



Concordia University Part-time Faculty Association

Association des professeur(e)s à temps partiel de l'Université Concordia

**PENSION PLAN FOR EMPLOYEES OF CONCORDIA UNIVERSITY
GENERAL INFORMATION FOR PART-TIME FACULTY**

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Sources: Information in this document has come Concordia Pension Services website, from the legal documentation "Pension Plan for the Employees of Concordia University" last updated on 1 July 2013, from pension statements, and from the websites for QPP & CPP. This document was prepared by CUPFA and not by Concordia Pension Services.

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WHAT IS THE PENSION PLAN FOR EMPLOYEES OF CONCORDIA?

It is a worry-free way to save for retirement. It provides **benefits that are defined*** ahead of time based on a set formula using your pensionable earnings and years of credited service.

As a result, your benefits are guaranteed and protected, regardless of economic or market conditions. Investment returns do not affect your **defined benefits***. The University is responsible for ensuring that the plan is sufficiently funded to provide the pension benefits that you earn under the plan.

Once you have earned enough in a calendar year to become eligible, you are automatically enrolled as a non-contributory member. This means you build retirement income under the plan without having to pay a cent!

Once you are enrolled in the plan, you can also request to become a contributory member. Why? You increase your benefits from the plan and your contributions are tax deductible!

A very detailed website has been created by the Human Resources Department at Concordia to answer many frequently asked questions about the Concordia Pension Plan and retirement planning in general.

<http://www.concordia.ca/hr/benefits/pension/>

*There are two kinds of pension plans, defined benefit and defined contribution.

A defined benefit pension plan stipulates what your monthly lifetime pension will be ahead of time based on your pensionable earnings and years of service. Your monthly payments are guaranteed by the employer. The employer bears the risk of a shortfall in investment results. This is the kind of plan we have at Concordia University.

In contrast, a defined contribution pension plan means that on your retirement you receive a lump sum equivalent to your accumulated pension (the "commuted value" of your pension) and from that point forward you assume personal responsibility for investing your pension savings, and you bear the risk of any shortfall in your investments. An article in The Economist magazine published on 7 April 2011 ("Over to You" from special issue on Pensions) estimates that pensioners tend to fare considerably worse with defined contribution pension plans compared to defined benefit plans.

According to Statistics Canada, 94% of members of public sector (government) pension plans have defined benefit plans with most of the balance having defined contribution plans. In contrast about 56% of members of private sector pension plans have defined benefit plans, about 27% have defined contribution plans and about 16% have hybrid plans, often reflecting companies that have switched from defined benefit to defined contribution plans.

ELIGIBILITY AND ENROLMENT

	Non-Contributory	Contributory
Eligibility:	*To join the plan you must work 700 hours within a calendar year, or earn 35% of the yearly maximum pensionable earnings (YMPE) within a calendar year. The YMPE is \$53,600 for 2015 (more on YMPE below). So for 2015 you would have to earn \$18,760 of pensionable earnings.	
Pensionable earnings are used to calculate your eligibility for, contributions to and benefits from the plan.	Pensionable earnings: Contract salary for teaching, contract salary for committee work and large class stipends. Earnings that are not pensionable: Vacation pay, royalties from coursepack sales, course cancellation fees.	
How to enrol:	Part-time faculty are automatically enrolled on January 1 of the year after they qualify. You remain enrolled <i>even if you reduce your workload</i> in later years.	You can change your membership status to contributory as of 1 January of any year after you become a member. Send a signed form (ask for it by email) to Pension Services by the end of November of the preceding calendar year.
Employees Contribute:	\$0	4.5% of pensionable earnings up to the YMPE. PLUS 6% of any pensionable earnings in excess of the YMPE. Contributions are made by regular payroll deductions. <i>Your contributions are tax deductible, subject to limits set by the Income Tax Act and Regulations.</i>

*Eligibility requirement based on Quebec Pension Legislation (Supplemental Pension Plan Act). The YMPE is the maximum earnings from employment on which C/QPP contributions & benefits are calculated. The YMPE is based on average wage levels and changes every year. See pages 11 and 12 for more information on YMPE & C/QPP benefits.

IMPORTANCE OF BECOMING A CONTRIBUTORY MEMBER

Belonging to the contributory plan can mean nearly twice the pension compared to belonging to the non-contributory plan.

Examples of Pension Accumulation by teaching 40 courses over 20 years:

Suppose you teach an average of 2 courses per academic year. By re-arranging your workload in the first year so that you have 3 courses in a calendar year, you can qualify. If you never qualify, you can never accumulate a Concordia pension.

