

DISCLAIMER

**This presentation is for information purposes only and does not represent
professional finance advice**

**The attempt is to make you more knowledgeable and to help you ask the right
questions and provide some answers to frequently asked questions.**

CUFA collective agreement

Article 42.11

- Members who are eligible to retire in accordance with the retirement plans in Article 42 shall be provided with financial counseling. The first time this service is provided to a member it shall be at the Employer's expense.

BENEFITS

- 1. Health Insurance**
- 2. Dental Insurance**
- 3. Disability Insurance**
- 4. Life Insurance**

Health Insurance

- At 65 years of Age, the Concordia plan is harmonized with RAMQ.
- You must pay the RAMQ premium on your income tax.
- The premiums for the Concordia plan change to account for this...

Health Insurance

If you live in Quebec and have vision care

Under 65 years

Coverage Category	Member contributions (including provincial sales taxes)		Concordia contributions (including provincial sales taxes)	
	Bi-Weekly	Monthly	Bi-Weekly	Monthly
Single	\$25.78	\$56.00	\$25.78	\$56.00
Couple	\$49.00	\$106.46	\$49.00	\$106.46

65 years and over

Coverage Category	Member contributions (including provincial sales taxes)		Concordia contributions (including provincial sales taxes)	
	Bi-Weekly	Monthly	Bi-Weekly	Monthly
Single	\$8.23	\$17.89	\$30.44	\$66.13
Family	\$14.55	\$31.61	\$58.97	\$128.12

Dental Care

Ceases upon retirement

or

December 1 of the year you turn 71

Disability Insurance

Whether it be your actual retirement date or your normal retirement date, whichever is earlier

❖ Coverage under the Long-Term Disability Plan ends.

Basic Life Insurance Plan

- On June 1 Age 65 (if you are still actively at work) or on your actual retirement date, if earlier:
- Your coverage of 1 x your annual base salary will become subject to a maximum of \$75,000. This is the "initial" amount of your coverage.
- Then, beginning on the June 1 following your 66th birthday, this coverage will decrease by 15% of the initial amount each year for 5 years until it reaches 25% of the initial amount.
- **Final coverage \$18,800**

Optional Life Insurance and Optional Dependent Life Insurance

- **When you reach age 65 or retire (if before 65)**
- **For yourself: Optional Life Insurance ceases – conversion is possible with Sun Life up to a total of \$200,000.**
- **For your spouse: Optional Dependent Life Insurance ceases - conversion up to \$100,000.**

PENSIONS

- 1. Factors for a financially comfortable retirement**
- 2. Definitions**
- 3. Normal Retirement at age 65**
- 4. Working beyond age 65**
- 5. Early Retirement**
- 6. Indexation**

Rate your retirement

Allentuck – National Post Dec 21, 2013

- **Total: If you have 10 points or more, you would probably get 5 stars.** Structurally, at the five star level, retirement income sources are diversified with substantial pensions and a clutch of investments to provide discretionary income.
- **If job has a defined benefit pension, add 3 points. If an indexed plan, add 1 more point.**
- **Savings rate: if savings are 10% or more of disposable income, score 1 point, if 20%, 2 points, if 30%, 3 points, etc. If less than 10% of disposable income, then no stars.**

Other factors to consider

Allentuck cont'd

- **no significant debts other than credit card charges paid each month – add points**
- **debts service costs – subtract points**
- **spouse who can split eligible pension income**
- **total investments both registered and non-registered less debts**
- **If total after tax retirement income is 120% of estimated retirement expenses, add 2 points, if 100% of retirement expenses, add 1 point**
If 90% of retirement income or less, take off 1 point for each 10% it is less than estimated retirement expenses.

Canada and Quebec Pension Plans

- **Year's Maximum Pensionable Earnings (YMPE)**

2014 = 52,500

2013 = 51,100

2012 = 50,100

2011 = 48,300

Other definitions

- Best 3 years salary = highest paid 36 consecutive months (C36) of salary
- Salary = pensionable earnings
- Salary does not include stipends, overload course payments, etc.
- Normal Retirement Date (NRD) = January 1 or June 1 following your 65 birthday
- Service = years to NRD

CONTRIBUTION FORMULA

- You contribute the following amount annually...
- 4.5% of your pensionable earnings up to the YMPE

PLUS

- 6% of any pensionable earnings in excess of the YMPE

Pension Formulae

- Contributing member = $(2\% \times \text{average salary of best C36} \times \text{service}) - (0.5\% \times \text{average YMPE} \times \text{service})$
- Noncontributing member = $(1\% \times \text{average salary of best C36} \times \text{service}) - (0.25\% \times \text{average YMPE} \times \text{service})$
- some combination of the two if an individual is partially contrib and partially noncontrib

SAMPLE CALCULATION - contributory member

- Average best 36 month salary = \$100,000
- Average YMPE = 49,911.11*
- Service = 30 years
- Contributory Pension formula

$$(2\% \times 100,000 \times 30) - (0.5\% \times 49,911.11 \times 30) = \$52,513.33$$

$$\bullet \quad 60,000 \quad - \quad 7,486.67$$

*YMPE

$$2013 = 51,100 (13/12)$$

$$2012 = 50,100 (12/12)$$

$$2011 = 48,300 (11/12)$$

Quebec Pension Plan 2014

	Monthly	Yearly	
	Monthly	Yearly	
60 years of age	726.83	8721.96	70 % of the age 65 amount
65 years of age	1038.38	12,460.56	100 %
70 years of age	1474.43	17693.16	142 % of the age 65 amount

