to pay the lifetime pensions of every plan member. If the valuation shows a shortfall, the plan board may increase contribution rates to protect the plan's long-term security.

When you're ready, the pension fund pays for your pension

When you decide to retire, you receive a lifetime pension based on a formula that uses your service and salary from when you worked and contributed as a plan member. The money to pay your pension comes out of the pension fund.