	Teaching 2 courses per calendar year for 20 years. Never earning enough to qualify in any one calendar year.	Non-Contributory Earnings sufficient to qualify in year 1. Never applies for contributory membership.	Contributory Earnings sufficient to qualify in year 1. Applies for contributory membership.
	Pension Earned under each of 3 situations*: (*Amounts approximate. Before 2001 rules were different.)		
Year 1:	No pension earned.	No pension earned in qualifying year.	No pension earned in qualifying year.
Year 2:	No pension earned.	Pension starts to accumulate under <i>non-contributory membership</i> .	Pension starts to accumulate under <i>contributory membership</i> .
Years 3-20:	No pension accumulates. Always teaching 2 sections per calendar year.	Pension continues to accumulate while teaching about 2 sections per year.	Pension continues to accumulate while teaching about 2 sections per year.
At Year 21: Lifetime monthly pension	\$0	\$195	\$350

** Example is based on 1992-2011 data. Before 2001 membership required 2 consecutive years earning 35% of the YMPE. Prior to 1990 part-time faculty could not contribute to the plan. CUPFA only became a union in 1989. Your contributions to a private pension plan do reduce the maximum you can contribute to your RRSP.*

IMPORTANT: Once you become a member of the pension plan you remain one even if your workload is reduced in later years. Once you join the contributory plan you continue to accumulate benefits as a contributory member, even if your workload is reduced in later years!

HOW YOU ACCUMULATE BENEFITS

The calculation of how you accumulate benefits is based on your years of credited service and your final average earnings. Benefit payments are monthly.

YEAR OF CREDITED SERVICE (YCS) is your pensionable earnings from a given calendar year divided by the deemed salary for a full-time "Step A1 lecturer" (first year LTA) for a given calendar year under the CUFA collective agreement. The rationale for this is that a part-time faculty member is not working a full-year's teaching load.

Pensionable earnings include earned salary for teaching and committee work and large class stipends, but excludes vacation pay, course cancellation fees and royalties for coursepacks. For 2015-2016 the deemed salary for a full-time lecturer was \$60,180.

If you earned \$60,180 or more in 2015, you would accumulate one year of service. You cannot accumulate more than a year of service in a calendar year.

Sample Calculation of a Year of Service:

If you taught 3 courses at \$7865 in 2015 then $\$7865 \times 3 = \$23,595$.
Your year of service earned in 2015 would be
 $\$23,595$ divided by $\$60,180 = 0.4$ of a year of service.

FINAL AVERAGE EARNINGS (FAE)

The highest three (3) consecutive calendar years of earnings in the history of your employment at Concordia.

For CUPFA members each of those 3 consecutive years of earnings is counted separately as the **GREATER** of:

Your actual earnings, **OR** the annual salary for a CUFA Step A1 lecturer.

Sample Calculation of Final Average Earnings:

If you were going to retire in 2015, and your highest 3 consecutive years happen to have been from 2013 to 2015, then:

YEAR	Your actual earnings	Annual salary for Step A1 Lecturer	Counted for Final Average Earnings
2013	\$24,000	\$56,652	\$56,652
2014	\$32,000	\$59,000	\$59,000
2015	\$61,000	\$60,180	\$61,000
Your final average earnings is the average of the last column:			\$58,884

HOW BENEFITS ARE CALCULATED: THE PENSION FORMULA

	NON-CONTRIBUTORY	CONTRIBUTORY
Until age 65:	<p><u>For each year of service before 1 January 2008:</u> 1.1% x Final Average Earnings</p> <p><u>For each year of service from 1 January 2008:</u> 1% of Final Average Earnings.</p>	<p>For each year of service as a contributory member: 2% x Final Average Earnings</p>
From age 65:	<p><u>For each year of service before 1 January 2008:</u> 1.1% x final average earnings MINUS 0.25% of the lesser of the Final (3-year) Average YMPE and your Final Average Earnings.</p> <p><u>For each year of service from 1 January 2008:</u> 1% of your Final Average Earnings, MINUS 0.25% of the lesser of the Final (3-year) Average YMPE and your Final Average Earnings.</p>	<p>For each year of service as a contributory member: 2% x Final Average Earnings MINUS 0.5% x <u>the lesser of</u> the Final (3-year) Average YMPE and your Final Average Earnings</p>

The higher payout for retiring prior to age 65 is an incentive for early retirement. It is called a *bridging pension*. If you retire before age 65, **the payout drops automatically when you turn age 65** because that is the normal retirement age for QPP. This will happen even if you delay receiving QPP. The pension cannot exceed certain limits set by the Income Tax Act and Regulations. See Concordia's Pension website for full details.

The benefits are additive:

If you worked for 20 years and the first 2 years you were not covered by the pension plan, and then in the next 2 years you were a non-contributory member, and the remaining 16 years you were a contributory member, then you would get the sum of 2 years accumulated pension as a non-contributory member plus 16 years accumulated pension as a contributory member.

Once you begin to receive your pension, limited cost of living increases may apply: There are 3 possible inflation adjustments based on the annual % increase in Canada's Consumer Price Index (CPI) provided plan funding is adequate. If inflation is above 2%, an automatic adjustment of CPI-2% may apply. If inflation is low, an adjustment of up to the first 2% of CPI may apply. In addition, ad hoc inflation indexation may also apply. The fund is analyzed every June 1st to see if funding is adequate.

SAMPLE PENSION CALCULATIONS IF DRAWING PENSION IN 2015

Years of service are what you accumulate over the entire period you are a member of the plan. In the examples below we assume 5 years of service have been accumulated at the point of drawing pension.

