

**V.C.T.A.**  
**Working Document:**

---

**RETIREMENT GUIDE**

---

May 2004 Edition  
Produced by David Oram on behalf of the V.C.T.A.  
Assisted by Susan Panneton

**TABLE OF CONTENTS**

<b>PREFACE</b>	(i)
<b>CARRA</b>	1
<b>RREGOP</b>	2
• To read your statement of contributions:	2
• To calculate contributions to RREGOP:	2
• To calculate the amount of basic annual retirement pension you will receive:	3
• What if you have worked part-time?	3
• When can you receive the basic annual retirement pension?	4
• Can you retire “early”?	4
• To calculate the amount of redeemed pension:	4
• Is it possible to reduce or totally avoid this reduction, even if you retire early?	5
<b>INTEGRATION</b>	5
• Does my pension under RREGOP drop at age 65?	6
• How is the reduction applied to your RREGOP pension calculated?	6
• Are RREGOP pensions indexed to account for the cost of living?	7
• If I retire on a date other than January 1, will my pension be Indexed in the same fashion?	9
• What about teachers who had their years of membership in the Teacher’s Pension Plan (TPP) transferred to RREGOP?	9
• Will the downward trend of the financial markets affect my pension paid by CARRA?	9
• Will a decrease in the rate of return in financial markets affect the contribution rates?	10
• What if you work past 69 years of age and haven’t accumulated 35 years of service?	10
• What if you return to work after retirement?	10
• What is a pension credit?	11
<b>REDEMPTION OF SERVICE</b>	12
• Common types of redemption include:	12
• What do you need to do to redeem years of service?	12
• How much does redemption of service cost?	12
• How does taking a sabbatical leave with deferred pay affect my pension?	14
• Will “Progressive Retirement*” affect my pension?	14
• What if I resign before I am eligible for retirement?	14
• Is it more profitable to wait for a deferred pension or ask CARRA to transfer your money to a retirement account (LIRA) or a life income fund (LIF)?	14
• Redemptions can affect your PA (pension adjustment) or your PSPA (past service pension adjustment)	14

<b>TERMINAL ILLNESS AND DEATH BENEFITS</b>	15
• What special benefits do I receive if I have a terminal illness?	15
• What benefits are provided at death?	15
• Upon my death, will my pension plan recognize my de facto spouse?	16
• Can I bequeath my pension plan to the person of my choice?	17
<b>RETIRING</b>	18
• What do I do when I decide to retire?	18
• What is the best date to retire?	18
• If I am eligible for a pension with reduction, can I resign and wait until I am eligible for a pension with no reduction before I apply for my retirement pension?	19
• How often will my pension be paid?	19
• Will income tax be deducted from my pension?	19
• Once retired, can I go back to work?	20
• What if I am sick, when I planned to retire?	20
<b>PENSION INCOME ESTIMATES</b>	21
<b>PENSION IMPLICATIONS FOR THOSE RETIRING WITHOUT 35 YEARS.</b>	22
<b>QPP – THE QUEBEC PENSION PLAN</b>	24
• The Quebec Pension Plan (QPP)	24
• Who contributes to the plan?	24
• How are my contributions calculated?	25
• Who is entitled to QPP?	25
• When can I receive QPP?	26
• Age 70 is the maximum	27
• How pension amounts are calculated	27
• The monthly amounts for <b>MAXIMUM</b> pension payments for pensions beginning in 2004:	28
• Additional pension payment details	29
• Save on taxes – split your pension	30
• Surviving Spouse’s Pension	30
• List of benefits	30
• Death Benefit	30
• Other pensions to which you might be entitled include:	31
<b>OAS – THE FEDERAL OLD AGE SECURITY PROGRAM</b>	32

• An applicant’s employment history is not a factor in determining eligibility.	32
<b>HEALTH INSURANCE AFTER RETIREMENT</b>	<b>34</b>
<b>QHIP – QUEBEC HEALTH INSURANCE PLAN</b>	<b>34</b>
• Who is eligible for QHIP?	34
• Who is not eligible for QHIP?	34
• Can eligibility be maintained despite a prolonged absence from Quebec?	35
• What do you do if your medicare card expires?	35
<b>PUBLIC PRESCRIPTION DRUG INSURANCE PLAN (PPDIP, the French acronym is RAMQ)</b>	<b>36</b>
• The “Passport Plan” (offered by Desjardins to retired teachers):	36
• What happens to my dental coverage?	38
<b>WHAT ARE THE COSTS OF PPDIP (RAMQ)?</b>	<b>38</b>
• The Premium.	38
• The Contribution.	39
• How is the contribution collected by the pharmacy?	39
• Which persons do not pay anything for their prescription drugs?	40
• Which prescription drugs obtained in Quebec are covered?	41
• Which prescription drugs obtained outside Quebec are covered?	41
• How do you register in the PPDIP?	41
• Who must register?	41
• Important notice for persons covered by the Régie	42
<b>LEAVES</b>	<b>43</b>
I) VOLUNTARY PROGRAM ON WORKLOAD REDUCTION	43
II) GRADUAL RETIREMENT PLAN	44
III) PROGRESSIVE RETIREMENT LEAVE	45
IV) DEFERRED OR ANTICIPATED SALARY LEAVE, i.e. “SABBATICAL LEAVE”	47

<b>WILLS, POWER OF ATTORNEY AND MANDATES</b>	50
• What happens if I die without a will?	50
• Who should have a will?	50
• How much does it cost?	50
• How many types of wills are there?	51
• Power of Attorney (PA)	52
• Mandate in Anticipation of Incapacity	53

<b>A FEW LAST ITEMS:</b>	55
--------------------------	----

---

## **APPENDICES**

*Copies of each of the forms referred to in the Appendices below are available at the V.C.T.A. Office.*

### **Appendix 1 – Pension Amounts**

- Application for Pension Estimate
- Application for Statement of Contributions
- Statement of Contributions to your Pension Plan

### **Appendix 2 - Redemption**

- Costs of redemption and terms of payment documents

### **Appendix 3 – Applications/Benefits/Tax Concerns**

- Application for a Retirement Pension
- Application for Retirement Pension Sharing between Spouses
- Application for Survivors' Benefits
- Application for Disability Benefits
- Authorization to Release Medical and Psychosocial Information
- Medical Report
- Application for Direct Depositor Notice of a Change
- Change of Address
- Application for Partition of Employment Earnings between Former Spouses
- Request for Income Tax Deductions
- Request for Duplicates of Income Tax Slips
- Application for Review

## **Appendix 4 - OAS**

- How to Apply for the Old Age Security pension, Allowance and Allowance for the survivor
- Application for the Old Age Security Pension, Allowance and Allowance for the survivor
- Request for Income Tax Deduction

## **Appendix 5 - QPP**

- Application for a Statement of Participation in the Quebec Pension Plan
- Statement of Contributions - Group Insurance Plan

## **Appendix 6 - RAMQ**

- Prescription Drug Insurance
- Table – Cost of RAMQ
- Copy of Official Receipt
- Questions and Answers
  
- Attachment K - Premium Payable under the Québec Prescription Drug Insurance Plan

## **Appendix 7 – Wills/Power of Attorney/Mandates**

- Mandate in Anticipation of Incapacity

## **(i)** **PREFACE**

Whether you have been planning your retirement from the moment you started working or whether you have never given it a thought, the desire to retire eventually comes to (almost) all of us. Since decisions made prior to retirement (especially in the years immediately preceding retirement) have such an important affect on retirement and financial security, the V.C.T.A. Executive has prepared the following document that it hopes may act as a primer for those wanting more information.

There are a multitude of issues that must be considered when planning for your retirement. The most obvious questions are: When can you retire? And, how much money will you be receiving as pension? Other important concerns will be whether you can maintain your present standard of living, the effect of Canadian and Quebec pensions on your total retirement income, your ability to work after retirement, your health coverage, travel possibilities, etc.

You will also need to make decisions concerning any assets (like your home) and any other investments you may have. To answer all of these questions and implement your decisions you will need the services of the College, government agencies (like CARRA), the Federal and

Provincial income tax departments, financial and legal experts and insurance companies. While it may all seem a little overwhelming, planning your retirement should not be a last minute decision. If you start planning your retirement four to five years in advance, you will have plenty of time to get the information, digest all the possibilities and make your decisions in a deliberate and unhurried fashion.

Since choices made prior to retirement will affect you and your family for the rest of your life, since there are so many facets of retirement that must be considered, and, since the conditions of your retirement are of such an individual nature, it is crucial that you are well informed about your retirement choices. While every attempt has been made to ensure the information in this document was accurate at the time of printing, it behooves you to confirm the validity of all information before using it to make important decisions.

Anyone who has ever dealt with tax experts at Revenue Canada or Revenue Quebec over tax issues will know that getting conflicting information from different representatives is more or less the norm (and the writers of this document are certainly not experts in the field of retirement). If you make decisions based on wrong information, the resulting problems will land on your doorstep, not on those who may have given you wrong or confusing information. Whenever possible double and triple check all sources of information and get as much as possible signed and in writing from the appropriate authorities. Also keep in mind that the situation is not static. New collective agreements may alter retirement provisions, (one negotiation demand presently being discussed with the Government would allow early retirement after fifty-five years of age (55) without actuarial reduction – more about this later), as well as changes in the tax laws or changes made by the Federal and Provincial agencies, who ultimately control your pension dollars.

(ii)

Many retirement-related issues are discussed in this document. Many of the policies and regulations apply to a large work force, not just teachers. Consequently, only those details related to a Canadian citizen, who has been teaching full time for at least ten to fifteen years, and who has not redeemed any lost teaching periods have been described. If you find yourself in an unusual situation (such as having had many different jobs, being a non-resident, having taken certain types of leaves, etc.), it is suggested that you look up the relevant web site or contact the appropriate body directly. **Furthermore, it should be noted that this entire document is limited to those teachers covered by RREGOP.** Those requiring information about the **TTP plan** should check the following site on the internet:

**[http://www.carra.gouv.qc.ca/ang/publications/publi\\_participants.htm](http://www.carra.gouv.qc.ca/ang/publications/publi_participants.htm)**

Many people manage to go through life without ever feeling compelled to obtain the services of a lawyer, notary or accountant. The one obvious exception is usually the purchase or sale of a property. However, as you plan your retirement, it would be money well spent to, on this occasion, engage a notary/lawyer and accountant to advise you. Wills, power of attorney and mandates should be drawn up, if you have not already done so. Even if you have, this would be

the time to get them professionally reviewed. Unclear or improperly drawn up documents, not to mention outright omissions could cause serious problems down the road. Some situations might necessitate the establishment of trusts. Money management and tax law is constantly increasing in complexity. Income splitting, Federal Government claw backs of OAS, different tax treatments of various investments, not to mention RIF's versus annuities are just some of the more obvious reasons why advice from an accountant is also a very good idea. Even if you have avoided engaging legal and financial professionals, and/or have done your utmost to inform yourself, this is the one time in your life you should be willing to pay a little for advice that will either confirm that you have covered all the bases or point out any weaknesses in your planning. It is your future – protect it! Getting a positive referral from friends is probably the best way to find a good lawyer, notary or accountant.

Treat this document as an introduction to retirement issues and go from there.

Every attempt has been made to ensure the information in this document is accurate, up-to-date, readable and complete (as far as it goes). If, however, you should have any comments or suggestions about the details, about things that you would like to see included in the document, or about sections that are difficult to understand, it would be greatly appreciated if you would make them known to the V.C.T.A. It is our hope that this document will become an annual publication and with your help, we will be able to make it the best possible.

(iii)

### **DISCLAIMER**

**In writing this document every attempt has been made to verify all the information contained therein. However, mistakes are always possible and we are certainly not experts in this field. Be sure to verify all information and consult the appropriate professionals before making any permanent decisions. In the end, each individual is legally responsible for the financial decisions they make.**

**CARRA – COMMISSION ADMINISTRATIVE DES REGIMES DE  
RETRAITE ET D'ASSURANCES**

**Web site:** <http://www.carra.gouv.qc.ca/>  
(To get the English version click on the word **ENGLISH** at the top right hand corner of the window.)

**Telephone:** 1-800-463-5533 (When calling from outside the Quebec City region)  
1-800-368-9883 (if you already receive a pension)  
FAX: (418) 644-8659

**Business Hours:** Montreal to Friday 9:00 a.m. – 12:00 p.m.  
1:00 p.m. – 4:30 p.m.

**Mail:** Commission administrative des régimes de retraite & d'assurances  
475, rue Saint-Amable  
Québec, Québec  
G1R 5X3

**Vanier College Administrator (responsible for retirement issues):**  
Human Resources (514) 744 – 7500, Ext. 7203

CARRA's mission is to ensure that all members and beneficiaries of the plans it administers receive the benefits to which they are entitled.

CARRA administers pension plans entrusted to it by the Quebec Government. Primarily, these are the pension plans of members of the civil service and the education, health and social services sectors.

