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
HOW THE PLAN WORKS FOR PART-TIME FACULTY

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Prepared: 24 January 2021

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 can be enrolled as an *accruing service* member. This means you will make payroll contributions and build retirement income under the plan. Your contributions represent 45% of plan costs, while the University contributes 55% of plan costs. This is a more generous arrangement than at other universities where the costs are split 50-50 between employer and employees. Investment risk is also shared 45-55 between employees and employer respectively, which may in future affect contribution rates.

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/

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*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 credited service. Your monthly benefit payments are guaranteed by the employer.

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.

Considerations for being a member of the Pension Plan for Employees of Concordia University: Your pension contributions, described on page 3, will somewhat lower your RRSP contribution limit but your contributions are tax deductible so taxes will be reduced. Most importantly you will accumulate guaranteed benefits while only paying 45% of the costs. Also, in the event of financial distress, pension benefits are a safer form of income than income from your RRIF (matured RRSP).

ELIGIBILITY, ENROLLMENT & CONTRIBUTION COSTS

<table>
<tr>
<td>Eligibility:
See page 4 for how to qualify early.</td>
<td colspan="2">By law, to qualify for plan membership you must work 700 hours within a calendar year, or earn 35% of the yearly maximum pensionable earnings (YMPE) within a calendar year. (Quebec bases the QPP on YMPE.) The YMPE is $61,600 for 2021. So for calendar 2021 you would have to earn $21,560 of pensionable earnings – or teach 3 courses.</td>
</tr>
<tr>
<td>Pensionable earnings are used to calculate your eligibility for, contributions to and benefits from the plan.</td>
<td colspan="2">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.</td>
</tr>
<tr>
<td>How to enroll:</td>
<td colspan="2">Once you qualify to become a member you will be given a choice of accruing service or temporarily not joining.</td>
</tr>
<tr>
<td rowspan="2">Note:
For part-time faculty who newly qualify for the plan as of 2018 or later, you will be automatically enrolled as "accruing service" unless you give written notice to opt out (not join). The option to opt out exists for 2 years. After that, you will be automatically enrolled & will contribute.

If you were a member of plan prior to 2018, you had the option to choose to not accrue service starting in 2018. You remain in the plan, not accruing benefits, for as long as you wish.

You can change your status to "accruing service" by notifying Concordia HR in writing by 30 Nov. to start the following year.</td>
<td>Accrue Service</td>
<td>Opt Out = Not Accruing Service = Not Accumulating Benefits</td>
</tr>
<tr>
<td>This means you will contribute a percentage* of your before-tax pensionable earnings and you will accumulate years of credited service (YCS). Years of credited service determine how much benefit you will receive once you retire.

e.g. If you earn $25,000, your pension contribution would be about $77 per pay before tax, but about $55 per pay after tax.

Once you are accruing service you cannot change your status back to "not accruing service".

*Employee contribution rates are 7.5% up to the YMPE and 9% above the YMPE, before tax.</td>
<td>If you choose to temporarily opt out of the plan for 2 years, or if you chose to not accrue service, you will not contribute and you will not accumulate benefits for the period of time that you are not contributing. You will be able to change your status to "accruing service" one time only, effective 1 January of any later year. But you will not be able to "buy back" your missing contributions or years of credited service after the fact. So your decision to not contribute for a while will reduce your benefits forever.
Example on page 4.</td>
</tr>
</table>

HOW TO QUALIFY EARLY & COST OF DELAYING ACCRUING SERVICE

IMPORTANT: If you never teach more than 2 courses per year you will never qualify for the pension plan.

Example of how to qualify early: Suppose you typically teach 2 courses per academic year, one in fall and one in winter. If you can, just once, try to put off your fall course and instead apply for 2 courses the following winter and subsequently take your usual fall course. You will then have your 3 courses in a calendar year and automatically qualify for the pension. Once you join, you continue to be a member even if your teaching load is reduced in later years!