In 2015 Final Average Earnings = \$58,884

Suppose your highest 3 years of earnings were as shown in the example at the bottom of page 5.

In 2015 the 3-year average YMPE is \$52,067. YMPE is the Yearly Maximum Pensionable Earnings set by the Government which was \$50,100 for 2013, \$52,500 for 2014 and \$53,600 for 2015. Since this is less than the final average earnings, this is the figure used for benefits calculation at age 65 or higher.

Non-Contributory member, between ages 55 and 64, 5 years of service:

You would receive 10 years x 1% of \$58,884 = $5 \times .01 \times 58,884 =$ **\$2,944** in benefits for your first year of drawing pension. (Your pension will be reduced at age 65 to harmonize with QPP or CPP as explained at the bottom of page 6.)

Contributory member, between ages 55 and 64, 5 years of service:

You would receive 5 years x 2% of \$58,884 = $5 \times .02 \times 58,884 =$ **\$5,888** in benefits for your first year of drawing pension. (Your pension will be reduced at age 65 to harmonize with QPP or CPP as explained at the bottom of page 6.)

Non-Contributory member, age 65 or higher, with 5 years of service:

You would receive 5 years x 1% of \$58,884 MINUS 0.25% of the average YMPE = $(5 \times .01 \times 58,884) - (.0025 \times \$52,067) =$ **\$2,814** in benefits for your first year of drawing pension. There may be minor cost of living increases in later years (p.6).

Contributory member, age 65 or higher, with 5 years of service:

You would receive 5 years x 2% of \$58,884 MINUS 0.5% of the average YMPE = $(5 \times .02 \times 58,884) - (.005 \times \$52,067) =$ **\$5,628** in benefits for your first year of drawing pension. There may be minor cost of living increases in later years (p.6).

To Change your Membership Status to Contributory or Non-Contributory:

Just go to <http://www.cupfa.org/publications/pension-information/> . The Contribution Status Change form is the second document on that page. You can also find the form on Cspace at the **pension @ccess** link (Cspace/Services/Human Resources/Visit Pensions/related links). Sign and send it to Pension Services S-FB-1130. The deadline is 30 November of the year before it takes effect.

Considerations for being a contributory member: You pay 30% of the required contribution to your pension out of your salary. This will somewhat lower your RRSP contribution limit but your taxes will be reduced. More importantly you will accumulate DOUBLE the benefits. As well, once you retire, pension benefits are a safer form of income than income from your RRIF (matured RRSP).

PLANNING FOR A BENEFICIARY

If you have a spouse

Your surviving spouse is automatically your beneficiary for all the benefits you earned under the plan, whether you die before or during retirement.

However, you may designate someone else, if your spouse waives his or her right to benefits in writing. Your spouse may revoke this waiver at any time before pension payments begin or prior to your death if pension payments have not yet begun. In addition, a waiver does not take away your spouse's right to a potential division of the accumulated amounts in the event of a separation or divorce.

If you do not have a spouse

You may designate anyone you wish as the beneficiary for survivor benefits in the event of your death before or during retirement.

If there is no valid beneficiary, your estate will receive the survivor benefits, if any.

Changing your beneficiary

You may change your beneficiary anytime before you retire, except where prohibited by law. To do so, send a signed Beneficiary Designation Form to Pension Services. The form is not available on line because it is actually a card. You may request the form/card by emailing: pensions@concordia.ca or you can pick up the form at their offices: S-FB-1130.

If you die before drawing your pension, the commuted value of your plan (or of 120 monthly payments) is paid in a lump sum to your beneficiary. See section 10.1 of the plan.

If you die after starting to draw pension: There are 2 ways to provide for your spouse or beneficiaries in the event of your death, the Guaranteed Life Annuity and Joint & Survivor Annuity. How these provisions work is described on the next page. Whichever of the options you choose, once you begin to draw pension there are no changes possible and if your beneficiary passes away, the benefits cannot be transferred to another person.

Each of these 2 methods means you will receive reduced benefits because the funds accumulated for your pension must now stretch to cover more than just you. The amount by which your benefits would be reduced depends on actuarial factors like your age and age of your spouse, and the extent of the provisions you choose. If you have a spouse or beneficiary, your pension statement shows a built in reduction of benefits assuming a 10-year Guaranteed Life Annuity, but the reduction for the Joint & Survivor Annuity is only calculated at the time you draw pension.

A calculator for reduction for Joint & Survivor options based on your most recent pension statement is now available at the Pension@ccss link.

PAYMENT OPTIONS

Your pension is guaranteed in the event of your death so that your beneficiaries or estate continue to receive payments for the remainder of the guaranteed period. The total amount of pension benefit you will receive is the same regardless of payment option. But the size of your monthly pension check will depend on which option you choose. (see Concordia's Pension website under "Forms of Payment".)