Amongst its many responsibilities CARRA:

- registers contributions to retirement plans
- redeems years of service
- refunds contributions or transfers accumulated funds to a LIRA (Locked In Retirement Account) or a LIF (Life Income Fund)
- makes benefit payments in cases of terminal illnesses
- transfers years of service from one plan to another
- estimates benefits, the amounts of future pensions, etc.
- holds information sessions and pre-retirement workshops
- processes applications for retirement pension
- makes payments of benefits

2

## **RREGOP-REGIME DE RETRAITE DES EMPLOYEES DU GOUVERNEMENT ET DES ORGANISMES PUBLIC (THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN)**

RREGOP has been in force since July 1, 1973. It replaced the existing TPP pension plan. Those already in TPP were given a choice at the time to remain in TPP or switch to RREGOP. ***This entire document is limited to those teachers covered by RREGOP.*** The conditions of the two plans are quite different. The most obvious is that members of the TPP have been paying more contributions and as a result they are able to retire after thirty-two years of service without the actuarial reduction (see section entitled "Can You Retire Early?" on page 4). For detailed information concerning the TPP, visit the CARRA web site.

Everyone has to pay contributions to RREGOP during their entire career but you will stop paying contributions on December 31<sup>st</sup> of the year that you have accumulated thirty-five (35) years of service, even if you continue working. If you haven't accumulated thirty-five (35) years of service, you will stop paying contributions to RREGOP on December 31<sup>st</sup> of the year you reach sixty-nine (69) years of age. Approximately every three (3) years CARRA sends you your statement of contributions. You can, however, apply for a copy of these statements at any time by filling out an "Application for Statement of Contributions" – see Appendix 1.

In 2004, the rate of contribution was 5.35%. Your contributions are calculated **only** on the portion of your basic salary that exceeds 35% of the maximum pensionable earnings (MPE) under the Québec Pension Plan (QPP). In 2004, the MPE is \$40,500 and your contributions are calculated **only** on the portion of your basic salary which exceeds \$14, 175 (i.e., \$40,500 X 35%).  
**To read your statement of contributions:**

A document entitled “Statement of Contributions to Your Pension Plan” which describes each item that appears on your Statement of Contributions is listed in Appendix 1.

**To calculate contributions to RREGOP:**

**Example:** Ann works full time and her basic salary is \$50,000. In 2004, her contributions to RREGOP are determined as follows:

Basic salary		\$50,000
Exemption (35% of the MPE in 2004)	-	\$14,175
Portion of salary on which contributions to RREGOP are calculated	=	\$35,825
Rate of contribution	x	5.35%
Contributions for 2004	=	\$1,917

It is important to note that even if Ann pays contributions only on \$35,825, the total basic salary will be taken into account for the calculation of her pension.

A person eligible for benefits under their disability plan (i.e. salary insurance), the Société de l’assurance automobile du Québec (SAAQ) or the Commission de la Santé et de la Sécurité du travail (CSST), doesn’t contribute to their pension plan. The contributions that would normally have been paid are credited to such an individual as if they had paid them. For teachers, this applies to the period up to three years. (The first two years of this period you are on salary insurance and the third year you would be on long term disability.) Prior to 2000 the period was two years not three.

If some of your years of service are incomplete “following periods of absence without pay”, (e.g. unredeemed leave without pay, strike or lock out) CARRA will automatically fill up (“free-of-charge”) these periods of absence without pay by adding to your years of service the number of days corresponding to those absences, up to a maximum of ninety (90) days. So if you have lost, say, eight days of pay during strikes over the years, your pension payments will not suffer because of those lost days, since the government will fill in those lost days from each individual’s bank of 90 days.

This bank of 90 days is used for the calculation of pensions, not for years of service credited.

**To calculate the amount of basic annual retirement pension you will receive:**

	Number of years of service credited for calculation purposes (Max. 35 years.)
X	Annual Investing Rate 2%
X	Average Salary for the five best* paid years
=	Basic Annual Retirement Pension

- Seventy percent (i.e. full pension) of the best five years does not necessarily mean the last five years before reaching 35 years. For example, someone who reaches 35 years of teaching but continued to teach for another five years would hopefully, be able to use the years between 35 and 40 as the best years and not the five years preceding the year in which the individual reached 35 years. But this situation stops when an individual reaches 69 years of age. Such an individual would use the last five years before reaching 69 as the best five years, assuming there was no decrease in salary in that period.

**What if you have worked part time?**

The formula still applies, but for the purposes of calculating your best five years of service, the annual salary taken into consideration will be that which you would have received if you had worked full time.

4

For example, if you had worked ten years full-time and the last five years part-time, for calculation purposes the salary used would be the salary you would have received if you had been working full-time during those last five years.

**When can you receive the basic annual retirement pension?**

You can receive the basic annual retirement pension when you cease to be a member of the plan provided you meet one the following criteria:

- you are **60 or over** (regardless of the number of years of service); **or**
- you have at least **35 years of service** credited for eligibility purposes (regardless of age).

Note: This does not necessarily mean you will receive the full pension (i.e., if you haven't worked for 35 years). It really indicates when you will be eligible for a "retirement pension" with NO actuarial reduction (i.e., your retirement pension will be equal to your basic annual pension as determined in the table above).

**Can you retire "early"?**

Yes, if you are **at least 55 years** of age. But it means you are eligible only for a "retirement pension **WITH** a reduction". This means that a reduction of **4%** per year must be applied permanently to the amount of your basic annual retirement pension. This 4% per year reduction is what is commonly referred to as the "**actuarial reduction**". Please note that the old formula that indicated you could retire without actuarial reduction if your age plus your years of teaching was greater than or equal to 90 is no longer applicable. This right was lost in our last negotiations.

**To calculate the amount of reduced pension:**

**Example:** Mary retires on her 58<sup>th</sup> birthday. She has 25 years of credited service for eligibility purposes. The average salary for her 5 best paid years is \$30,000.00

First determine the number of years between her retirement and the first date on which she could have been eligible for a retirement pension without reduction, defined as years of "anticipation". Of the two eligibility requirements for a full pension: (i) 60 or over, and (ii) 35 years of service, Mary would satisfy the first condition in 2 years.

Then, determine the percentage of reduction applicable to her basic annual pension.

Years of Anticipation		2
-----------------------	--	---

Annual Rate of Reduction (actuarial reduction) of the Pension	x	4%
% of Reduction Applicable to the Basic Annual Retirement Pension	=	8%

5

Next, determine the amount of her basic annual retirement pension.

Years of Credited Service for Calculation Purposes		25
Annual Investing Rate	x	2%
Average Salary	x	\$30,000.00
Annual Basic Pension	=	\$15,000.00

Next, calculate the amount of the reduction to apply to her basic pension.

Annual Basic Pension		\$15,000.00
Percentage of Reduction	x	8%
Reduction Applicable to the Annual Basic Pension	=	\$1,200.00

Finally, to determine the amount of retirement pension with deduction to which Mary is entitled.

Annual Basic Pension		\$15,000.00
Amount of Reduction to Annual Basic Pension	-	\$ 1,200.00
Retirement Pension with Deduction	=	\$13,800.00

Mary will therefore receive monthly cheques of \$1,150.00 (\$13,800.00 per year).

**Is it possible to reduce or totally avoid this reduction, even if you retire early?**

**YES!!** It is referred to as “*compensation of the reduction applicable to a pension*” and is accomplished by transferring to RREGOP the amount necessary for the annual payment of a pension corresponding to the reduction that you wish to offset. You must notify CARRA of your intent to do this at the same time as you notify that you plan to retire. You are able to use RRSP funds to redeem past years of service. This transfer must be made from your RRSPs within 60 days following your resignation.

Tip

This is a very effective use of funds collected over the years in an RRSP. You will be effectively using pre-tax dollars to eliminate the reduction in your pension payments.

TIP

At age 65 **don't count** on your RREGOP pension being increased by QPP payments (see below). Your total pension will be increased however, because your OAS payments from Ottawa will start (see pg 32).

**INTEGRATION****Does my pension under RREGOP drop at age 65?**

**YES! Your RREGOP pension will be reduced the month after you turn 65.** This is to take into account the fact that you will also be receiving a pension under the Quebec Pension Plan (QPP) which will cause a reduction of your pension under RREGOP. This combining of your two pensions is called “*integration*”. The total of the pensions payable to a person by QPP and RREGOP corresponds to about 70% of the average salary received prior retirement, so you should see little real change in your total monthly income. The drop in your RREGOP pension is, however, NOT dollar for dollar equal to the amount of your QPP pension to. The exact calculation is as follows:

**How is the reduction applied to your RREGOP pension calculated?**

The *average maximum pensionable earnings (MPE)* over the last five years is an amount determined each year by the Provincial Government that is used in pension related calculations, such as in the calculation of the reduction applied to your RREGOP pension when you reach 65 years of age. The MPE for 2004 is \$40,500.00. When your average salary over the last five years is less than the average MPE for the last five years, the average salary is used in the calculations.

**Example:** Bob retired at 60 years of age with 25 years of service, credited after December 31, 1965. His average salary for the last five years was \$30,000.00.

Since his average salary is less than the average MPE for his last five years, his average salary and not the average MPE must be used to calculate the reduction.

The reduction therefore is determined as follows:

Years of service credited for the calculation of a pension (after December 31, 1965)		25
Annual integration rate with QPP	X	0.7%
Average salary (or average MPE whichever is less)	X	30,000
Applicable reduction	=	\$5,250 per year \$437 per month

Doing the same calculation for a teacher with an average salary of \$60,000 yields a reduction of \$7,087 per year (\$590 per month). Remember you must use \$40,500 (i.e. the average MPE) and not the \$60,000 salary figure in your calculation.

QPP payments for someone who doesn't elect to start receiving payments until age 65 is \$814 per month (see page 26, QPP). So in the case where Bob retired at 60, with an average salary of the best five years of \$60,000, and where he waited until 65 to start to receive QPP payments, there would be a reduction of \$590 per month in his RREGOP pension and a gain of \$814 in QPP payments. There would be a slight loss for someone electing to receive QPP payments at 60 years of age. Keep in mind that at age 65 years of age OAS payments kick in. (See page 32, OAS)

**It is important not to anticipate that at age sixty-five (65) you will be receiving QPP payments in addition to your regular RREGOP pension.**

If you apply for your QPP early (between 60 and 64 years of age), your RREGOP will still not be reduced until the month following your 65<sup>th</sup> birthday. (This is one of the strong incentives to take QPP at the earliest possible moment. (More on QPP later – see page 24.)

In theory your annual contributions to RREGOP have been lower during your years of contribution because your pension under RREGOP will eventually be integrated with your pension under QPP (at 65).

### **Are RREGOP pensions indexed to account for the cost of living?**

The short answer is that they are partially indexed on January 1<sup>st</sup> of each year. The long answer is as follows:

- The portion of your pension that corresponds to years credited for service prior to July 1, 1982 will be fully indexed to the rate of increase of the pension index set by the Régie des Rentes du Québec.
- The portion of your pension that corresponds to years credited for service after June 30, 1982 but prior to January 1, 2000 will be indexed to the rate of increase of the pension index, minus 3%. (If, for a given year, the rate is lower than 3%, that portion of your pension will not be indexed.)
- The portion of your pension that corresponds to years credited for service since January 1, 2000 will be indexed according to the more profitable of the following formulas:
  - 50% of the rate of increase of the pension index; **or**
  - the rate of increase of the pension index, minus 3%.

**Example:** Roger retires on January 1, 2004, on his 60<sup>th</sup> birthday (i.e., no actuarial reduction). He has 30 years of service credited for eligibility purposes and for calculation purposes. His average salary for his five best paid years is \$30,000.00. In 2004, his annual pension is therefore \$18,000.00 (\$1,500.00 a month).

On January 1, 2005 Roger's pension will be indexed as follows, **assuming that** the rate of increase of the pension index set by the Régie des rentes du Québec is 4%.

Roger's annual pension (\$18,000.00) will first be divided in three parts, according to the dates of his years of service:

	<b>Number of years of service</b>	<b>Annual vesting rate</b>	<b>Average salary</b>	<b>Part of the pension</b>
<b>Before July 1, 1982:</b>	6.5 x	2% x	\$30,000.00 =	\$3,900.00
<b>after June 30, 1982 but before January 1, 2000:</b>	17.5 x	2% x	\$30,000.00 =	\$10,500.00
<b>Since January 1, 2000:</b>	6.0 x	2% x	\$30,000.00 =	\$3,600.00
<b>Total number of years of service on date of retirement:</b>	30.0 x	2% x	\$30,000.00 =	\$18,000.00

Each of these three parts will then be indexed as follows:

**For the first part of the pension:**

<b>First part of the pension</b>				<b>Indexation</b>
\$3,900.00	X	4%, that is, the rate of increase of the pension index <b>assumed</b> for January 1, 2005	=	\$156.00

**For the second part of the pension:**

<b>Second part of the pension</b>				<b>Indexation</b>
\$10,500.00	X	1%, that is, the rate of increase of the pension index <b>assumed</b> for January 1, 2007 (i.e. 4% minus 3%)	=	\$105.00

**For the third part of the pension:**

<b>Third part of the pension</b>				<b>Indexation</b>
\$3,600.00	x	2%, that is, 50% of the rate of increase of the pension index (i.e. 4%) <b>assumed</b> for January 1, 2005	=	\$72.00

<b>Total indexation as at January 1, 2005</b>	=	<b>\$333.00</b>
---	---	-----------------

As of January 1, 2005, Roger's annual pension will be increased to \$18,333.00 (\$18,000.00 + \$333.00) or, \$1,528.00 per month (\$18,333 ÷ 12).