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

	Teaching 2 courses per calendar year for 20 years. Never earning enough in any calendar year to qualify.	**Not Joining for first 2 years** Earnings sufficient to qualify in year 1. Delays accruing service for 2 years.	**Accruing Service from beginning** Earnings sufficient to qualify in year 1. Chooses to accrue service right away.
	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.
Years 2 & 3:	No pension earned.	Choosing to not accrue pension, so no benefits accumulating for 2 years.	Pension starts to accumulate under *accruing service membership*.
Years 4-20:	No pension accumulates. Always teaching 2 sections per calendar year.	Pension accumulates while teaching about 2 sections per year.	Pension continues to accumulate while teaching about 2 sections per year.
At Year 21: ***Lifetime* annual unreduced pension**	**$0**	**About $4580 per year**	**About $5150 or $570 more per year.**

** Example is based on 1998-2017 data. Before 2001 membership required 2 consecutive years earning 35% of the YMPE. Prior to 1991 part-time faculty could not contribute to the plan because CUPFA only became a union in September 1989. The calculations above are approximate, and reflect only the pension formula as it would apply at age 65.*

WHAT YOUR BENEFITS ARE BASED ON

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 2021 *the deemed salary* for a full-time lecturer was $70,575.

If you earn $70,575 or more in 2021, you will accumulate one year of credited service. You cannot accumulate more than a year of credited service in a calendar year.

Sample Calculation of a Year of Credited Service:

> If you taught 3 courses at $9138 in 2021 then $9138 x 3 = $27,414.
> Your year of credited service earned in 2021 would be
> $27,414 divided by $70,575= *0.4 of a year of credited 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 2018, and your highest 3 consecutive years happen to have been from 2018 to 2020, then:

YEAR	Your actual earnings	Annual salary for Step A1 Lecturer	Counted for Final Average Earnings
2019	$45,000	$63,195	$63,195
2020	$74,000	$68,787	$74,000
2021	$24,000	$70,575	$70,575
Your final average earnings is the average of the last column:			***$69,257***

HOW BENEFITS ARE CALCULATED: THE PENSION FORMULA

The pension formula gives your "unreduced" pension benefits. From there other adjustments are made depending on choices you make. See pages 7 to 12.

	NON-CONTRIBUTORY (***Not available*** starting in 2018. Shown here for members with prior service under this formula. (p.7)	**ACCRUING SERVICE** (formerly called "contributory membership")
Age 55 to 64: (if you have *10 years or more* of "unreduced early retirement service")	*For each year of credited service (YCS) before 1 January 2008:* 1.1% x Final Average Earnings *For each YCS from 1 January 2008 to 31 December 2017:* 1% of Final Average Earnings.	For each year of credited service (YCS) as an "accruing service" (formerly contributory) member: 2% x Final Average Earnings
Age 55 to 64: (if you have *less than 10 years* of "unreduced early retirement service")	*The benefits calculation above would be **reduced*** by 1/6% x the number of months by which your retirement date precedes age 65. **See next page for definition of "unreduced early retirement service".** Check with Concordia's Pension Services Department to ascertain your eligibility for an unreduced pension prior to age 65.	
Regardless of your years of unreduced early retirement service, if you draw pension between ages 55 and 64, once you reach age 65 your benefits will be reduced to the calculation shown below. This is explained on the next page.		
From age 65: A subtraction is made because of the cessation of the early retirement bridging pension. This is explained on the next page.	*For each YCS before 1 January 2008:* 1.1% x final average earnings MINUS 0.25% of the lesser of the Final (3-year) Average YMPE and your Final Average Earnings. *For each YCS from 1 January 2008 to 31 Dec 2017:* 1% of your Final Average Earnings, **MINUS** 0.25% of the lesser of the Final (3-year) Average YMPE and your Final Average Earnings.	For each YCS as an accruing service (contributing) member: 2% x Final Average Earnings **MINUS** 0.5% x *the lesser of* the Final (3-year) Average YMPE and your Final Average Earnings
If you draw pension after age 65	Lifetime benefits **revalorized (increased)** from what is shown in the "From age 65" formula based on actuarial factors such as age and sex.	

The benefits are additive: If you were a member of plan prior to 2018 and for 2 years you were a non-contributory member, and the next 16 years you were a accruing service (contributing) 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 or accruing service member.

Difference between "non-contributory" and "not accruing service":
Prior to 2018 members could be *non-contributing* which meant the employer made all the contributions and the employee accumulated half the benefits of contributing members. Effective 1 Jan. 2018 Quebec law eliminated the non-contributory option. *Not accruing service* means no benefits are accumulated.