<p style="text-align: center;">Guaranteed Life Annuity (if you do not have a spouse or your spouse waives all survivor annuity options)</p>	<p style="text-align: center;">Joint and Survivor Annuity with Guarantee (available only if you have a spouse)</p>
<p><i>You will receive a monthly pension for the rest of your life equal to the amount shown on your pension statement. Your estate will receive a lump sum of whatever benefits remain if you die before the end of the guarantee period.</i></p> <p><i>The guarantee period starts on the day you start to draw your pension. Guarantee is for your choice of 5, 10 or 15 years. The default guarantee period is 10 years and this assumption is built into your pension statement.</i></p> <p><i>e.g., If you have the 10 year guarantee, and you pass away 6 years after retirement, your beneficiary or estate receives a lump sum corresponding to 4 years of benefits.</i></p> <p><i>If you die after the guaranteed period ends, your beneficiary or estate receives nothing.</i></p>	<p>Unless your spouse waives the right to this at the time you retire, you will receive a permanently reduced monthly pension (lower than what is shown on your pension statement) for the rest of your life. This is so that your surviving spouse can receive your choice of 50%, 60%, 66-2/3%, 75% or 100% of your (reduced*) pension, for the rest of his or her life after your death. This is accompanied by a 5 or 10 year guarantee.</p> <p><i>e.g., If your spouse is 10 years younger than you, it might make sense for you to take a reduced pension. If your spouse is 10 years older than you, it might make sense for your spouse to waive survivor benefits.</i></p> <p>The amount of reduction in your pension depends on actuarial assumptions that include interest rates at the time you retire, your age, your spouse's age, as well as the payment and guarantee options you choose.</p> <p>You can choose payments to be guaranteed for 5 or 10 years. If you die before the guaranteed period ends, your spouse will receive 50%, 60%, 66-2/3%, 75% or 100% of your (reduced*) pension depending on which of these you chose.</p> <p><u>As an exception</u>, if you chose the 60% option with the 10 year guarantee (the default option), then 100% of your (reduced*) pension will be paid to your spouse for the remainder of the guaranteed period.</p>

* Article 10.6 (a) of the Pension Plan for the Employees of Concordia University: "... a lifetime pension of 60% of the pension *that is paid to the Member.*"

HOW JOINT AND SURVIVOR PAYMENT OPTIONS WORK

(Source: Pension Services website, Pension Plan document, QPP website.)

Default Option: 60% survivor benefits with 10 year guarantee

Suppose that you retire at age 65 and that you are entitled to a pension of \$1000 per month that would not be a joint and survivor's pension. This is your unreduced pension and it is this amount which appears on your Pension Statement.

Now assume instead that you have a spouse and he or she has not renounced a survivor's pension, and you have chosen the default option of 60% survivor benefits with a 10 year guarantee.

Assume that in your case this would require a 10% reduction in your unreduced pension. Then you will receive a pension of \$900 per month for as long as you live. This is your reduced pension.

If you die before the guaranteed period ends your spouse will be entitled to \$900 per month (your reduced pension), until the end of the guaranteed period. After the end of the guaranteed period, your spouse will receive 60% of \$900 per month or \$540 per month for the rest of his or her life. (Article 10.6 (b) of the plan.)

Joint and Survivor Options other than Default

If you choose a form of payment other than the default option, e.g., 50% survivor's benefits with a 5 year guarantee, then:

Assume that in your case your unreduced pension is \$1000 per month, and the chosen form of payment requires a 10% reduction in your unreduced pension, or \$900 per month. Then if you die *before or after* the guaranteed period ends, your spouse will receive 50% of \$900 or \$450 per month for the rest of his or her life. (Articles 10.6 (a) and 13.2 (b) of the plan.)

You can also choose, if you have a spouse, to have just a Guaranteed Life Annuity without a lifetime Joint & Survivor Annuity. This would mean instead of a survivor's lifetime pension for your spouse, the remaining payments under the guaranteed period paid would be paid to as a lump sum in the event you die before the end of the guaranteed period.

If your spouse renounces rights to both a survivor's pension and the guaranteed life annuity: Upon your death, your spouse receives nothing, but your designated beneficiary (*perhaps your children or estate*) will receive a lump sum corresponding to the remaining payments under the 5 or 10 year guarantee. If both you and your spouse die before the guarantee period ends, the beneficiary or estate of the second to die receives a lump sum corresponding to the remaining payments under guarantee. If you die after the guarantee period, your beneficiary or estate receives nothing.

NOTE: *These examples do not cover the full complexities of every situation. Decisions about forms of payment must be made at time of retirement and cannot be changed once payments have started. If you are close to retirement, Pension Services will send you with personalized projections. (e.g., with 4% interest rate, original pension estimated as 15 to 20 years, a 60% survivor pension might require a 12-15% reduction in benefits shown on your pension statement.)*

WHEN I LEAVE CONCORDIA, WHAT HAPPENS TO MY PENSION?

This falls under the heading "TERMINATION BENEFITS". If you leave Concordia for reasons other than retirement or death, your plan membership will end. You will receive a statement showing, among other things, the "commuted" value of your benefits and the settlement options available to you. Here's a summary of the benefits payable, depending on your age when you leave the University.

Small Amounts Accumulated For amounts less than 20% of the YMPE in year of termination, it will simply be paid out and taxed.