**If I retire on a date other than January 1, will my pension be indexed in the same fashion?**

**Yes.** However, the first time your pension will be indexed, that is, on January 1 following the date of your retirement, the index adjustment will be calculated on the basis of the number of days for which your pension was payable during the first year of your retirement, over 365.

Subsequently, your pension will be indexed on January 1 of each year, as described above.

**What about teachers who had their years of membership in the Teacher's Pension Plan (TPP) transferred to RREGOP?**

Their pension will be calculated as if they had been members of RREGOP the whole time.

**Will a downward trend of the financial markets affect my pension paid by CARRA?**

**NO!** The variation in rates of return on investments made with your pension payments has absolutely no impact on benefits paid to you by CARRA. Nor, does it affect the indexation of these benefits. RREGOP is a "*defined benefit pension plan*". Your benefits are determined solely on the amount of your pension premiums paid and by the number of years of contribution to the plan.

**Will a decrease in the rate of return in financial markets affect the contribution rates?**

**MAYBE.** In order to ensure that enough funds exist in the pension plan to pay the required

benefits to all future retirees, premiums may have to be increased in the future. This, however, cannot be done without an agreement between the unions and the government.

### **What if you work past 69 years of age and haven't accumulated 35 years of service?**

A teacher who is an active participant in RREGOP and reaches 69 years of age without accumulating 35 years of service and who elects to continue teaching ceases to participate in his/her retirement plan on December 31<sup>st</sup> of the year during which he/she reaches the age of 69 years.

They not only stop participating in the plan, they stop paying contributions, stop accumulating 2% per year (for pension calculations) and they stop having their salary used in the determination of the average salary over the best 5 year period.

### **What if you return to work after retirement?**

The pension of a teacher, who is receiving benefits from RREGOP and who goes back to work with an employer covered by RREGOP may be affected. These effects vary according to age and the choice of re-entering or not re-entering the pension plan. Before deciding to return to work every individual should obtain from CARRA and/or the College a written statement clearly indicating the effect that returning to work will have on their future pension payments.

In general if you return to work and are less than 65 years of age and started teaching before 1983, you have the choice to participate once again in the RREGOP plan or not to participate.

- If you decide to participate, your pension payments will be reduced by the percentage of work that you assume at the College.
- If you decide not to participate in the plan upon your return to work, you will receive your full pension payments (as if you weren't working) and a regular salary that is proportional to the workload that you assume.

For a teacher who is receiving a pension from RREGOP, continued participation in the plan is automatic, unless you advise CARRA/Vanier of your choice not to participate.

Starting at age 65, it is no longer possible to receive your retirement pension and your salary at the same time unless you are a participant in the gradual retirement plan.

Teachers returning to work after their retirement may not make up full years of service (for purposes of eligibility), nor will their years of service be counted for purposes of obtaining a pension credit even if the repurchase occurred after they returned to work.

If you decide to return to work, your employment depends on whether the College is willing to

rehire you (note that the department recommends who to hire but the College actually is responsible for hiring). In the event that you are rehired, you start all over again with zero seniority within your department (as if you were a new teacher to the College).

If you return to work for any employer, private or public, whose employees are not covered under RREGOP you will draw your full pension benefits as well as any salary resulting from the job.

### **What is a pension credit?**

A “pension credit” means that you have redeemed periods of service earned prior to your membership in RREGOP, and that, as a result, you have what is called a redeemed service pension credit. Such periods are, for example, years before 1973 during which you were employed by an institution that is now covered by RREGOP.

Since you have a pension credit, CARRA will add an amount to your pension under RREGOP.

The cost of purchasing these pension credits is generally quite low and is worth looking into. Pension credits are NOT counted as years of service in determining your eligibility for a pension.

To find out the details as they apply to you contact CARRA or Human Resources at Vanier.

## **REDEMPTION OF SERVICE**

(Details on how the costs of redemption are determined and the terms of payment may be found in Appendix 2.)

If you are entitled to redeem certain periods of service or leave, you could have them taken into account under your plan. Redemption of service could increase your pension payments or, in some cases, allow you to retire early, but clearly there is no obligation to buy back years. Provided you are a member of RREGOP, redeemed years of service are used both to calculate the

amount of retirement pension as well as your eligibility for retirement.

**Common types of redemption include:**

- leave without pay (including parental leave)
- years of casual service between June 30, 1973 and January 1, 1988
- periods of maternity
- years of membership in the TPP which were refunded by that plan

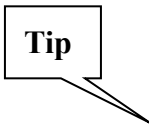
**What do you need to do to redeem years of service?**

- First and most importantly, note that an application to redeem years of service **must be received by CARRA while you are still employed.**
- You may obtain the form “Application for Redemption of Service” from Human Resources who will help you fill out the form and start the process.

**How much does redemption of service cost?**

Since the cost of redemption may vary according to the type of redemption, the salary and even, in some cases, the employee’s age at the time of application, it is impossible to give a general answer to this. Each case must be evaluated individually. However, the details of the cost of the two most common types of redemption namely redemption of casual service and redemption for an absence without pay may be found at the following web site:

[http://www.carra.gouv.qc.ca/ang/regime/rregop/rregop\\_s.htm](http://www.carra.gouv.qc.ca/ang/regime/rregop/rregop_s.htm)



Redeeming (“buying back”) years of service may or may not make financial sense. True, buying back any year(s) of service will increase your pension payments but at what cost? The amount that you will have to spend to buy back a year depends upon which year you want to buy back. If you are buying back last year it will cost you \$4,904.00, which is the amount that you would normally contribute to your pension each year plus what the government contributes to your pension plan each year. (Remember the costs are shared fifty-fifty between employee and employer.) However, if you want to buy back a year from 1980, you will not only have to pay your share and the government’s share, you must now pay the compounded interest that money would have earned over those twenty-four years. Such a buy back could conceivably cost you \$15,000.00 to \$20,000.00. !!

13

Let’s take a look at some simple numbers.

Basic annual salary	\$60,000.00
Contributions to pension plan (2004 figures)	
Employee contribution	\$ 2,452.00
Employer contribution	<u>\$ 2,452.00</u>
Total amount of pay back	\$ 4,904.00

Pension payment per year:

- Full pension (35 years at \$60,000.00 per year)  
70% X \$60,000.00 \$42,000.00
  - Partial pension (34 years at \$60,000.00 per year and  
over 60 years of age – no actuarial reduction)
- |  |             |
|--|-------------|
| Full pension (70% of \$60,000.00)        | \$42,000.00 |
| Reduced pension (68% of \$60,000.00)     | \$40,800.00 |
| Loss incurred by retiring one year early | \$ 1,200.00 |

Remember the loss of \$1,200.00 is gross income. If you assume a tax rate of 40% when taxes are taken into consideration, you see a net loss of income after retirement of \$720.00. While you are losing \$720.00 per year, remember that you have retired a full year early.

If you now decide to redeem the missing year and let's assume that year is the last year you should have worked, you will need to come up with \$4,904.00 in cash immediately to buy back the missing year. Since you will now be gaining \$720.00 (net) per year, after  $(\$4,904.00/\$720.00)$  6.8 years you will break even and after that you will be getting an extra \$720.00 (net) per year. But remember you will be out of pocket \$4,904.00 tomorrow, that the "extra" \$720.00 per year acquired by the buy back doesn't last forever (we will have to die some time) and, that financial needs tend to decrease as we age and that you now have \$4,904.00 less to go on a trip, invest or buy a car with the day after tomorrow. If you have no immediate cash demands and if you plan to live a very long time, it would still make some sense to buy back the missing year.

Now let's examine the source situation except that the year you have to buy back is 1980 and the cost will be \$20,000.00 (say). You must now come up with \$20,000.00 cash tomorrow so that you can save \$720.00 per year. The crossover point (the point where you just break even overall) is now  $(\$20,000.00/\$720.00)$  27.8 years. In fact, it's probably worse than that, since you could have invested the \$20,000.00 tomorrow in a GIC and earned some interests while at the same time having the freedom to make withdrawals as your personal needs arise. If you retired at 60, the crossover point would occur at 87.8 (= 60 + 27.8) years of age. Not too many people would think this latter case is much of a deal!

14

### **How does taking a sabbatical leave with deferred pay affect my pension?**

**It doesn't.** You will be credited the same service and salary as if you had never taken the leave. **Once your leave is over, you must return to teaching for a period equivalent to at least the duration of the leave.** So if you take an anticipated sabbatical leave (i.e., you pay first and then take the leave at the end), you can NOT retire immediately after your leave ends.

### **Will "Progressive Retirement\*" affect my pension?**

**No!** Since your contributions to RREGOP during the progressive retirement agreement are calculated on the salary that you would have received had you been working full time, your

pension contribution is fully paid up. You will also be credited with years of service that you would have been credited with if you had not reduced your workload.

- \* Progressive retirement is a means of reducing your workload before you retire, while still acquiring full pension credits. This plan allows you to reduce your work schedule for a period of at least 12 months but at most for 60 months (5 years), at the end of which you must retire. For the duration of the agreement, your new work schedule must not be less than 40% of a full time job or greater than 80% of a full time job. (See LEAVES, page 43.)

### **What if I resign before I am eligible for retirement?**

- You can obtain a refund of your pension contributions, with interest, if you are under 55 years of age and if you have less than 2 years of service.
- If you are less than 55 with 2 or more years of service, you can:
  - (i) receive a deferred retirement pension at a later date ( between 55 & 65 years of age);  
**or**
  - (ii) transfer the money to a LIF or LIRA (see below).

### **Is it more profitable to wait for a deferred pension or ask CARRA to transfer your money to a retirement account (LIRA) or a life income fund (LIF)?**

In order to compare the advantages of these two options, you must take into account your age, the amount of your deferred pension, the indexation that would apply to your deferred pension and most importantly the interest rate that you would obtain on the amount transferred to the LIRA or LIF.

### **Redemptions can affect your PA (pension adjustment) or your PSPA (past service pension adjustment)**

If a redemption of service concerns years of service accumulated after 1987, it will affect the value of the PA or the PSPA. This has tax implications, as well as implications on RRSP contributions, both past and present.

15

## **TERMINAL ILLNESS AND DEATH BENEFITS**

### **What special benefits do I receive if I have a terminal illness?**

If in the opinion of your physician your life expectancy is less than 2 years, you are entitled to receive the higher of the following amounts:

- (i) your total contribution plus interest; **or**

- (ii) the value of your vested retirement pension.

This option is available only, if at the time of your application, you are not eligible for a full pension. This option is similar to the provision in some life insurance policies that will allow the contributor to obtain most of the benefits in the last years of his/her life.

### **What benefits are provided at death?**

Benefits depend on your age at the time of your death, whether you are eligible or not for a retirement pension or are already retired.

1. **If, at the time of your death, you are not eligible for a retirement pension but you have at least two years of service credited for eligibility purposes**, your spouse will receive the higher of the following amounts:

- the total of your contributions to your pension plan, plus accrued interest; **or**
- the value of your vested retirement pension.

If you do not have a spouse, the higher of these amounts will be paid to your heirs.

2. **At the time of your death, if you are eligible (i.e. more than 55) for a retirement pension, but are not retired yet, your spouse will receive, until his/her death, 50%** (possibly 60% - see next section) of the pension that would have been payable to you at that time.

Integration with the Québec Pension Plan will apply to that pension as of the month following your death. In addition, if the value of your spouse's pension is lower than the total of your contributions with interest, the amount of the pension will be increased accordingly.

If you do not have a spouse, your heirs will receive the total of your contribution to your pension plan, with accrued interest.

16

3. **What if I'm already receiving my retirement pension upon my death?**

If you already receive a retirement pension at the time of your death and **if you have a spouse**, he/she will receive, for the rest of his/her life, 50% or 60% of your pension, in accordance with the choice that you will have made on your application for a retirement pension. **Note that you can choose to reduce your pension by 2% so that your spouse will receive a pension corresponding to 60% of that reduced pension in the event of your death.**



Tip

You can think of losing the 2% as buying life insurance for yourself. At a cost of about \$720 net/year (assuming a salary of \$60,000 and a full (70%) pension) your spouse will benefit from an additional \$4,200/year in the event of your death. Like any kind of insurance, it's a gamble. While you are young you could definitely buy cheaper life insurance, but as you get older, premiums on term insurance start to skyrocket. Furthermore there is no medical required to take advantage of this option. Just try buying life insurance on the open market at age 60 if you are not in good health.