2014 = \$52 500 +

Contribution to QPP = \$2,535.75

SAMPLE CALCULATION- noncontributory member

- Average best 36 month salary = \$100,000
- Average YMPE = 49,911.11*
- Service = 30 years
- Contributory Pension formula

$$(1\% \times 100,000 \times 30) - (0.25\% \times 49,911.11 \times 30) = \$26,256.67$$

- **30,000** - **3,743.33**

*YMPE

2013 = 51,100 (13/12)

2012 = 50,100 (12/12)

2011 = 48,300 (11/12)

Noncontributing member

➤ Until 2007

$(1.1\% \times \text{average salary of best C36} \times \text{service}) - (0.25\% \times \text{average YMPE} \times \text{service})$

➤ Beginning in 2008

$(1\% \times \text{average salary of best C36} \times \text{service}) - (0.25\% \times \text{average YMPE} \times \text{service})$

SAMPLE CALCULATION – noncontributory member

- Average best 36 month salary = \$100,000
- Average YMPE = 49,911.11*
- Service = 30 years
- Contributory Pension formula

$$[(1.1\% \times 100,000 \times 24) + (1\% \times 100,000 \times 6)] \\ - (0.25\% \times 49,911.11 \times 30)$$

$$26,400 + 6000 - 3743.34 = 28,656.66$$

Compared to \$26,256.67

Pension Choices for Singles

Lifetime Pensions	MALE	FEMALE
Guaranteed 5 years	\$ 57,248.97	\$ 56,783.11
Guaranteed 10 years	\$ 55,696.00	\$ 55,696.00
Guaranteed 15 years	\$ 53,491.34	\$ 54,083.16

Joint and last survivor (“SPOUSE”)

Spouse's sex:	FEMALE	MALE
Spouse's date of birth:	11/01/53	11/01/47
Interest rate:	5.42%	5.42%
Mortality table:	0,9*UP-94GT	0,9*UP-94GT

Joint and last survivor (“SPOUSE”)

	Female Spouse	Male Spouse
50% ⁽¹⁾	\$ 51,926.93	\$ 54,519.87
60% ⁽¹⁾	\$ 50,887.78	\$ 54,018.02
66 2/3% ⁽¹⁾	\$ 50,217.82	\$ 53,688.56
75% ⁽¹⁾	\$ 49,404.77	\$ 53,282.35
100% ⁽¹⁾	\$ 47,116.27	\$ 52,099.76
60% ⁽²⁾	\$ 50,166.94	\$ 53,401.76

⁽¹⁾ Guaranteed 5 years

⁽²⁾ Guaranteed 10 years, with the guarantee applicable to the full amount

➤ Compare to \$55,696

Old Age Security 2014

- Starts at \$551.54 for the first quarter
- Increases quarterly to reflect the cost of living
- Total for year = \$6618.48 + increases
- Clawback begins \$71,592
- Goes to \$0 when net income = \$115,716

PENSIONS

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CHOICES between 65 and 71

- Retire
- Continue working full-time
- Go half-time plus receive your full pension
- At 71 under government law, you must start your pension

42.05 Impact of Pension on Salary

a) Members who qualify for full pension under Article 42.04 and who begin to receive their pension shall have their actual salary reduced by fifty percent (50%). Such a reduction in actual salary shall be accompanied by a fifty percent (50%) reduction in workload as it is assigned on an annual basis.

Revalorization*

	AGE 65 11/01/15	AGE 68 11/01/18	AGE 71 11/01/21
FEMALE	\$ 55,696	\$ 66,383.75	\$ 79,929.56
MALE	\$ 55,696		\$ 80,359.30

*Excluding pension from contributions from age 65

RRSP contribution limits

- **Year RRSP \$ limit**
 - **2012 \$22,970**
 - **2013 \$23,820**
 - **2014 \$24,270**
 - **2015 \$24,930**
-
- **18% of earned income**

RRSP CONTRIBUTION ROOM

- Each year in addition to your pension contribution, you are entitled to contribute a specified amount to an RRSP.
- If you do not make the maximum contribution to an RRSP that you are allowed, the unused portion of that year's RRSP Contribution Room is carried forward to future years.
- The federal government provides a written record of your cumulative or Total RRSP Contribution Room in May or June of each year on your personal income tax assessment
- The 2013 RRSP Limit was \$23,820. Based on this limit, employees who earned above \$50,100 in 2012 and participated in the Pension Plan for the full year of 2012 were entitled to RRSP Contribution Room for 2013.

Factors considered in calculating RRSP room

- **18% of 2012 Earned Income (max of \$23,820)**
- **2012 Pension Benefit Earned* (max. of \$2,646.67)**
- **Pension Adjustment (value of pension earned in 2012)**
- **Approx. New RRSP Contribution Room for 2013**

* according to the government formula for purposes of New RRSP Contribution Room calculation

Article 42.06 of the CUFA Collective Agreement

Members who receive their full pension and whose pension under the terms of the Registered Plan is affected by the maximum pension rules for years of Credited Service on or after January 1, 2003 shall automatically be entitled to a pension under the terms of the Supplemental Retirement Pension plan (SRP) for those years of Credited Service, as described in Appendix 2.

Contributions to pension after 65

	11/01/18 Female	11/01/21 Female	11/01/21 Male
Aggregate contribution made after age 65	\$ 16,537.50	\$ 33,075.00	\$ 33,075.00
Factor for conversion of contributions	14.481887	13.466382	12.556253
Pension from the contribution made after 65 (G10)*	\$ 1,141.94	\$ 2,456.12	\$ 2,634.15
Reval. annual pension plus pension from cont. (G10)	\$ 67,525.69	82,385.68	\$ 82,993.45

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