

Employees' Retirement Plan University of Windsor Pre-Retirement Seminar

Welcome !



Presentation Overview

- Preparing for Retirement
- Sources of Retirement Income
- Types of Pension Plans
- Plan Definitions
- Employees' Retirement Plan formula
- Income Tax Act maximum pension limits
- Life as an Active Member
- Choosing your retirement date
- Steps to Retiring
- Sample Pension Quotes
- Spousal Pension Rights
- Survivor Options
- Indexing after Retirement
- Net Replacement Ratio
- Terminating before Retirement
- Pension Estimator
- Active Benefits
- Benefits after retirement
- Benefit premiums



Preparing for Retirement

Preparing for Retirement starts with being informed...

- Review your personal investments and retirement strategy; review your existing assets and liabilities; meet with your advisor; use investment tools and modeling kits
- Take the opportunity to review your life insurance benefits; ensure you have a legal Will and that it is updated to reflect your situation and your wishes; consider drafting legal Power of Attorney (medical, financial) documents
- Review your annual pension statement; learn about the Pension Plan; meet with HR advisor; use Pension Estimator modeling tool
- Register for a Service Canada Account; request a CPP Statement of Contributions; use the Canadian Retirement Income Calculator
<https://www.canada.ca/en/services/benefits/publicpensions/cpp/statement-contributions.html>
<https://www.canada.ca/en/services/benefits/publicpensions/cpp/retirement-income-calculator.html>
- Report any discrepancies without delay



Sources of Retirement Income

- Three main sources of income after retirement:
 - Personal savings and investments
 - Employer Pension Plans
 - Government pension benefits

- Main Government Plans
 - The Canada Pension Plan (CPP) retirement pension
 - The Old Age Security (OAS) pension
 - The Guaranteed Income Supplement (GIS)
 - The Allowance and the Allowance for the Survivor

- Receiving your Government Pension(s)
 - Government benefits are not automatic, may need to be applied for
 - Recommended application period 6 months prior to commencement
 - Refer to OAS/CPP reference guides via Service Canada website
 - Government programs have changed, important to become informed



Sources of Retirement Income

■ Canada Pension Plan (CPP)

- → \$1,253.59 2022 maximum monthly amount (\$15,043.08 annual maximum)
- → \$ 779.32 2022 average monthly benefit

- Compulsory, universal contributory defined benefit plan for Canadians
- Total pensionable earnings after age 18 averaged over the contributory period

- Benefit formula is 25% of monthly pensionable earnings limited to the average of the final five-year maximum pensionable earnings
 - $\$64,900 + \$61,600 + \$58,700 + \$57,400 + \$55,900 / 5 / 12 \text{ months} \times 25\%$

- The Canada Pension Plan is going through significant changes – be informed!
Pension can begin at age 60, reduced by 7.2% per year to 36% maximum
- Pension can be deferred to age 70, increased by 8.4% per year to 42% maximum
- No longer have to stop working, BUT if in receipt before age 65 and still working must continue to make CPP contributions towards new Post-Retirement Benefit (PRB)
- If working at age 65 and in receipt of CPP pension, must contribute to the PRB unless you provide payroll with an approved copy of Form CPT30, Election to Stop Contributing to the CPP. Mandatory for workers under age 65 and voluntary for those age 65 – 70.
- Active participation ends at age 70 and CPP begins
- No financial benefit in delaying CPP after age 70



Sources of Retirement Income

■ Canada Pension Plan (CPP)

- CPP is increased to reflect increases in the CPI each January
- No residency restrictions
- Apply using electronic application, PDF application, mailed application
- Retroactive payments can be made for a maximum of 12 months after 65
- CPP is taxable income