If integration with the Québec Pension Plan has not yet been applied to your pension, it will apply to your spouse's pension as of the month following your death.

If you receive a retirement pension **and do not have a spouse** at the time of your death, your heirs will receive an amount equal to the total of your contributions to your pension plan, with accrued interest, up to the date of your retirement.

### **Upon my death, will my pension plan recognize my de facto spouse?**

**If you are not married**, your pension plan will recognize for your spouse the person of the opposite sex or the same sex that you presented as your spouse and who, at the time of your death, **was not married to another person** and was living in a conjugal relationship with you for at least three years.

This period is reduced to one year instead of three if:

- a child is born or to be born of your union; **or**
- a child was jointly adopted by you and your spouse during your union; **or**
- one of you has adopted the child of the other during your union.

17

Same sex spouses have the same rights and obligations as opposite sex spouses since the coming into force, on June 16, 1999 of the *Act to amend various legal provisions concerning de facto spouses*.

### **Can I bequeath my pension plan to the person of my choice?**

**NO!** The act that governs your pension plan already stipulates who can benefit from your plan.

## **RETIRING**

### **What do I do when I decide to retire?**

To apply for your RREGOP pension, you must send a letter to the College specifying your retirement date and you must fill out an “Application for a Retirement Pension” form with your employer’s assistance (Appendix 3). It is recommended that you **initiate the retirement process at least 3 months before** you actually plan to retire. While the 3 months is not actually mandatory, you will be dealing with a bureaucracy, and if delays occur, it may mean that you do not get your first pension payments on time. At the time of your decision to retire, you should also immediately contact the Administrative Assistant at Vanier College’s Human Resources

Department (514 -744 -7500, Ext. 7203).

### What is the best date to retire?

- **If you are planning to retire at Christmas.**

If you've done all the appropriate paperwork on time, your pension starts immediately after you cease working. On the other hand, QPP's payments don't start until the month after you cease working and then these payments are paid at the end of the month. Therefore, if you retire in the last few days of a month, you will receive your first QPP payment in slightly over thirty days. If, on the other hand, you retire in the early days of a month, you will have to wait almost sixty days before receiving your first QPP payment.

Tip

- **If you are planning to retire at the end of the academic year.**

Many teachers decide to wait until the last day of the summer holiday period to retire. The thinking behind this is that you take your full vacation period that you are entitled to and start receiving your pension immediately thereafter. (This may not always be the best idea.) Consider starting your pension on the first day of your vacation period. You will then receive your pension starting at the start, rather than at the end, of the two-month vacation period and since you have earned your vacation pay during the preceding ten months of teaching, you will also receive your normal vacation pay. So for the summer months you will now be receiving vacation pay and your pension payments simultaneously.

Tip

The downside of this is that you may lose a small amount of your pension permanently (if you are not past 35 years of service but are eligible for a pension without reduction).

19

### Let's examine the numbers:

- lost pension is 2% per year or .17% per month
- for two months (vacation period) lost pension is .34%
- if your salary is \$60,000.00, permanent loss will be \$204.00 per year
- but, you have been effectively double paid for the summer vacation period. Instead of just getting vacation pay you have received two full (extra) months of pension payments:

Monthly pension payment = \$3,480.00

(Additional) pension payment  
over two months vacation = \$6,960.00

So for a loss of \$204.00 per year permanently to your pension, you have pocketed \$6,960.00 now. It would take  $\$6,960.00/\$204.00 = 34$  years to reach the break even point – where it would have been dollar for dollar (remember that there is a lot that you could do with that extra \$6,960.00 now) smarter for you to delay your pension by those two months. At that point most teachers would be well past 90!

**If I am eligible for a pension with reduction, can I resign and wait until I am eligible for a pension with no reduction before I apply for my retirement pension?**

**YES!** If you are between 55 and 59 you have the possibility of retiring with a deferred pension, which means that you notify CARRA that you will wait until age 65 to avoid the penalty. Before making that decision, however, you must analyze the consequences. In order to receive at a later date a slightly higher pension, you risk depriving yourself of money that you could use from the beginning of your retirement.

**How often will my pension be paid?**

Your retirement pension will be paid on the 15<sup>th</sup> of each month, and can be deposited directly into your bank account.

**Will income tax be deducted from my pension?**

As a rule, **yes**. CARRA will deduct federal income tax and Québec income tax if your retirement pension was your sole income. If you find that the amount of these deductions is not high enough, you can ask to have it increased.

20

**Once retired, can I go back to work?**

Going back to work in the Québec civil service, the education or the health and social services sectors or for any employer covered by **RREGOP**, on a full-time or part-time basis or as a casual employee, **could cause the suspension or the reduction of your retirement pension.**

Therefore, **CARRA strongly suggests** that you make sure the employer about to hire you or CARRA provides you with all the information you need on the **possible consequences** of your going back to work, **before** reaching a decision.

Note that if you are going back to work for an employer NOT covered by RREGOP (and that obviously includes self-employment) there will be NO consequence to your RREGOP pension payments.

### **What if I am sick, when I planned to retire?**

Assuming this is not a short term terminal illness (see section entitled “What special benefits do I receive if I have a terminal illness?”, page 15) you would be better off going on short term salary insurance and then (if the illness exceeds two years duration) long term disability (LTD) until you are sixty-five (65). Your salary will be higher than your pension income and there are additional benefits, such as continuing to be covered by the Teacher’s Group Health Insurance Plan. If you were ill and retired, you could be paying up to \$1,299.00 under RAMQ (see page 38) just for medications. On your 65th birthday, your disability pension will automatically be converted into a retirement pension.

### **PENSION INCOME ESTIMATES**

You can get an estimate of what your pensions will be by filling out an “Application for Pension Estimate” (Appendix 1).

The estimated pension income for any individual is dependent on that individual’s personal circumstances. However, it can be useful to look at the situation of typical individuals to get a sense of the impact of the different pension factors and how they affect the level of pension income. For the purpose of this example our group of 12 typical teachers all have a scholarship of 18 and 15 years of experience for pay purposes.

For example if, they were to continue teaching in 2002-2003, their individual gross annual salary would be \$58,027 and their individual net annual salary would be 61.25% of their gross or \$35,541. The net salary assumes no insurance or optional deductions other than the obligatory long-term salary insurance.

The table below indicates what their pension income would have been if they had retired in the summer of 2002 at ages 55, 60 or 65 and with 20, 25, 30 or 35 pensionable years. For the purpose of the OAS and QPP calculations I assume that they are entitled to the maximum in each case.

Please note that since the values in this table are for illustrative purposes only, the amounts have not been updated to 2004.

<b>Age</b>	<b>Pension-able Years</b>	<b>RREGOP</b>	<b>QPP</b>	<b>OAS</b>	<b>Pension Gross *</b>	<b>Pension Net **</b>	<b>Pay Net ***</b>
55	20	\$17,408	\$0	\$0	\$17,408	\$15,493	\$35,541
55	25	\$21,760	\$0	\$0	\$21,760	\$18,452	\$35,541
55	30	\$26,112	\$0	\$0	\$26,112	\$21,568	\$35,541
55	35	\$38,080	\$0	\$0	\$38,080	\$29,055	\$35,541
60	20	\$21,760	\$6,625	\$0	\$28,385	\$23,134	\$35,541
60	25	\$27,200	\$6,625	\$0	\$33,825	\$26,383	\$35,541
60	30	\$32,640	\$6,625	\$0	\$39,265	\$29,802	\$35,541
60	35	\$38,080	\$6,625	\$0	\$44,705	\$33,081	\$35,541
65	20	\$18,714	\$9,465	\$5,312	\$33,491	\$26,960	\$35,541
65	25	\$22,440	\$9,465	\$5,312	\$37,217	\$28,992	\$35,541
65	30	\$25,786	\$9,465	\$5,312	\$40,563	\$30,747	\$35,541
65	35	\$28,750	\$9,465	\$5,312	\$43,527	\$32,515	\$35,541

\* Pension Gross is the sum of RREGOP + QPP + OAS.

\*\* Pension Net is the gross pension after taxes, assuming your only source of income is these pensions. Based on income tax brackets, these amounts will vary.

\*\*\* Pay Net is the net pay you would earn if you continued working full time.

There are a significant number of teachers who, when they start considering retirement, find themselves short of the 35 pensionable years necessary for a full retirement income of 70% of a full salary. (For those with significant other financial resources, this may not be a problem. If, for example, you have a mortgage free house, you would be able to sell it, move into an apartment, invest the money in an annuity and use the monthly annuity payments to supplement your RREGOP pension. The assumption here is that you would be happy giving up your home.) This may be due to the fact that they didn't start teaching until they were 30 years of age or older, they may have had a number of different careers over their working life, they may have interrupted their teaching career, they may have taken leaves without paying back their pension during this period, etc. If such teachers acknowledge this fact just a few years before their anticipated retirement, there is little that can be done to increase their retirement income except postpone their age of retirement and keep on working. However if they acknowledge early on that they are going to fall short of a full pension, they may be able to use personal savings and make up the short fall in their RREGOP pension. While there are a number of ways that this can be accomplished, let's take a look at the simplest, most conservative, way of doing this – investing in bonds or GIC's.

## PENSION IMPLICATIONS FOR THOSE RETIRING WITHOUT 35 YEARS.

The table below is designed to illustrate the problem and the solution. The numerical examples given will be those that apply to the shaded column headed with 20 years of pensionable years. A teacher age 60 or over with an average salary of \$60,000 and 35 pensionable years will retire with a 70% pension or \$42,000 per year. If your debts are paid off and you have no dependent children, you will be able to maintain the same standard of living with this income. However if you retire with less than 35 pensionable years the picture is less rosy. The “pension” line in the table indicates the annual pension payment with 20 pensionable years. The line below, “extra for 70%”, indicates the additional income that will be required to bring your total income up to \$42,000. The next two lines, “annual savings” and “savings per pay” indicate what you would have had to have saved per year and per pay (assuming a 7% rate of return) for the time period indicated to have amassed the necessary capital sum.

**Example:** If you retire with 20 pensionable years, you would have an annual pension of \$24,000 and would require an additional \$18,000 per year to have a total income of \$42,000. If you had saved \$5,100 per year or \$196 per pay for 20 years this would generate \$210,000 in savings, which would provide an annual income of \$18,000 for 25 years after you retire. After which you would have no further additional savings, i.e. the principle would be gone and you would only be receiving your \$24,000 pension plus any OAS and QPP benefits. (See pages 24 and 32)

23

Pensionable Years	15 Years	20 Years	25 Years	30 Years
Avg. salary	\$60,000	\$60,000	\$60,000	\$60,000
Pension	\$18,000	\$24,000 *	\$30,000	\$36,000
Extra for 70%	\$24,000	\$18,000 **	\$12,000	\$6,000
Capital sum	\$280,000	\$210,000 ***	\$140,000	\$70,000
Annual Savings	\$11,000	\$5,100	\$2,200	\$750
Savings per pay	\$915	\$196	\$85	\$29
Savings period	15 years	20 years	25 years	30 years
Assumed Interest Rate	7%	7%	7%	7%

\* The \$24,000 pension is calculated by multiplying the 20 years of service by 2% to give a 40% pension. 40% of a full salary of \$60,000 is the \$24,000 pension.

\*\* Full pension (\$42,000) – actual pension (\$24,000) = \$18,000 (pension short fall)

\*\*\* This is the amount in cash you would need at retirement so that you could buy an

annuity at 7% that would pay you the \$18,000 short fall between your actual pension and a full pension for the next 25 years (i.e., until you were 85 years old).

One of the most cost effective ways of making up this pension short fall is to maximize your allowable RRSP payments each year. The money in such an investment vehicle grows tax free until you withdraw it. At retirement, if you are short of a full pension, it is possible to “buy” some additional pension by transferring RRSP holdings to RREGOP, tax free. Specifically such a buy back is used to compensate for the actuarial reduction, thus reducing/eliminating the loss that might be incurred due to this reduction.

**A couple of things should be carefully noted:**

- a) The numbers used in the above table assume that you can obtain 7% on your investments. While conservative stock portfolios have in fact generated a 7% - 8% return historically over the last 40 years, there are periods when this is not likely. We are presently in such a period! Clearly if a 7% return is not realized, the “capital sum” amounts in the table above would have to be increased, along with your “annual savings”. The most conservative investment approach would be to buy bonds and GIC’s, but they rarely return 7%. Annuities could also be purchased that guarantee a fixed payment for a period of time but these payments too will suffer if the annuity is purchased during a time of low interest rates.
  