If you are under age 55

You will be entitled to a deferred retirement pension payable at age 65, based on your credited service. You may also receive an actuarially reduced pension (reduced because your pension must be paid out over a greater number of years) as early as age 55. *Therefore you receive more pension if you defer receiving it until age 65.*

The portion of your benefits earned during your years of membership after January 1, 2001, will be indexed from your termination date up to age 55. The indexation will be equal to 50% of the increase in the Consumer Price Index, up to 2% per year.

Rather than receive a deferred pension, you may transfer the value of your pension to:

- a prescribed retirement savings arrangement (usually a LIRA, LIF or LRSP*) held by the ex-employee with an investment advisor or broker, regardless of where you work next;
- another registered pension plan, *if that plan accepts it*; or
- an insurance company to purchase a life annuity (see Glossary for definition).

If you are age 55 or over

You will be considered to be retiring from the University and will be entitled to retirement benefits. Again by deferring receipt of pension to age 65 you can avoid the actuarial reduction that would otherwise occur. If you defer to an age later than 65, then any reduction in your pension due to spousal benefits would be less because your expected future pension would be spread out over fewer years.

How do I transfer pension funds if I work elsewhere when I leave Concordia?

Contact the HR department of your next employer to see which of the above 3 possibilities will apply. They should be able to guide you as to the steps to take.

**LIRA, LIF or LRSP: Locked-in retirement account, or Life Income Fund, or Locked-in Retirement Savings Plan. Funds held inside a locked-in account will normally only become available (or "unlocked") to holders upon retirement. See Glossary for definitions and explanations.*

WHAT IF THERE IS A GAP IN MY EMPLOYMENT?

Right now, according to the way the Pension Plan is written (but not our Collective Agreement), part-time employment for the purposes of the Pension Plan is considered to have terminated on 31 December of any calendar year in which a member has not received employment income from Concordia.

The University will then send such a member a letter and ask if the pension benefits should be terminated (in which case you cash out your benefits), or if the pension benefits are to remain in the plan on the expectation that the member will work for the University again at some point in the future.

Be aware if you terminate your pension benefits it means you have left the plan permanently. If you get another teaching contract in another year, you would have to re-qualify all over again to become eligible for the pension plan by working 700 hours in a calendar year. The rules about qualifying are a Provincial law.

You must answer this letter from the University in writing - either by letting them know you want to stay in the plan, or sending in a form to indicate which way you want your benefits to be handled on termination. If you email them that you wish to keep your accumulated benefits in the plan, keep all the correspondence.

We very strongly suggest that you remain in the pension plan whenever you can. Your seniority does not expire until 32 months have passed since the end of your last teaching contract. Having to re-qualify to get into the pension plan would further set back your benefits. Only if you expect to never again work at Concordia should you cash out your benefits.

DOES THE UNIVERSITY SEND OUT OTHER SUCH LETTERS?

If you turn 65, the University will NOT send you a letter. While this is the normal retirement age, it's not the MAXIMUM retirement age. If you want to start **drawing your pension while continuing to teach**, you should **use those words** and give the university 3-months notice that you wish to do so. If you use the word "retire" it means you intend never to work for the University again.

If you turn 71, the University will send you a communications package around September of that year as you will have to start **drawing your pension** no later than 1 December of the year in which you turn 71. Again if you wish to continue teaching, **say you want to draw your pension while continuing to teach**. **Never use the word retire** unless you intend never to work for the University again.

WHAT YOU NEED TO RETIRE

Guidelines for what you need to retire according to QPP website

To maintain your standard of living after retiring, you will require at least 70% of your gross yearly employment income. If your average yearly earnings are \$45,000 and you retire at age 65, the public plans will probably replace about 40% of this amount. The rest will have to come from your private pension plan or personal savings. It is strongly recommended to acquire professional financial advice to plan your retirement. Contact your bank, investment company or life insurance broker to consult with a professional financial advisor.

Quebec Pension Plan (QPP) & Canada Pension Plan (CPP) or (C/QPP)

The Quebec Pension Plan and the Canada Pension Plan are very similar, but not identical. The amount of the benefits under C/QPP will be based on your employment income recorded under both plans and the law controlling the plan that pays your benefits. Payments are adjusted annually to *keep up* with inflation.

The C/QPP provides lifetime retirement income based on your retirement age and the year's maximum pensionable earnings. Benefits normally begin at age 65, but you can choose to receive reduced benefits as early as age 60 or as late as age 70, provided you meet certain eligibility requirements. Your benefits will be reduced by 7.2% per year that you retire before age 65 and increased by 8.4% for each year after age 65. If you work to age 70, benefits can be 42% higher than at age 65.

The monthly C/QPP benefit is calculated as 25% of your average lifetime monthly pensionable earnings from age 18 onward. Some low earning years can be left out of the calculation. (See Glossary about Contributory Period for more information.) The maximum monthly C/QPP benefit is 1/12th of the average YMPE over the last 5 years before you retire including your retirement year. Earnings greater than the YMPE are not pensionable for C/QPP. Because most people earn less than the YMPE for a number of years, most people do not earn the maximum C/QPP benefit. There is a link to a calculator for QPP benefits on the last page.