Early Retirement: You will notice from the table on the preceding page that the pension formula for those who draw their pension between ages 55 and 64 is *temporarily* more generous than it becomes at age 65. This higher payout is called a ***bridging pension*** and is intended as an incentive to retire early.

Unreduced early retirement (Check with Concordia Pension Services for details)
To be eligible for unreduced early retirement pension benefit a member must complete 10 years of service accumulated as follows:

- before December 31, 2017: years of employment at the University.
- as of January 1, 2018: years of "credited (accruing) service" as a member under the Pension Plan (see top half of page 5).

The service years for early retirement are additive between the two periods of time. e.g. If you were employed by the University for 5 years up to 31 Dec. 2017, and then from that point forward you went on to earn 5 years of credited service as an accruing service (contributing) member of the plan, then you would have accumulated 10 years of service for unreduced early retirement.

To Change your Membership Status to Accruing Service:

If you were in the plan before 2018 and opted to "not accrue service", you can change to accruing service as of 1 Jan. 2019 by using a form that will soon be available on C-space. The form would have to be submitted to HR by 30 Nov. 2018.

If you newly qualify to enroll in the plan in 2018 or later, you will have 30 days from the date you receive your eligibility letter from the University to submit a form indicating your choice to accrue service or not in the plan.

Once you begin to receive your pension, limited cost of living increases may apply depending on the performance of the fund.
Pension payments may be increased each June 1 by the previous year's CPI inflation rate minus 2% provided this adjustment does not exceed the fund's average rate of return over the 5 prior calendar years, less 5%. Other inflation adjustments are also possible, again depending on the performance of the pension fund.

SAMPLE CALCULATIONS OF THE PENSION FORMULA

These examples are intended to give a general idea of the pension formula and do not represent a forecast or advice. They assume the member has always been contributory (accruing service). Figures are *hypothetical* and exclude adjustments for actuarial factors.

If you are age 65 when you draw your pension, with 5 yrs. of credited service (YCS), your unreduced annual benefits calculation would start with the formula below.

YCS contributory	X 2%	X FAE	=
5	x.02	X $68,000 (hypothetical)	=$6,800

MINUS .5%	X 3-yr. avg. YMPE	X 5 yrs. of service =	**Unreduced benefits at age 65 (hypothetical)**
- .005	X $58,000 (hypothetical)	X 5 = -$1,450	$6,800-$1,450 = **$5,350 per year**

If you are 70 when you start drawing your pension, and you have continued to teach 2 courses per year beyond age 65, then your YCS will have gone up by about 1.3 years. Calculation excludes "revalorization" an actuarial increase in benefits that may apply due to drawing pension after age 65. It also assumes the YMPE & deemed salary for a Step A1 lecturer have both gone up about 1%/year:

YCS contributory	X 2%	X FAE	=
6.3	x.02	X $71,400 (hypothetical)	=$8,996

MINUS .5%	X 3-yr. avg. YMPE	X 6.3 yrs. of service =	**Unreduced benefits at age 70 (hypothetical)**
- .005	X $60,900 (hypothetical)	X 6.3 = -$1,918	$8,996-$1,918 = **$7,078 per year**

HOW MUCH PENSION BENEFIT WILL I ACTUALLY RECEIVE?

If you have a spouse at the time you start drawing your pension at age 65, your actual benefit will be less than what is shown on your pension statement because the government requires that you provide for your spouse and your heirs. The next 3 pages explain some of these provisions.

PLANNNG 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. You may request the form 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 (sometimes just called the guarantee period) **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.