- b) Money invested in RRSP’s should be thought of as retirement savings. Since you want to be as sure as possible that the money is actually there upon your retirement, it is wise not to use RRSP’s to speculate. For the very conservative – purchase bonds and GIC’s. For others, a well diversified portfolio of bonds and conservative stocks. Unless money is no option, that’s a joke, RRSP’s shouldn’t be used to invest in “hot tips”. If you have money to speculate with, it is usually a good idea to invest it outside an RRSP for tax purposes. (Capital losses can be written off against capital gains for investments held outside of RRSP’s.)

24

## **QPP – THE QUEBEC PENSION PLAN**

**Web site:** [www.rrq.gouv.qc.ca/an/rente/ll.htm](http://www.rrq.gouv.qc.ca/an/rente/ll.htm)  
**Telephone:** Montreal Region (514) 873-2433  
**By Mail:** Régie des rentes du Québec  
P.O. 5200  
Québec, Québec  
G1K 7S9

### **The Quebec Pension Plan (QPP).**

The QPP is a compulsory public insurance plan. Its purpose is to provide persons who work (or who have worked) in Quebec with basic financial protection in the event of retirement, disability or death.

This compulsory public insurance plan is financed by contributions from Quebec workers and employers. These dollars are collected by the Quebec Minister of Revenue and managed by the

Caisse de dépôt et placement du Québec.

Workers in Québec are associated with the Québec Pension Plan (QPP) while workers in the rest of Canada contribute and receive benefits from the Canada Pension Plan (CPP), started in 1966. The plans are virtually identical and there exist bilateral agreements between the two governments to make payments easy in those cases where an individual has worked both in and outside of Québec.

### **Who contributes to the plan?**

The contributory period begins the month following one's 18th birthday (or on January 1, 1966 if a person turned 18 before that date) and ends the month preceding the one in which retirement begins, the month of one's 70<sup>th</sup> birthday or the month of one's death. You continue to contribute as long as you work (even beyond the age of 70).

Everyone 18 years of age or over with employment earnings more than the basic exemption of \$3,500.00 contributes to the Plan. If you are receiving a disability pension, you do not contribute to the Plan.

Even if the contributory period ends in the month preceding the one in which your retirement pension begins, or the month of your 70<sup>th</sup> birthday, you will continue to contribute to the Plan as long as you work. In such a case your retirement pension would be increased proportionately up to the age of seventy.

25

### **How are my contributions calculated?**

One year of contributions to QPP is entered under your name for each year you contributed on earnings more than the basic exemption.

For 2004,

- the maximum earnings on which you can contribute (maximum pensionable earnings) is \$40,500.00
- **the contribution rate** is 9.9% of that part of your salary between the basic personal exemption and the maximum pensionable earnings. In our case, we pay 4.95% and the government contributes the other half.

### **Who is entitled to QPP?**

If you contributed to the Québec Pension Plan (QPP) throughout your working life, you are assured a basic income during retirement.

You cannot receive a retirement pension under QPP if:

- You are receiving an unreduced income replacement indemnity from the CSST
- You are receiving an indemnity from the SAAQ for a disability.

If you worked elsewhere in Canada, your contributions made to the Canada Pension Plan (CPP)

will be taken into account in calculating the amount of your retirement pension.

If you no longer live in Quebec, you are still entitled to your pension.

Payment of QPP is **not automatic**. **You have to apply for it**. It is suggested you make your application from 1 to 3 months before the date you want to begin receiving your pension.

You can download all required forms by going to:

[http://www.rrq.gouv.qc.ca/an/services/15\\_01.htm](http://www.rrq.gouv.qc.ca/an/services/15_01.htm)

You will also find all the Quebec Government forms related to retirement and death issues listed in Appendix 3.

After completing the form “Application for a Retirement Pension” (Appendix 3) from this site, mail the completed form to the address above or obtain the form at a client service center, at Communication-Québec, or at most banks and Caisses Desjardins.

Both the pensions under QPP and OAS will cease as of the month following your death. They cannot be transferred to a surviving spouse or to heirs.

The retirement pension paid under the QPP is part of the basic retirement income that you can receive as early as age 60 if you have contributed to the plan.

26

At age 65, the Old Age Security Pension (OAS) paid by the Federal Government is added to your retirement pension. (see OAS – The Federal Old Age Security Program, pg. 32.)

To find out the employment earnings amount recorded under your name, request your “Application for a Statement of Participation in the Quebec Pension Plan” (Appendix 5) and send it to the address on the previous page. A copy of this form can be obtained from the V.C.T.A. office or Human Resources.

Your statement of participation contains:

- earnings on which you made contributions
- an estimate of the amount of disability pension to which you would be entitled if you were deemed to be disabled (this kicks in after 2 years – since you would be covered by basic health until then)
- the amount of pension to which you would be entitled
- an estimate of the amount of the surviving spouse’s pension (this amount is separate from QPP benefits) and other benefits to which your family would be entitled to if you were to die.

### **When can I receive QPP?**

You can receive QPP as early as 60 if:

- you have contributed for at least 1 year; **and**
- if you have stopped working or are considered as having stopped working; **or**
- if you have signed an agreement with your employer to reduce your earnings by 20% for purposes of phased retirement.

You are considered to have stopped working if your estimated employment earnings for the 12 months after the one in which you begin receiving your pension are not more than 25% of the maximum pensionable earnings, that is, the maximum amount on which a worker can make contributions to the plan. For 2004, the maximum is \$40,500.00, so if you earn less than \$10,125.00 (i.e. 25% of \$40,500) you are considered to have stopped working.

The amount of your retirement pension is calculated on the basis of your age. The amount is adjusted depending on whether you elect to receive your payments before, at, or after your 65<sup>th</sup> birthday.

27

- If you are 65 – you get the “full” pension.
- If you are less than 65 – your pension is reduced by 6% per year for each year preceding your 65<sup>th</sup> birthday. This reduction will apply for as long as the pension is paid (i.e. the rest of your life).
- If you are more than 65 – the pension is increased by 6% per year for each year between your 65<sup>th</sup> birthday and the year you elect to receive payments (up to age 70). This adjustment will apply for as long as the pension is paid.

### **Age 70 is the maximum**

If you continue to work past 70, you will continue to pay QPP but the benefits you will receive will be exactly those you would have received if you had taken the pension at 70. So you will be paying premiums but won't be receiving any advantage (i.e., increased payments).

Your pension is taxable and is adjusted for cost of living each year and is paid by cheque or direct deposit on the last working day of each month.

### **How pension amounts are calculated**

Your QPP retirement pension is calculated on the basis of the employment earnings on which you

paid contributions to the Plan and the amount received from the Plan varies according to your age.

Benefits are calculated on the basis of:

- the employment earnings recorded under your name since 1966 (the year QPP started)
- the age when you start receiving the pension.

**The monthly amounts for *maximum* pension payments for pensions beginning in 2004:**

<b>Beneficiary's age</b>	<b>% Rate payable</b>	<b>Maximum monthly amount</b>
60	70	\$ 569.92
61	76	\$ 618.77
62	82	\$ 667.62
63	88	\$ 716.47
64	94	\$ 765.32
65	100	\$ 814.17
66	106	\$ 863.02
67	112	\$ 911.87
68	118	\$ 960.72
69	124	\$1,009.57
70 or over	130	\$1,058.42

The amount of your retirement pension is 25% of the average monthly earnings on which you contributed to the Plan, up to a maximum of \$814.17 in 2004.

After 65, you can begin receiving a retirement pension even if you have not stopped working, provided you have contributed to the plan for at least 1 year.

If you have stopped working before 65, because of poor health, you can apply for a disability pension which has higher payments than QPP.

If you have been receiving a retirement pension for less than eighteen months, you can apply for a disability pension provided you can prove that you became disabled no more than 6 months after the first payment of your retirement pension.

If you receive a disability pension, it will automatically be replaced with a retirement pension in the month following your 65th birthday.

**Tip**

Consider taking your QPP pension as early as possible. Just about every professional who has studied the situation has come to the conclusion that people in the Quebec public service are usually better off taking QPP sooner rather than later. Yes you incur a permanent reduction in your pension payments, but you get the money up to 5 years earlier and during this time you could be receiving your full pension plus QPP. If you wait to age 65 to start receiving QPP payments, you get larger QPP payments, but integration (see pg. 5) starts immediately and the sum of RREGOP plus QPP is approximately the same as what you were previously receiving from RREGOP alone.

**Additional pension payment details**

## The Start of Pension Payments:

The beginning of your pension payments do not occur until the latest of:

- the month after your 60<sup>th</sup> birthday
- the month the Régie receives your application
- the month after you stop working

## Retroactive Pension Payment

If you stopped working after age 65, but did not apply for your QPP, it can be paid retroactively as of the date you stopped working instead of being increased 6% per year. This retroactive period cannot start before July 31, 1999. After age 70 you are not required to have stopped working to receive your pension payments.

## Going Back to Work

If you return to work after retiring you will continue to receive your pension, however, regardless of your age you must resume contributing to the plan if you earn more than \$3,500.00 per year. This might increase your retirement pension if you are not already entitled to the maximum payment. You can cancel an application within the first six months after the first pension payment. You will then have to repay any benefits already received.

## Out of Country Payments

In certain cases your pension can be paid by direct deposit in U.S. Dollars or in the currency of the country of residence. This method is safe and eliminates transaction fees.

## Pension Payments

- they are adjusted in January to reflect COLA
- are fully taxable as income
- and are paid the last working day of each month

30

## **Save on taxes – split your pension**

QPP payments made to one spouse can be shared between both spouses so that some of the QPP payment will be considered income from one spouse while at the same time the other portion of it will be considered income for the other spouse.

Both spouses do not need to have contributed to the plan to share one of the spouse's retirement pensions, but both spouses must be at least 60 years of age. Splitting income in this way may be advantageous from a tax point of view. It may enable one or both spouses to limit their income below the point where the Federal Government starts to claw back OAS payments and/or puts one or both spouses in a lower tax bracket.

If both spouses contributed to the plan, both must receive their retirement pensions before their pensions can be shared. (See OAS – The Federal Old Age Security Pension, pg. 32.)

You must complete and return the “Application for Retirement Pension Sharing Between Spouses” (Appendix 3).

### **Surviving Spouse’s Pension**

In order for you to be entitled to a surviving spouse’s pension your spouse must have contributed sufficiently to the QPP.

To give entitlement to these benefits, the deceased would have had to contribute to QPP for:

- at least one third of the period during which he/she could contribute; **and**
- at least three years.

### **List of benefits**

- beneficiary under age 45
  - without dependent children, not disabled \$403.18
  - with dependent children, not disabled \$660.12
  - disabled with or without dependent children \$687.45
- beneficiary between the ages of 45 and 54 \$687.45
- beneficiary between the ages of 55 and 64 \$704.90
- beneficiary age 65 or over \$488.50

### **Death Benefit**

The death benefit is a lump sum payment of **\$2,500.00**. You have five years following the date of the death to apply for it.

31

The death benefit payment is paid on a priority basis to the person that paid the funeral expenses. It is limited to the amount of the expenses. An application must be filed with the Régie with proof of payment within sixty days following the death.

After sixty days, if no application has been filed with the proof of payment of the funeral expenses, the benefit can be paid to the deceased’s heirs. If there are no heirs, the benefit can be paid in the following order: to the deceased person’s surviving spouse, to the deceased person’s descendants or to the deceased person’s ascendants.

The person who is entitled to the benefit will receive a lump sum payment by cheque for a maximum of \$2,500.00. The reason the rules state up to a maximum of \$2,500.00, even though it is a lump sum payment, is because the person who buries you and pays the funeral expenses may not be a family member or even in the will. In the case where the funeral expenses submitted to the Régie des rentes de Québec are less than \$2,500.00 the difference will be paid to the estate. The death benefit is taxable and must be reported as income of the deceased’s estate regardless of to whom the cheque was made out.

**Other pensions to which you might be entitled include:**

- OAS (see page 32)
- disability pension (\$992.77 per month)
- at 65, a disability pension is automatically replaced by a retirement pension
- surviving spouse's pension
- pension from another country if you have worked outside of Canada for a period of time
- a supplemental pension plan (this applies to people who have worked in certain small businesses)

**OAS – THE FEDERAL OLD AGE SECURITY PROGRAM**

**Web site:** [http://www.hrdc.gc.ca/isp/common/oastoc\\_e.shtml](http://www.hrdc.gc.ca/isp/common/oastoc_e.shtml)

**Mail:** Human Resources Development Canada  
330 Gare-du-Palais Street  
P.O. Box 1816  
Quebec, Quebec  
G1K 7L5

**Telephone:** 1-800-277-9914 for English service  
1.800.277.9915 for French service  
**(Have your SIN available when you call.)**

The Old Age Security Program is one of the cornerstones of Canada's retirement income system.

Benefits include the basic Old Age Security Pension, the Guaranteed Income Supplement and the Allowance. Only those with low incomes are eligible for the latter two. The OAS program **begins at age 65 regardless of whether you are working or not**. To qualify you must be a Canadian citizen or legal resident and have lived in Canada at least 10 years after the age of 18.