Old Age Security (OAS)

The OAS benefit is a lifetime, flat-rate pension payable at age 65, provided you meet certain residence and other requirements. OAS is adjusted every three months according to changes in the Consumer Price Index. You can apply for OAS six months before you turn 65. New law as of 1 July 2013 says **you can delay the start of your OAS for up to 5 years. In return you payouts get bumped up by 7.2% for every year you defer.** That means you'll get fewer payouts over your lifetime, but they will be bigger. Also, if your net income after age 65 exceeds a certain level (\$71,592 in 2015), the excess is taxed at 15% up to your full OAS amount. OAS benefits are reduced at the time of payment to reflect this **clawback**. For individuals with a net income exceeding about \$116,103 in 2015, the OAS pension would be zero since the full OAS amount would be taxed back.

THE CONCORDIA PENSION PLAN, QPP, CPP and OAS

	Concordia Pension Plan	Quebec Pension Plan	Canada Pension Plan
Earliest age you may start to receive benefits:	The first day of any month within 10 years preceding age 65.	Age 60 with reduction and must meet eligibility requirements.	Age 60 with reduction and must meet eligibility requirements.
		*If you retire in 2015 at age 60 you will receive a <i>maximum</i> of \$707.16/month.	
	<i>Benefits accumulate until you choose to retire. Therefore, the later you retire, the higher your benefits will be. For QPP and CPP, it can be possible to accumulate up to 30% more benefits by working until age 70.</i>		
Normal retirement age:	Age 65.	Age 65.	Age 65.
		*If you retire in 2015 at age 65 you will receive a <i>maximum</i> of \$1065/month.	
Latest age you may start to receive benefits:	December 1 st of the year you reach age 71.	December 1 st of the year you reach age 71.	December 1 st of the year you reach age 71.
		*If you retire in 2015 at age 70 or older the <i>maximum</i> is \$1,512.30/month.	
When to apply:	Apply by EMAIL or IN WRITING to Pension Services <i>three (3) months</i> before you wish to begin to <u>draw your pension</u> .	Apply 1 to 3 months prior to the month you wish to receive benefits.	Apply at least one month past the day of your 59 th birthday and 11 months before you want benefits to begin.

**Most people do not earn the full maximum QPP benefit. See previous page.*

Can I collect my Concordia Pension Plan but not collect QPP or CPP?

Yes. The Concordia and other private pension plans are coordinated with QPP and CPP, but they are independent of each other.

You should also apply for Canada's Old Age Security (OAS) regardless of which province you retire in. You can begin receiving OAS at age 65. For every month beyond age 65 that you defer receiving OAS your benefit will increase by 0.6% (or 7.2%/year). The maximum OAS benefit for 2015 was \$564.87 per month. See page 12.

You may also be eligible for the ***Guaranteed Income Supplement (GIS)***. See information links on last page regarding OAS and GIS.

GLOSSARY OF TERMS

Not all the terms listed below are in the text of this document but you may run into these terms when using the links at the end of this document to find more information.

Commutated Value (CV) of your Pension The CV is a lump sum payment representing the present value of a member's accrued pension. In layman's terms, the CV represents how much money you would have to invest today to pay your future monthly pension. The CV goes by many names: transfer value, lump sum value, and actuarial present value. Calculation is based on actuarial factors such as your age and the interest rate at the time you retire.

Consumer Price Index The Consumer Price Index (CPI) is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers.

Contributory vs Non-Contributory Membership in Pension Plan Once you have earned enough to become a member of the pension plan (see page 4) you are automatically enrolled as a non-contributory member. However you can change your membership status to contributory (or back to non-contributory) in any year after becoming a member. To change your membership status see instructions on page 6.

Contributory Period for Quebec & Canada Pension Plans (C/QPP) The total span of time during your life when you *may* contribute to the C/QPP is called your contributory period. It is used in calculating your C/QPP benefits. Your contributory period begins when you reach age 18 or January 1966 (the start of the C/QPP) and continues until you begin receiving your Canada or Quebec pension, reach age 70 or die (whichever is the earliest). To protect you, some low-income periods will be dropped out of the calculation, such as:

- months for which either a *disability pension* under the C/QPP or an *unreduced income replacement indemnity* from the Commission de la santé et de la sécurité du travail (CSST) was paid
- starting in 1966, the months for which *family benefits from Québec or Canada* for a child under the age of 7 were paid or the months during which the contributor was eligible for such benefits but none were payable
- the months during which your earnings were the lowest (up to 15% of the period).

Dropping out periods of low earnings *increases* the amount of your benefit.

Deemed Salary for Full-Time Faculty at Concordia You can look up what the deemed salary for a full-time lecturer (probationary full-time faculty, salary Step A1) on the CUFA Collective Agreement which you can find on Concordia's Human Resources (HR) website in Cspace. This is part of how we calculate a year of credited service for the pension plan at Concordia University.