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. If you do not have a spouse and you choose the shorter 5-year guarantee your benefits may be higher than is shown on your pension statement. If you choose the 15-year guarantee your benefits may be lower. If you have a spouse, your pension benefit will be lower than shown on your annual pension statement unless your spouse chooses to waive the spousal benefits implied in the Joint & Survivor Annuity. The amount of reduction depends on actuarial factors like your age and age of your spouse, and the extent of the provisions you choose.
A calculator for reduction for Joint & Survivor options based on your most recent pension statement is now available at the Pension@ccess 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".)*

Guaranteed Life Annuity (if you do not have a spouse or your spouse waives all survivor annuity options)	**Joint and Survivor Annuity with Guaranteed Life Annuity (available only if you have a spouse)**
You will receive a monthly pension for the rest of your life equal to the amount shown on your pension statement which by default assumes a 10-year guarantee period. Your estate will receive a lump sum of whatever benefits remain if you die before the end of the guarantee period. *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.* *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.* *If you die after the guaranteed period ends, your beneficiary or estate receives nothing.*	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. *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.* ***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. ***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. *As an exception*, 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.

* 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 requires that your spouse waives the survivor annuity in writing. Then if you die before the guarantee period ends the remaining payments under the guaranteed period would be paid as a lump sum to your surviving spouse.

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 you start drawing your pension and cannot be changed once payments have started. If you are close to retirement, Pension Services will send you 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 in a lump sum 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. *See next page if there is a chance you will return to once again work at Concordia.*

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?

According to the way the Pension Plan is written, 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 (cash out) your pension benefits it means you have left the plan permanently. If you get another teaching contract in a later year, ***you would have to re-qualify all over again*** *to become eligible for the pension plan by working 700 hours, or earning 35% of the YMPE, in a calendar year.* The rules about qualifying are a Provincial law.

CUPFA members need not cash out their pension benefits until their seniority has expired. This does not happen until 32 months have passed since the end of your last teaching contract. As long as that has not expired you can stay in the plan even if you are not teaching. If your seniority has expired and you are under age 65, you can avoid a possible actuarial reduction in your pension by deferring receipt of benefits until age 65. See the previous page.

You must answer the 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.

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% to 33% of the average maximum pensionable earnings on which you contributed (YMPE). (From 2019 through 2025 the C/QPP is being gradually enhanced so that you can earn higher benefits in exchange for higher contributions – see links about this on last page). Some low earning years can be left out of the calculation. (*See Glossary about Contributory Period for more information.)* 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 or later, 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 starting six months before you turn 65. **You can also 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 are expected to get fewer payouts over your lifetime, but they will be bigger. Also, if your net income after age 65 exceeds a certain level ($79,845 in 2021), 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 greater than $129,075 in 2021, the OAS pension would be zero since the full OAS amount would be taxed back. See bottom of next page for maximum monthly OAS benefit.

THE CONCORDIA PENSION PLAN, QPP, CPP and OAS

	Concordia Pension Plan	**Quebec Pension Plan (QPP)**	**Canada Pension Plan (CPP)**
Earliest age you may start to receive benefits:	The first day of any month within 10 years preceding age 65. *An actuarial reduction will apply. See pages 6 and 7.*	Age 60 with reduction and must meet eligibility requirements.	Age 60 with reduction and must meet eligibility requirements.
		*If you retire in 2021 at age 60, max. QPP=$773.29/mo. (CPP max.=$770.4)	
	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 42% more benefits by working until age 70.		
Normal retirement age:	Age 65.	Age 65.	Age 65.
		*If you retire in 2021 at age 65, max. QPP=$1208.26/mo.(CPP max:$1203.75)	
Latest age you may start to receive benefits:	December 1st of the year you reach age 71. *An actuarial increase in benefits will apply.*	Age 70.	Age 70.
		*If you retire in 2021 at age 70, the *maximum* QPP is $1,715.73/month. (The maximum CPP = $1709.33/mo.)	
When to apply:	Apply by EMAIL or IN WRITING to Pension Services *three (3) months* before you wish to begin to *draw your pension*.	Apply 1 to 3 months prior to the month you wish to receive benefits.	Apply *at least* one month past the day of your 59th birthday and 6 months before you want benefits to begin.

Most people do not earn the full maximum QPP benefit. However CPP and QPP benefits are fully indexed for inflation.

Can I collect my Concordia Pension Plan but not collect QPP or CPP?
Yes. The Concordia pension plan is independent of the QPP or CPP.

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) up to age 70. *The max. OAS benefit for 2021 is $615.37 per month.*
You may also be eligible for the ***Guaranteed Income Supplement (GIS)***.
See information links on last page regarding OAS and GIS.