The maximum taxable pension that has been in effect since January 2004 is approximately **\$5,560.00 a year (\$463.00 per month)**. It is paid monthly and is indexed to adjust for increases in the cost of living quarterly. See Appendix 4 – “How to Apply for the Old Age Security pension, Allowance and Allowance for the survivor” and “Application for the Old Age Security Pension, Allowance and Allowance for the survivor”.

**An applicant’s employment history is not a factor in determining eligibility**

The amount of benefits is determined by how long he/she has lived in Canada. A person who has lived in Canada, after reaching age 18, for periods that total at least 40 years, would qualify for a full OAS pension. (It is possible under special circumstances that a person who has not lived in Canada for forty years after turning eighteen years of age, may still apply for a full pension.)

However, if your net income before adjustment is more than \$59,790.00, a portion of the OAS pension will be deducted each month, i.e. “clawed back”, at source or you will be required to repay it. This deduction is equal to 15% of the amount by which your net income exceeds \$59,790.00.

**Example:**

Net Income		\$65,000
Income below which no claw back occurs	-	\$59,790
Amount on which claw back will be calculated	=	\$5,210
Rate of claw back	x	15%
Amount of claw back	=	\$781
So, instead of receiving		\$5,560/year
You would receive \$5,560 minus \$781	=	\$4,778

The government will “claw back” all OAS benefits for those with annual incomes in excess of \$96,843.00.

This pension is paid individually to each spouse provided they meet the eligibility requirements.

The OAS payments are treated as income and are therefore taxable.



It should be noted that someone retiring with a full pension and receiving government pensions will have income very close to the amount where claw backs are initiated. If you start withdrawing money from your RRSP's during this period, it is extremely likely that your income will be pushed into the claw back range. There is no simple solution to this dilemma but it's a very important money management issue that would be best discussed with a professional accountant. It has reached a point where some professional money managers are actually questioning the efficacy of purchasing RRSP's for people with income typical of that of a teacher.

Once a full or partial Old Age Security Pension has been approved, it may be paid indefinitely outside of Canada, if the pensioner has lived in Canada for at least twenty years after reaching the age of eighteen. Otherwise payment may be made only for the month of a pensioner's departure from Canada and for six additional months. After that time payment is suspended. The benefits can be reinstated if the pensioner returns to live in Canada and meets all conditions of eligibility.

34

## **HEALTH INSURANCE AFTER RETIREMENT**

### **QHIP – QUEBEC HEALTH INSURANCE PLAN**

The English acronym for this plan is **QHIP**, and most simply refer to it generically as **medicare**.

**Web site:** <http://www.ramq.gouv.qc.ca/crc/indexanglais.shtml>

**Mail:** 425 de Maisonneuve Blvd., West  
3<sup>rd</sup> Floor  
Montreal, Quebec H3A 3G5

**Telephone:** (514) 864-3411

For reasons of confidentiality, QHIP will not respond to personal questions via e-mail.

#### **Who is eligible for QHIP?**

To be eligible, you must be a Quebec resident, be domiciled in Quebec and **spend at least 183 days per year in Quebec**. Many people are aware of the fact that to ensure continued medicare coverage they cannot be out of the country for more than 6 months. What most people do not know is that the regulation says you cannot be out of province for more than 6 months. So if you were to spend 6 months in Arizona and then returned to Montreal only to visit your friends/family

in Ottawa for a month, you would technically, be violating the conditions of eligibility.

### **Who is not eligible for QHIP?**

Persons who leave Quebec to take up residence in another province cease to be eligible for the Health Insurance Plan on the 1<sup>st</sup> day of the 3<sup>rd</sup> month following their arrival in the other province.

Persons who leave to take up residence in another country cease to be eligible for the Health Insurance Plan on the date of their departure.

**Persons who spend 183 days or more outside Quebec during a calendar year lose their eligibility for the Health Insurance Plan for that year.**

**Periods of 21 consecutive days or less are not counted in the 183 days.**

However, persons unable to return to Quebec as a result of being hospitalized may remain eligible in certain cases. This is determined on a case by case basis and the Régie should be contacted for further information.

35

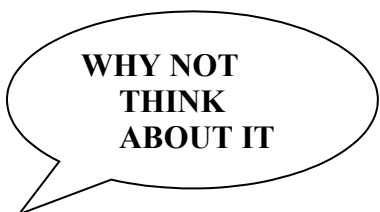
### **Can eligibility be maintained despite a prolonged absence from Quebec?**

There are situations where residents of Quebec, as well as their spouse and dependents who accompany them, may remain eligible for the QHIP even if they spend more than 183 days per year outside Quebec, as long as they notify the Régie of their absence. Most of these exemptions deal with people taking full time educational studies or people working for certain companies or organizations. The only exemption directly applicable to retirees is the provision that Quebec residents may spend up to 12 months outside Quebec during a calendar year as long as they are thus absent **not more than once every 7 years.**

### **What do you do if your medicare card expires?**

Three months before your Health Insurance Card expires, the Régie sends you a renewal notice. You must complete this form, verify the information already appearing on it, and sign it. Depending on your age and on whether you have a valid driver's licence, the instructions on your renewal notice will tell you whether you must provide a photo and follow the certification procedure by going to a CLSC or to a SAAQ service outlet.

If you have lost your card, if you do not receive your renewal notice or if your Health Insurance Card has expired, contact the Régie.



At the same time you might consider becoming an organ donor. All you have to do is sign the sticker found in the organ donation pamphlet you will receive when you renew your Health Insurance Card and then affix the sticker to the back of your card, in the upper part. Additional stickers can be obtained from CLSC's, pharmacies, hospitals and from a long list of organizations that belong to Info Don d'organes (such as the Canadian Heart and Stroke Foundation, the Canadian Liver Foundation, etc.). The number of people in this country currently waiting for an organ donor is at an all time high. Why not seriously consider becoming a potential donor?

Finally, if you move don't forget to contact the Régie by phone.

36

## **PUBLIC PRESCRIPTION DRUG INSURANCE PLAN (PPDIP, the French acronym is RAMQ)**

The basic prescription drug insurance plan guarantees basic coverage for all Quebec residents. Since January 1, 1997 everyone has to be covered by:

- **A group insurance plan** – persons who have access to a group insurance plan by virtue of current or former employment status, profession or habitual occupation must obtain coverage under that plan for themselves and their spouse, children and any person living with them who has a functional deficiency that began before 18 years of age. People who lose or leave their employment and no longer have access to a group plan must immediately register with the Régie for PPDIP and have their spouse and children registered as well.

**OR**

- **Public Plan** – the following people are covered by the Public Prescription Drug Insurance Plan:
  - ◆ persons who do not have a group plan
  - ◆ persons 65 years of age and over
  - ◆ welfare recipients

**The “Passport Plan” (offered by Desjardins to retired teachers):**

Unless upon retiring a teacher has access to a group insurance plan, either because he/she has returned to work with a company that offers such a plan, or because a working spouse has a group plan that allows for family coverage, he/she will be forced to register for RAMQ. This insurance will protect the teacher for the drug portion of the health insurance coverage. Other health insurance coverage will have to be obtained by the individual elsewhere. Additional coverage is needed if you want to be covered for such things as a semi-private room, physiotherapy, lab tests, MRI's and many other procedures that you do not have performed at a hospital or a CLSC.

Desjardins offers retiring teachers a plan called the “**Passport Plan**” that allows them to benefit from health coverage very similar to what they enjoyed previous to retirement. One advantage of this plan is 6 months out of country travel insurance. Buying such insurance if you are over 55 on the open market can be prohibitively expensive, if not impossible, especially if you have a pre-existing condition.

You have the option of joining this plan within 30 days of retiring. After you have notified the College of your intention to retire in writing, the College immediately notifies Desjardins. Shortly thereafter, Desjardins customarily sends the retiring person an application to be filled out and returned if they are interested in the Desjardins plan.

If you don't receive an application from them promptly at retirement, contact them at 1-800 - 463 -7870. Better yet, contact them yourself a number of months before you actually retire. This plan clearly exempts drug coverage since the individual is now obliged to obtain this from RAMQ.

The table below compares the cost of single and family plans for working teachers and those who elect the “Passport Plan”.

Note that these were the costs as of January 1, 2004.

<b>Pre-retirement</b>		<b>Post-retirement (Passport Plan)</b>		
<b>Single</b>	<b>Family</b>	<b>Age</b>	<b>Single</b>	<b>Family</b>
\$33.29	\$80.47	Less than 59	\$15.84	\$31.68
		60 – 64	\$19.03	\$38.06
		65 – 69	\$26.48	\$52.96
		70 – 74	\$33.81	\$67.62
		Greater than 75	\$39.13	\$78.26

The premiums shown in the table above are per month, tax not included. Unlike the regular plan, the premiums for the Passport Plan are age dependent.

Remember that the numbers shown in the table above under the Post-retirement heading cover the non-drug portion of health insurance. A teacher would still have to be covered under RAMQ for drug insurance.

Representatives of RAMQ can be reached at the following two numbers:

(English) 1-888-732-3212

(French) 1-800-463-7843

**NOTE:** Active teachers over 65 years of age have the option of remaining in the Desjardins plan for both the drug and non-drug portion of the health insurance, or of remaining in the Desjardins plan for the non-drug portion and registering with RAMQ for the drug portion. The only caution is that the drug portion of the Desjardins plan and RAMQ do not cover exactly the same list of drugs. Generally the drugs covered by both plans are the ones most often required by patients. However, if you suffer from an uncommon ailment that requires expensive drugs you would be well advised to check the list of drugs covered by both Desjardins and RAMQ before deciding which way to go.

38

**Tip**

Financially, the numbers would indicate that teachers would always be better off sticking with Desjardins for the non-drug portion of their health insurance needs and going to RAMQ for their medications.

**What happens to my dental coverage?**

If you have been insured with La Capitale for your dental insurance prior to your retirement, you can continue to be covered with La Capitale after you've retired for the same premiums and the same coverage. People in such a plan should be well aware of the costs, since these dental plans come at a very high premium. In many cases one might be better off simply paying out of pocket dental bills when they occur. Clearly this depends on each individual's situation.

**WHAT ARE THE COSTS OF PPDIP (RAMQ)?**

**The Premium**

As of July 1, 2004 persons covered by the public plan must pay a premium of up to \$460 per adult per year **regardless of whether they purchase prescription drugs**. The amount of the premium is determined on the basis of net family income. Retiring teachers can expect to pay the maximum.

Premiums are collected annually by the Ministère du Revenu du Québec at income tax time. It is important for all persons concerned to complete Attachment K - "Premium Payable under the Quebec Prescription Drug Insurance Plan" (Appendix 6), when preparing their Quebec Income

tax return.

Persons covered for 12 months of a given calendar year by a group plan are not required to complete Attachment K. They must however enter the number corresponding to their situation in box 449 of their Quebec income tax return.

Persons not part of a group plan and not obliged to pay a premium, must still complete Attachment K of their Quebec income tax return. This applies to low income earners who do not belong to a private plan. (See “Which persons do not pay anything for their prescription drugs” on page 40.)

39

### **The Contribution**

Persons covered by the public plan must, when they purchase prescription drugs, pay a contribution in the form of a “deductible” and a “co-insurance” amount.

#### **The deductible:**

This is the first part of the contribution. Every month, you pay the first **\$9.60** of your drug costs.

#### **The co-insurance:**

This is the second part of the contribution and consists of a percentage of your drug costs. Any amount by which your drug costs exceed your deductible is paid jointly by you (**28%**) and by the Régie, until your maximum contribution for the month has been reached.

#### **The maximum contribution:**

This is the maximum monthly amount you may be required to pay. It includes the deductible and the co-insurance. The amount is **\$69.92 per month** (or \$839/year, i.e. \$69.92 x 12 months).

#### **Gratuity:**

Once your maximum monthly contribution has been reached, all the prescribed and insured drugs you obtain through the end of the month are free of charge. Drugs used for the treatment of a STD or tuberculosis are always available free of charge.

### **How is the contribution collected by the pharmacy?**

Whenever you have a prescription filled you must:

- give the pharmacist your prescription
- inform the pharmacist that you are covered by the Régie
- present your valid Health Insurance Card and, where applicable, your carnet de réclamation (claim slip, for those on social assistance) or temporary proof of eligibility for prescription drugs

The pharmacist will give you a receipt showing the contribution you paid and your contribution status for the current month.

So, in conclusion, all teachers will be paying a premium of \$460 per person per year, regardless of whether they purchase any drugs whatsoever. They will also be paying up to a maximum of an additional \$839 depending on the cost of any drugs purchased. In the worst case scenario of someone using a lot of medication, one could be paying up to a maximum of \$1,299 per year (i.e., a premium of \$460 and a maximum contribution of \$839 per year).

40

**Example: You do not have access to a group insurance plan and,** you are 65 years of age or over and are not receiving the Guaranteed Income Supplement.

You go to a pharmacy for the first time during the month with a prescription costing \$50.00. How much will you pay?