Defined Benefit Pension Plan A defined benefit pension plan stipulates what your monthly lifetime pension will be ahead of time based on your pensionable earnings and years of service. Your monthly payments are guaranteed by the employer. The employer bears the risk of a shortfall in investment results.

Defined Contribution Pension Plan A defined contribution pension plan means that on your retirement you receive a lump sum equivalent to your accumulated pension (the “commuted value” of your pension) and from that point forward you assume personal responsibility for investing your pension savings, and you bear the risk of any shortfall in your investments.

Draw Your Pension These are the words you use when you want to start receiving your Concordia Pension. Do not say you want to “retire” unless you are absolutely certain you will no longer be working for the University in any capacity whatsoever.

Final average earnings The highest three (3) consecutive calendar years of pensionable earnings in the history of your employment at Concordia. For CUPFA members this is the GREATER of the average of the highest 3 consecutive years of annualized CUPFA salary (6 x salary for 3 credit course) **OR** the highest 3 consecutive years of a CUFA Step A1 lecturer’s salary. Your pension benefits are calculated based on your final average earnings times your years of credited service.

Final Average YMPE This is the average YMPE over the last few years before you retire including your retirement year. YMPE is defined below. This is part of the Pension Formula and is a consideration if you retire at age 65 or later. (For the pension plan at Concordia the Final Average YMPE is calculated over 3 years. For QPP it is calculated over 5 years.)

Financial Advice Professional financial advice is usually available free of charge from your bank, investment company or life insurance company. You can also sometimes find a professional financial advisor by word of mouth and in some cases you can pay by the hour.

Locked-In By Federal and Provincial law, if you terminate employment for reasons other than retirement or death, members or former members of private pension plans may not cash in the commuted value of benefits earned in a private pension plan. The funds must be transferred to Locked-In Retirement Account (LIRA) until you retire. Funds inside the LIRA may accumulate earned interest or dividends but withdrawals are not permitted until retirement. At retirement, the funds within the LIRA must then be converted into an income generating product or account such as a Life Annuity or Life Income Fund (LIF). The reason for this requirement is to ensure that a plan member’s pension entitlement is used for the purpose originally intended, which is to provide income in retirement for that person, and where applicable that person’s spouse. (An RRSP is not suitable for such transfers because funds within an RRSP can be withdrawn at any time.) There are limited exceptions to this requirement. These include:

- o The amount of pension payable at the pension plan’s normal retirement age or the commuted value payable from a pension plan falls below prescribed limits;
- o The balance in a locked-in RRSP or LIF falls below prescribed limits.

"LIRA" Locked-In Retirement Account (Compte de retraite immobilisé CRI) or "LRSP" Locked-in Retirement Savings Plan - names vary by province:

A type of registered retirement savings alternative that locks in the pension funds in investments until retirement or age 71. While the funds are locked in, they are unavailable for cash-out. At retirement or age 71 pension funds in a LIRA or LRSP are used to purchase a Life Annuity or transferred to an income generating account such as a Life Income Fund

(LIF) or a Locked-in Retirement Income Fund (LRIF). (LRIF is same as LIF, names of funds vary by province.) Upon reaching the retirement age, the Life Annuity, LIF or LRIF provide a pension for life.

Life Annuity or Annuity (rente ou une rente viagère) This is an investment product offered by *life insurance companies*. You can invest in it by making installment payments over time or you can purchase it with a lump sum amount. Based on the amount invested, a life insurance company makes guaranteed regular income payments to an investor that contain both interest and a return of principal. Annuity payments can continue for the lifetime(s) of one or two people, or for a chosen period of time. There are tax implications for purchasing annuities so, as with all retirement decisions, professional advice should be sought out before making a purchase.

"LIF" Life Income Fund (Fonds de revenu viager FRV) or "LRIF" names vary by province: This is a type of locked in retirement account (LIRA) that is used to hold private pension funds, and eventually pay out retirement income. Funds inside a LIF cannot be withdrawn in a lump sum; rather, owners must use the fund in a manner that supports retirement income for their lifetime. Each year's Income Tax Act specifies the minimum and maximum withdrawal amounts for LIF owners, which takes into consideration the LIF fund balance and the owner's annuity factor. (The annuity factor takes into account actuarial details such as age of LIF owner and interest rates.)

"RRIF" Registered Retirement Income Fund (FERR fonds enregistré de revenu de retraite) By law, individuals who hold RRSPs, Spousal RRSPs and Group RRSPs are required to close these plans no later than the last day of the year in which they turn 71. Many individuals choose to transfer these RRSP assets to a RRIF or Spousal RRIF. The RRIF pays out a prescribed mandatory minimum payment each year, but there is no maximum annual withdrawal limit. All withdrawals are taxable. If you withdraw more than the prescribed minimum amount the tax on the excess amount will be withheld at source.

Retire The University interprets this word to mean you are *permanently leaving the employ of Concordia University* and are of pensionable age and entitled to Pension Benefits. CUPFA recommends you instead tell the University you wish to *draw your pension* rather than retire.