APPENDIX

How Pension Benefits are Calculated for Members of CUCEPTFU, TRAC and CARE

For all part-time employees of Concordia University, pension benefits are based on a "deemed" full-time salary for equivalent work. The way that the full-time salary is applied to the calculation of benefits works the same way as shown on page 5 for all groups. The only difference is that for CARE & TRAC members whose work does not involve teaching, the "deemed" salary will vary depending on the type of work being done. A sample calculation is at the bottom of this page.

Type of Work & Union	"Deemed" Full-Time Salary Used to Calculate Benefits	Amount of Full-Time Salary as of January 2021 *(except as noted)*
Part-Time Teaching CUPFA, CUCEPTFU & TRAC	CUFA Step A1 Lecturer Salary	$70,575 as shown on page 5 of this document
Part-Time Professional CARE & TRAC	Minimum annual salary CUPEU:Grade 10/Step 1	$61,907
Part-Time Office/Clerical CARE & TRAC	Annualized salary = 1,827 x minimum hourly rate: CUSSU: Grade 3/Step 1	$35,462
Part-Time Technical CARE	Annualized salary = 1,827 x minimum hourly rate: CUSSU-TS: Class II/Step 1	$45,163

Example:

Year of Service for CARE or TRAC Part-Time Professional

If $24,000 is earned in 2021:
$24,000 divided by $61,907 = *0.4 years of service*.

Final Average Earnings for CARE or TRAC Part-Time Professional

The highest three (3) consecutive calendar years of earnings in the history of your employment at Concordia. Each of the 3 consecutive years of earnings would be counted separately as the ***GREATER*** of your actual earnings, ***OR*** the "deemed" annual salary for the type of work you have done.

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GLOSSARY OF TERMS

Accruing Service vs Non-Accruing Service Membership in Pension Plan
Accruing service means you will contribute 45% of plan costs and the University will contribute 55% of plan costs, and you will accumulate pension benefits. Non-accruing service means neither you nor the University contribute and you earn no pension benefits. This is briefly explained on page 3 of this document. Also see "Types of Membership" on C-space under HR and Pension for more complete information.

Commuted 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 Prior to 1 January 2018 it was possible to be a non-contributory member, with the University making all the contributions for you, so that you would earn half the pension benefits of contributory members. This is briefly explained on page 6 of this document. Quebec law governing University pension plans changed so that the non-contributory option was eliminated as of 1 January 2018.

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 The Pension Plan stipulates that part-time employees will have their years of credited service and final average earnings based on the salary for an equivalent full-time employee at the University. For CUPFA members Concordia bases this on the salary for a probationary full-time faculty, salary Step A1 on the CUFA Collective Agreement. More details are on page 5 of this document. CUCEPTFU, CARE & TRAC members see Appendix about this.

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 credited 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. See page 6 for the pension formula. CUCEPTFU, CARE & TRAC members see Appendix about this.

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:

- 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;
- 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. If you wish to continue to teach, say instead that you wish to *draw your pension* rather than retire.

Year of Credited Service (YCS) 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. See page 5 & Appendix for details.

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. This is based on a formula set by the Government.

INFORMATION RESOURCES

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

Cspace – Services – Human Resources - Pensions:
Here you can find:

- Full text of the Pension Plan for Employees of Concordia University;
- Key details of the pension plan and information on retirement planning;
- The **pension@ccess** link – where you can access your ***pension statements***, find forms to change your beneficiary, and the pension calculator. Note: the pension calculator for joint & survivor reductions cannot project forward for CUPFA members because our employment fluctuates. ***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.

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

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 pension and retirement planning. 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.

Quebec Pension Plan: (514) 873-2433 or 1-800-463-5185
http://www.rrq.gouv.qc.ca/en/retraite/rrq/Pages/calcul_rente.aspx

Changes to QPP starting in 2019:
https://www.rrq.gouv.qc.ca/en/programmes/regime_rentes/bonification/Pages/modifications_rrq.aspx
From there click on Enhancing the QPP and The additional plan, for full information.

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: 1-800-277-9914
https://www.canada.ca/en/services/benefits/publicpensions/cpp.html

Changes to CPP starting in 2019:
https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-enhancement.html

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): 1-800-277-9914
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.

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