Your monthly deduction		\$9.60
Amount of co-insurance that you pay that is equal to 28% of the amount by which your drugs exceed the deductible, i.e. 28% (\$50 - \$9.60)	+	\$11.31
The total contribution you will pay	=	\$20.91

You have not yet reached your maximum contribution for the month. If you return to the pharmacy again during the same month with another \$50 prescription, how much will you pay?

**Deductible:**

You have already paid your deductible for the month		\$0.00
Your co-insurance applies to the total cost of the prescription (28% of \$50 = \$14.00)	+	\$14.00
<b>The total contribution you will pay is</b>	=	<b>\$14.00</b>

Your monthly contribution now stands at \$34.03 (\$20.33 = \$13.70), which is still lower than your maximum contribution of \$68.50. If you have another prescription filled during the same month, you will pay your co-insurance (27.4% of your drug costs) until your contribution reaches \$68.50, after which the drugs you purchase through the end of the month won't cost you anything. A copy of the official receipt that you will receive from the pharmacist can be obtained from the V.C.T.A. office (Appendix 6).

Note that all monies paid to RAMQ can be considered as medical expenses for income tax purposes and therefore deducted.

Also in Appendix 6 you will find a table highlighting the cost of this plan for people in different circumstances.

**Which persons do not pay anything for their prescription drugs?**

- Persons 60 – 64 years of age who have severe employment constraints, who receive an Old Age Security spouse's allowance or widow's allowance and who hold a claim slip (carnet de réclamation), i.e. are on welfare.

- Children 0 – 17 years of age and students 18 – 25 years of age who do not have a spouse, who attend an educational institution on a full time basis and over whom a person would exercise parental authority, if they were minors.
- Persons residing in a long term care facility, public, subsidized or private.
- Inpatients (i.e. those staying in a hospital for treatment).

41

### **Which prescription drugs obtained in Quebec are covered?**

The PPDIP covers over 4,500 prescribed drugs purchased in Quebec and listed on the “Liste de médicaments” published by the Régie. This list, available only in French, can be found at <http://www.ramq.gouv.qc.ca/crc/pro/listmed/lm-tdmf.shtml>. It is very likely that some of the drugs that were insured under the Desjardins plan in which you were enrolled while you were working will not be found in the PPDIP. Persons who leave Quebec temporarily or permanently are not covered for drugs they purchase outside of Quebec.

The following drugs are also covered under PPDIP:

- Many drugs, known as “exception drugs”, appear in a special section of the “Liste de Médicaments” (i.e. drug list). These drugs are covered only under certain conditions which differ from one drug to another. A drug may be covered even if it is not on the list, in exceptional circumstances, where a person absolutely needs to take a particular drug because of his/her state of health.
- Prescription drugs received during a hospital stay are free
- The following prescription drugs for stop-smoking treatments are free when prescribed by a physician: Ziban, Nicorette and Nicoderm

### **Which prescription drugs obtained outside Quebec are covered?**

Prescription drugs and pharmaceutical services are covered outside Quebec only when obtained from certain designated pharmacies located in regions bordering on Quebec where there is no pharmacy in Quebec within a 32 kilometer radius.

*The Régie does not pay for prescription drugs and pharmaceutical services obtained outside Quebec from non-designated pharmacies.*

### **How do you register in the PPDIP?**

To register for the Public Prescription Drug Insurance Plan, or to report a change in your situation, you must, call the Régie or go to one of the Régie's offices. Be sure to have your Health Insurance Card with you. Please note that it is not possible to proceed via e-mail.

### **Who must register?**

Persons under age 65 who do not have access to a group plan must register with the Régie. In

addition, they must see to the registration of their children, including full-time students age 18 to 25 who do not have a spouse, and of any other persons living with them who have a functional deficiency that began before age 18, even though these individuals do not pay for their drugs.

Persons age 65 and over are automatically registered with the Régie. However, they too must see to the registration of their children (including full-time students age 18 to 25 who do not have a spouse) and of any other persons living with them who have a functional deficiency that began before age 18.

Persons age 65 and over who choose to maintain their group plan coverage for prescription drugs absolutely must inform the Régie.

Persons 65 years of age and over who have access to a group plan may obtain prescription drug coverage from the Régie while maintaining their group plan coverage as supplemental insurance, if their employer offers them the possibility of doing so. This decision is irreversible for those over 65 years of age. For those not receiving the Guaranteed Income Supplemental, the costs are the same as those listed above.

### **Important notice for persons covered by the Régie**

Insured persons who are no longer obliged to take RAMQ, e.g. adults to whom a group plan becomes accessible, must inform the Régie within 30 days. So if you retire from teaching and go to work for an employer not covered by RREGOP and you join a group plan offered by the company, you are no longer obliged to remain in PPDIP (assuming you are under 65).

Similarly, if you retire and return to teaching you would be able to get coverage under the group insurance plan you had with Vanier before retirement and thus would not need PPDIP.



**Tip**

Active teachers with thirty-three years of service can stop paying LTD if they so wish. In the event that they get sick immediately, they would still be covered for two years under the short-term salary insurance, at which point they could retire with a full pension. They would thus have saved two years of regular premiums for LTD.

## LEAVES

If you do not want to complete 35 years of teaching in order to get a full (70%) pension and yet you are not willing to officially retire, there are a number of leaves that you are entitled to, some of which will entitle you to receive a full year of pension contribution even though you are not teaching. Taking a leave rather than retiring makes it possible for you to return to either full-time or part-time teaching in the future. It also allows you to continue participating in the teachers' group health plan.

There are many different types of leaves available to teachers. Most of these leaves are the result of provincial negotiations and are incorporated into our Collective Agreement. Others are a result of local negotiations between the College and the V.C.T.A. Not all leaves are restricted to tenured, full time teachers. There are a number of leaves that might be of considerable interest to teachers who are at or nearing retirement. Four of these are described in some detail on the following pages.

The first step in applying for any leave is to notify the college in writing of your intentions. Leave yourself plenty of time and be sure to respect all deadlines religiously if you do not want to jeopardize your chances of getting the leave you desire. Here is a list and short description of the leaves generally available to you.

### D) VOLUNTARY PROGRAM ON WORKLOAD REDUCTION

#### Origin:

This Program is prescribed by our Collective Agreement. See Appendix V-2 of the Collective Agreement for complete details.

#### Purpose and Eligibility:

This program allows full time professors having at least 3 years of seniority to reduce their workload by an amount not less than 0.4 FTE and not more than 0.9 FTE. This reduction in workload may vary from one semester to another.

#### Participation:

Participation in this Program is on a voluntary basis only.

Non-tenured professors are eligible for this Program if they have a full time workload during the year they intend to participate in the Program.

Except for difficulties of a pedagogical nature, the College cannot refuse a request for workload reduction.

#### Details:

A professor's salary, while in the Program, will be pro-rata to a full time salary.

44

Deadlines:

Applications in writing must be made no later than April 15<sup>th</sup> for the Fall Semester and no later than October 15<sup>th</sup> for the Winter Semester.

Seniority and Experience:

Both seniority and experience accumulate as they would if the professor were working full time.

Insurance plans:

Professors in this Program continue to participate in the standard health insurance plans.

Pension:

Professors pay the same pension premiums they would pay if they were working full time and therefore also receive the same pension credits they would receive if not in the Program.

## II) **GRADUAL RETIREMENT PLAN**

Origin:

The Plan is available as a result of a local agreement between Vanier College and the Vanier College Teachers' Association.

Purpose and eligibility:

This is a Plan offered to tenured teachers who are at least 65 years of age, allowing them to continue working but to reduce their workload and at the same time receive the pension payments for which they are eligible.

Participation:

Participation in this Plan is voluntary but the Plan must end with the full retirement of the teacher, no later than December 31<sup>st</sup> of the year in which the professor turns 69.

Details:

A professor entering this Plan will start to draw the pension to which he/she would be entitled to at that time (either full or part pension). This Plan allows them to "top off" their pension payments by continuing to work by an amount such that the total of the salary plus pension payments received is not greater than the salary he/she would obtain if

working full time.

Deadlines:

To participate a teacher must submit a request in writing to the College by April 15<sup>th</sup> for the Fall Semester and by October 15<sup>th</sup> for the Winter Semester.

Seniority and Experience:

Both seniority and experience continue to accumulate corresponding to a full annual workload for the duration of a professor's participation in the Plan.

Insurance plans:

Professors in such a Plan continue to benefit from the provisions of the insurance plans outlined in the Collective Agreement.

Pension:

Professors in such a Plan start drawing a pension from the start of the Plan and therefore cease to make any more pension contributions.

Possible disadvantages:

This plan can be interrupted if the participating professor is declared MED and relocated.

**III) PROGRESSIVE RETIREMENT LEAVE**

Origin:

This leave is prescribed by our Collective Agreement. See Appendix V-1 of our Collective Agreement for complete details.

Purpose and Eligibility:

The Progressive Retirement Leave enables a full time, tenured professor to reduce his/her time of availability. The professor is paid in proportion to the percentage of a full time workload that he/she assumes.

Details:

The time of availability can be reduced for a period not less than 1 year and not greater than 5 years. The reduced workload can not be less than 40% of a full workload and not greater than 80% of a full workload.

The percentage of availability may vary during the course of the leave as long as it always remains between the 40%-80% limits.

N.B. At the end of the leave a professor must retire.

Deadlines:

Any professor wishing to participate in this leave must submit a written request prior to April 15<sup>th</sup> for the fall semester and prior to October 15<sup>th</sup> for the winter semester.

Seniority and Experience:

Both continue to accumulate as they would if the professor were working full time.

Insurance plans:

While participating in this leave, the professor must continue to participate in the standard health insurance plans.

Pension:

While participating in this leave, a professor continues to make the same contributions to RREGOP as they would if not participating in the leave.

The professor shall be credited for the years of service to which he/she would have been entitled to as if working full time.

Other advantages:

Any bank of cashable sick leave days accumulated under old Collective Agreements can be used to offset the acquired annual teaching load and availability agreed to between the College and the professor at the start of the leave.

Should a professor on Progressive Retirement Leave become disabled:

- he/she is exempted from contributing to RREGOP
- he/she would be entitled to salary insurance benefits on the proportion of a full workload assumed in the agreement with the College. This insurance would continue up to the retirement date.

Possible disadvantages:

In the advent that a professor participating in this leave is placed on availability (i.e., MED), he/she will continue to benefit from this Program as long as he/she is not relocated to an available position. In such an event, the Program is automatically terminated on the date that the professor is relocated. The Program may, however, be transferred to his/her new employer, if there is an agreement.

Anyone who has a relatively small number of pensionable years should give serious

consideration to the financial implications before entering this plan. It might be more sound financially to accept a 2% per year loss in salary that would occur if you were to take early retirement versus potentially losing 60% of a year's salary while still continuing to work part time.

For example, if you had 30 years of pensionable service and were over 60 years of age, you would be eligible for a pension of  $60\% \times \$60,000 = \$36,000$ . If you took a progressive retirement leave of 60%, you would be paid on 40% of  $\$60,000 = \$24,000$  and you would have to work a 40% workload to get it.

You must do your math carefully in these situations to determine the most sound course of action in these cases.

#### IV) DEFERRED OR ANTICIPATED SALARY LEAVE, i.e. "SABBATICAL LEAVE"

Origin:

This is a leave prescribed by our Collective Agreement, the complete details of which are provided in Article 5-12.00

Purpose and eligibility:

This leave is designed to allow a tenured professor, who is NOT on availability, to benefit from a paid leave of absence. This leave will not be granted to a professor who is on disability or an unpaid leave of absence.

Details:

This leave consists of a "work period" and a "leave of absence" period.

A leave with deferred salary occurs when the leave is taken at the very end of the work period.

A leave with anticipated salary occurs when the leave is taken before part or all of the work period.

Generally this is how the plan works:

A professor works full time for a period of time but receives only a percentage of a full salary. This is the work period. The professor then takes a leave of absence for a certain period of time and receives a certain percentage of his/her full time salary, even though not working. This is the leave period. The leave period may either proceed or follow the work period.

The actual numbers are conveyed in the following table:

Period of participation in the plan	2 years	3 years	4 years	5 years
Duration of the leave	Percentage of salary			
6 months	75.00%	83.33%	87.50%	90.00%
12 months			75.00%	80.00%

So for example, a professor wishing to take a 1 year (12 month) leave in the 4 year plan would work full time for 3 years earning 75% of a full salary and then enjoy a 1 year leave during which he/she would be paid 75% of a full salary.

**NOTE:**

- The duration of the Plan ranges from 2 to 5 years, all of which do not entail full year leaves.
- The leave shall begin not later than 6 years after the date on which the salary was first deferred.
- The leave may not be interrupted for any reason whatsoever except in the case where the leave is taken in its entirety prior to the work period.
- A professor wishing to benefit from such a Plan has to apply to the College in writing. The application must include the proposed duration of the plan and of the leave of absence, as well as the proposed dates of the beginning and the end of the Plan and the leave of absence.
- A professor's return must coincide with the beginning of a semester.
- The College is obligated to accept these Plans unless pedagogical considerations dictate otherwise.
- If the number of such requests is too great, the applications shall be accepted on a seniority basis.
- At the end of the Plan, the professor must resume his/her full time position and must remain in the College's employ for a period at least equivalent to the duration of the leave. So you can NOT return from a deferred salary leave and immediately retire.