Year of Credited Service (or just "Year of Service") This is *your pensionable earnings* from a given calendar year *divided by* the *deemed salary for a full-time lecturer* for a given calendar year under the CUFA collective agreement. Your pension benefits are based on your final average earnings times your years of credited service. **Pensionable earnings** counted for your years of service calculation include contract salary for teaching or committee work and large class stipends, but does NOT include vacation pay, royalties from coursepack sales or course cancellation fees.

Yearly Maximum Pensionable Earnings (YMPE) - maximum des gains ouvrant droit à une pension. The maximum earnings for which contributions can be made to the Canada Pension Plan / Quebec Pension Plan (earnings ceiling) during the year. Increases from year to year in YMPE reflect a CPP legislated formula that takes into account the growth in average weekly wages in Canada.

INFORMATION RESOURCES

There is much more to know about pensions. Here are some resources to get you started.

Concordia Pension Plan Documentation:

Search "Concordia Pension Plan" at the main Concordia website www.concordia.ca. A link to a PDF copy of the full legal text of the *Pension Plan for the Employees of Concordia University* will come up as well as a link to the Pension Services website.

The Pension Services website: <http://www.concordia.ca/hr/benefits.html>

summarizes the key details of the pension plan and even covers many aspects of general personal retirement planning.

pension@ccess link (Cspace/Services/Human Resources/Visit Pensions/related links). Use this to access all your personal pension information as well as the forms to change your contribution status or beneficiary. If you haven't used the **pension@ccess** link before click on User Guide. Note: the pension calculator for joint & survivor reductions is now active, but the calculator cannot project forward for CUPFA members because our employment fluctuates.

Concordia's Pension Services Office: S-FB-1130 visit their offices to pick up and sign card to change beneficiary designation. Otherwise email: pensions@concordia.ca to have forms sent to you or ask general questions.

Your Concordia Annual Pension Statement also contains useful

information: To access your statement use the **Pension @ccess** link (Cspace/Services/Human Resources/Visit Pensions/related links). ***IMPORTANT: If you are logging onto Pension @ccess for the first time,*** do not try using your usual netname and password. Instead read the instructions in the User Guide before signing in.

Yearly Maximum Pensionable Earnings (YMPE):

You can look up the YMPE as published by the Government of Canada. Just Google it mentioning the year you are interested in or try the following link.

<http://www.servicenl.gov.nl.ca/pensions/ympe.html>

ANNUAL ORIENTATIONS:

CUPFA expects to have periodic orientation meetings on benefits including retirement, pension, health plan, parental leave, etc. Members will be notified when these meetings are scheduled.

Concordia Pension Services also holds an annual information meeting on the Pension Plan for the Employees of Concordia University which is usually held in September.

Concordia Employee Assistance Program (EAP) annually holds a series of two lunchtime seminars on retirement. These are usually held in the spring. Part I is "A Focus on Lifestyle" . Part II is on *"Financial Planning for Retirement given by a*

representative from the Insurance industry. You can register on-line through Employee Assistance Program at the main Concordia website or email Nina Peritz at Nina.Peritz@concordia.ca for information.

Quebec Pension Plan: (514) 873-2433 or 1-800-463-5185

http://www.rrq.gouv.qc.ca/en/retraite/rrq/Pages/calcul_rente.aspx

QPP Statement of Participation -To calculate your benefits

http://www.rrq.gouv.qc.ca/en/services/services_en_ligne/Pages/releve_participation.aspx

Government of Quebec publications on QPP:

http://www.rrq.gouv.qc.ca/en/services/publications/regime_rentes/Pages/regime_rentes.aspx

QPP Link on Joint and Survivor Benefits:

http://www.rrq.gouv.qc.ca/en/retraite/rcr/rcd/prendre_retraite/Pages/forme_rente.aspx

QPP Link on LIRA and LIF:

http://www.rrq.gouv.qc.ca/en/retraite/source_revenus_retraite/regimes_prives/Pages/rcr.aspx

Canada Pension Plan: 1-800-622-6232

<http://www.servicecanada.gc.ca/eng/services/pensions/cpp/retirement/index.shtml>

Service Canada publications on CPP:

<http://www.servicecanada.gc.ca/eng/services/pensions/cpp/publications/index.shtml>

Old Age Security - General Info and Changes to OAS: 1-800-277-9914

<http://www.servicecanada.gc.ca/eng/services/pensions/oas/index.shtml>

Guaranteed Income Supplement (GIS): 1-800-622-6232

<http://www.servicecanada.gc.ca/eng/services/pensions/oas/gis/index.shtml>

The Guaranteed Income Supplement provides additional money, on top of the Old Age Security, to low-income seniors living in Canada. To be eligible for the GIS benefit you must be receiving the Old Age Security Pension and meet certain income requirements.

This document may be updated from time to time. The date of preparation of the document is at the bottom of the cover sheet under the Table of Contents. The contents of this document contain the best information we were able to acquire at the time of writing, but rules and definitions may change over time and links to websites change. Readers should confirm all information and acquire professional advice before acting on any information contained in this document.

For information or comments on the contents of this document contact your CUPFA Treasurer, June Riley, at jrcupfa@gmail.com.