Deadlines:

Any professor wishing to participate in this leave must submit a written request prior to April 15<sup>th</sup> for the fall semester and prior to October 15<sup>th</sup> for the winter semester.

Seniority and Experience:

A professor's seniority and experience continue to accumulate while in the Plan just as they would have if they were not in the plan.

Insurance plans:

While participating in this leave, the professor must continue to participate in the standard health insurance plans.

Pension:

For the purposes of establishing the value of pension benefits, the professor on such a Plan will be credited with one year of service for every year he/she was in the Plan. The professor continues to pay pension contributions but based on the salary actually received. The average salary credited to the professor for pension calculations would be the salary he/she would have earned if not in the Plan.

Possible disadvantages:

In the event that a professor participating in this leave is placed on availability (i.e. MED), he/she will continue to benefit from this Program as long as he/she is not relocated to an available position. In such an event, the Program is automatically terminated on the date that the professor is relocated. The Program may, however, be transferred to his/her new employer, if there is an agreement.

There are further restrictions if:

- you go on parental leave immediately after taking this leave.
- you leave the College, retire or withdraw from the Plan (5-12.13).
- you are placed on availability while in the Plan (5-12.15).
- you die (5-12.16).
- you become disabled (5-12.17).
- if you go on a maternity leave that occurs before or after the leave period (5-12.18).
- you do NOT take the leave of absence within the period of the Plan (5-12.19)

## **WILLS, POWER OF ATTORNEY AND MANDATES**

**What happens if I die without a will?** (Don't let the law choose your heirs for you!)

Writing a will won't kill you! In fact it is the only smart thing to do. It will give you peace of mind that your assets and personal items will be distributed among family, friends and charities as you see fit upon your death. Dying without a will is expensive, time consuming, problematic for your family and loved ones and most importantly is beyond your control. In the event you die without a will your family must come together to make a family testamentary, which is a declaration of ownership. They will then determine the proper heirs and distribute the proceeds of the estate according to a rigid set of rules laid down in the law. If someone dies without a will or there is no immediate family member willing to take on this responsibility, a public curator will be appointed to settle the estate. It would be very foolish to automatically assume that everything just goes to your spouse. Life is complicated and so is the law. Do you know, that without a will, even a spouse to whom you are legally married, has the right under law to only one-third of your succession, in the event there are children and grandchildren! Don't let the law decide the disposition of your life's possessions.

Death, like weddings, doesn't always bring out the best in people. Many people, when drawing up their wills, clearly specify how non-cash items, especially family heirlooms (the dining room table, the painting on the wall in the living room, the china.....) will be distributed. It is even better if you can discuss this with the people involved at the time you draw up your will so that everyone knows the situation beforehand. Such a procedure goes a long way in avoiding intra-family fights after the death of a loved one.

**Suggestion**

In order to make the days following the death of a loved one easier for the remaining family, many people also include in the will their burial wishes.

**Who should have a will?**

Anyone who is of legal age, has any assets and who has specific family members, friends or groups to whom they would like to bequeath their possessions.

**How much does it cost?**

Most wills done by notaries cost a few hundred dollars. If your spouse gets a will done at the same time, you can often get a reduction in the price. Shop around. Since there is no one fixed price, compare prices and then decide.

**How many types of wills are there?**

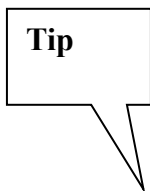
There are really three types of wills. The *notarial will* (done at a notary's office), the "*will before witnesses*" (usually done at a lawyer's office and previously known as the "*English will*"), and a *holograph will* (done privately by you). This entire article will concentrate on notarial wills. Civil law, which governs wills, is different here in Quebec (which follows the Napoleonic Code) than in the rest of Canada (which follows English law).

As a result it is considered (from a dollar, time and probate point of view) better to have a notarial will if you are living in Quebec and an English will if you are living outside of Quebec. Anyone can draw up a holograph will in the privacy of their home (in fact such a will must be hand written and unwitnessed) but many complications can arise in such a will if not properly done. Given the complexity of the law and the minimal cost of a notarial will, most people would be well advised to get a will drawn up professionally. The notary will guide you through all the steps in the preparation of the will and ensure your last wishes are recorded in accordance with the law and your instructions.

A notarial will comes into effect immediately upon the death of the testator (i.e., the person who drew up the will). All other wills must be probated. This not only delays the beginning of the settlement process but entails legal fees that are undoubtedly higher than the cost of drawing up a notarial will in the first place.

The original of a notarial will is kept by your notary and it is registered in the Register of Wills kept by the Chambre des Notaires. You will receive copies of your will.

**Everyone should review their wills at least once every five years. It should also be reviewed after any significant change in your life** – marriage, divorce, separation, birth of a child, death of a loved one, changes in the law, introduction of tax reform, children reaching the age of maturity, illness of someone close to you, etc. Often changes to a will can be made via a *codicil*, which does not involve drawing up a new will, nor does it involve much cost.

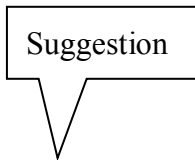


Although not absolutely necessary, it is a good idea that your inheritors know of the existence of the will and where it is being stored and/or who your notary is. It goes without saying that the will should be kept in a secure place. Many people choose to leave it in a safety deposit box at the bank.

### **Power of Attorney (PA)**

Power of Attorney is a legal document that is signed by you and bestows upon someone else the right to conduct some or all of your business and legal affairs. Power of Attorney is generally meant to be used when, for reasons other than mental incapacity, you are unable to conduct your own affairs.

Such circumstances might arise if you were out of the country for a period of time or if you have just had an operation and are in a rehabilitation center. You can, for example, give a family member PA over an individual bank account or you can give them a general PA that will enable them to conduct all sorts of transactions for you – paying bills, paying the mortgage, buying/selling investments, paying taxes, depositing and withdrawing money from bank accounts, etc. PA on individual items, such as a bank account, will usually be done directly with the appropriate institution or you can obtain a general PA at your notary. A PA becomes effective as soon as it is signed. You can not establish a PA today that will only come into effect at some later date if.....if you get sick, if you should leave the country..... Furthermore, the assumption is that the person on whom you bestow PA, is completely trustworthy. If someone has PA over one of your bank accounts, they have full legal authority to do anything and everything with the monies in that account just as you would. On the other hand, just because someone has PA for you, it certainly doesn't immediately follow that they will exercise it. They have the legal authority to conduct your business but generally would not exercise it unless the need arises or you specifically asked them to do so. Many people who have drawn up their wills and given PA to a trusted family member or friend think erroneously that they have covered themselves completely. NOT so. There is one other situation that has to be planned for, mental incapacitation. Once you become mentally incapable of conducting your own affairs, PA's lose all their legal authority, becoming invalid. How do you protect yourself for this possible eventuality?



Spouses in a stable relationship often give each other PA over all the bank accounts and investments with a broker or financial agent of any kind. This makes life a lot easier if one spouse becomes ill and the other spouse is left to handle all of the financial affairs for the family. If this is not done, it is very important that both spouses should have ready access to bank accounts of their own that hold sufficient funds to handle expenditures up to at least 6 months.

**Mandate in Anticipation of Incapacity (generically referred to as a healthcare directive)**

**Web Site: [www.curateur.gouv.qc.ca/cura/html/anglais/protecting/RPmandata.html](http://www.curateur.gouv.qc.ca/cura/html/anglais/protecting/RPmandata.html)**

If due to illness or accident you are not able to make your own decisions, who would take care of you and your property? Who would have the right to consent to or refuse medical treatment for you? Who would decide which healthcare institution you would be placed in? Who would see to your comfort and well being and who would pay the bills, taxes and insurance policies?

If you assume that your spouse or children will automatically be authorized by law to do these things - think again. In the absence of a mandate given in anticipation of incapacity, power passes

to a public curator. In some cases the family can assume responsibility through a private curatorship. In the case of split or blended families, discussions can be quite divisive, to say the least. Even if agreement is reached, it has to be authorized before a family judge. If agreement is not possible, a judge will determine who will acquire the authority to make your decisions. In some cases this might be a government trustee, i.e., public curator. If that occurs, not only do family and friends lose control of your situation, but you pay to have a trustee do the work and make your decisions for you.

The Civil Code allows you to prepare a mandate. By doing so, you can name in advance the person(s), in priority, who will be authorized to take care of you and your assets should you be unable to decide for yourself. It enables you to make decisions now concerning possible medical choices that are legally binding down the road. Such statements made now by you while you are healthy not only ensures that you wishes will be respected, but spares your loved ones the emotional consequences and family conflicts of telling the doctor to withdraw life support. You can specify where you want to live if you are no longer independent. It also prevents delay and confusion. It might otherwise take some time to identify someone authorized to give consent to treatment in the case of a stroke, for example. Without a mandate, delays may occur in getting hold of all your medical records.

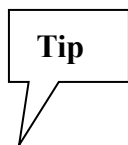
***Writing a will protects your loved ones, writing a mandate protects you.***

The mandate should include:

- multiple mandataries (i.e., persons appointed to act on your behalf in medical or personal care matters) to ensure that one is always available to make decisions if the need arises
- a ranking of these mandataries
- clear medical directives
- a strategy to ensure all the information is readily available, if needed. This would include multiple copies of the mandate and an “emergency contact card”

It is important that the mandatary (i.e. the person appointed to carry out the mandate) be fully aware of the mandatory’s intentions and accept the responsibility.

Copies of the original mandate should be kept in a safe place, such as a safety deposit box, given to your family doctor and to the mandataries listed in the mandate. Included should be all the relevant contact information for all the mandataries and the family doctor (such as home and business addresses and telephone numbers).



It is a very good idea to create an “emergency contact card” for yourself. Be sure it includes sufficient contact information to allow someone to quickly and efficiently get in contact with your mandataries and your doctor. Carry this card with you always. Attach it to your medicare card.

A government recognized mandate has been included after page 55. A copy of this mandate is also available at the V.C.T.A. office (Appendix 7). You complete it according to the included instructions and keep it in a safe place. Or, you can have a notary do it for you. There are a number of advantages to paying a little and having a notary draw it up. The notary will prepare an “authentic” act which makes your mandate more difficult to contest and will verify that it is perfectly adapted to your particular situation. He/she will provide you with advice on the wording that will enable you to express, accurately and precisely, the care you wish to receive. Finally, a notarized mandate is registered in the Register of Mandates kept by the Chambre des Notaires du Québec.

A mandate does not come in to force until it is “homologated”. This is a legal procedure whose purpose is to verify the incapacity of the mandatory and the existence and validity of the mandate. If a mandatory becomes incapacitated, the first step is for the mandatory to apply to the courts for homologation.

**Tip**

Obviously any one, young or old, can become incapacitated suddenly. Consequently it would be a good idea for everyone to have a mandate and to carry an emergency contact card. Like they say, it’s your life.

**Tip**

Like a will, a mandate should be kept up to date if it is going to serve its purpose. Whenever you review your will, also review and revise your mandate and emergency contact card, if necessary.

**A FEW LAST ITEMS:**

- Retired teachers at Vanier have formed the VCRTA (the Vanier College Retired Teachers Association). The president is Martin Byers who can be reached at [ambyers@sprint.ca](mailto:ambyers@sprint.ca) or 744-7500, extension 7057. For a small fee (a \$5 registration fee and a \$35 yearly membership fee) you have access to a number of facilities at Vanier free of charge (see next bullet) and are able to participate in one of the many activities organized by this group.

- If you are a VCRTA member, you enjoy free parking on the campus, free use of the athletic facilities during the hours they are open to the staff and free e-mail through the First Class system.
- It is our intention to set up a computer in the VCTA office that will have retirement planning software on it. You will be free to use it, but you will have to make an appointment in advance. The program is user friendly and walks you through the steps, enabling you to simulate different retirement scenarios. We will notify you when the system is operational.
- The Quebec government has created an on-line program that lets you calculate how much you will receive from OAS and QPP, as well as public sector plans and RRSP's.

The webpage can be found at:

[www.rrq.gouv.qc.ca/an/services/15\\_09\\_05\\_09.htm](http://www.rrq.gouv.qc.ca/an/services/15_09_05_09.htm)

- There is a lot of information out there on the web. In particular, all of the major banks have a lot of retirement related information on their sites. The TD site has been rated amongst the best for some years now.
- The VCTA is trying to establish a list of professionals (lawyers, accountants, financial planners, etc.) that other faculty can recommend. If you have someone to recommend, please contact the VCTA office. If you would like to see the list of professionals that others have recommended, please drop by the VCTA office.

## **MY NOTES**