Canada Pension Plan - Payment Amounts - January to December 2022

Type of benefit	Average benefit for new Beneficiaries	Maximum amount
Retirement (at age 65)	\$ 779.32	\$ 1,253.59
Post Retirement	\$ 9.56	\$ 36.26
Disability	\$ 1,064.80	\$ 1,457.45
Survivor - younger than 65	\$ 463.40	\$ 674.79
Survivor - 65 and older	\$ 315.48	\$ 752.15
Death (maximum one-time payment)	\$ 2,496.06	\$ 2,500.00

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/payment-amounts.html>



Sources of Retirement Income

- Old Age Security (OAS)
 - \$ 648.67 April – June 2022 maximum monthly amount (\$7,784.04 yr)
 - Flat-rate pension, adjusted quarterly to reflect increases in the cost of living (CPI)
 - Non-contributory but funded through general tax revenues
 - All residents of Canada age 65 or older, even if still working
 - Eligibility is based on years of residence in Canada, your age, your legal status
 - Residence requirements to receive OAS if living outside of Canada
- Income based – 15% surtax claw-back on net income > \$81,761 (2022)
 - Example of Clawback:
Net income \$87,580; $(87,580 - 81,761) \times 15\% = \872.85 or reduction of \$72.74 per month
- OAS ceases when income > \$133,655 (2022)

Example:

- $133,655 - 81,761 = 51,894 \times 15\% = \$7,784.10 / 12 = \$648.68$
- OR $648.68 \times 12 / 15\% = \$51,894$ above 81,761



Sources of Retirement Income

- Old Age Security (OAS) – taxable income
 - Automatic enrollment after April 2013 subject to certain conditions
 - Service Canada sends notification following 64th birthday
 - If no letter received, apply using PDF application kit, mailed application
 - Retroactive payments can be made for a maximum of 11 months after 65

Old Age Security Benefit Payment Amounts April – June 2022

Type of benefit	Maximum Monthly	Maximum Annual Income
Old Age Security pension (regardless of marital status)	\$ 648.67	\$ 133,527 (2022)
Guaranteed Income Supplement (GIS)		Individual Income
Single, widowed, divorced	\$ 968.86	\$ 19,656
Spouse / common law partner of someone who:		Combined Income
Does not receive an OAS pension	\$ 968.86	\$ 47,136
Receives the full OAS pension	\$ 583.20	\$ 25,968
Is an Allowance recipient	\$ 583.20	\$ 47,136
Receives GIS and full OAS pension	\$ 1,231.87	\$ 36,384
Allowance for the Survivor	\$ 1,468.47	\$ 26,496

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/payments.html>



Sources of Retirement Income

- Guaranteed Income Supplement (GIS) – income limit \$46,656 (combined)
- Additional money, on top on the OAS pension to low-income seniors living in Canada
 - Income tested, and dependent on marital or common-law relationship status
 - GIS ceases when out of the country for more than 6 months
 - Must apply for the GIS. Contact Service Canada for an application
 - Each year following, application automatic upon tax return filing
 - GIS is non taxable income
- Allowance for spouses / survivors – income limit \$35,616 (combined)
 - Consult Service Canada website for more information
<https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/guaranteed-income-supplement/allowance-survivor.html>
- CPP benefits affect the income you may receive from GIS / Allowance
- Your UWindsor pension is not impacted by receipt of gov't pensions
- These benefits are adjusted quarterly for inflation based on increases in the CPI. If CPI decreases, the benefit rates remain unchanged.



Types of Employer Pension Plans

- **Defined Benefit Plans (DB)**
 - Benefit is defined by a specific formula
 - Pension at retirement can be estimated in advance
 - Cost to provide benefit is unknown
 - Benefit entitlement is subject to ITA maximums (\$3,420.00 for 2022)
- **Defined Contribution Plans (DC)**
 - Contributions are defined by a specific formula
 - Pension at retirement is an unknown
 - Cost to provide benefit is more easily calculated
 - Plan contributions subject to ITA maximums (\$30,780 for 2022)

The Employees' Retirement Plan is a Defined Benefit Plan



Plan Definitions

- **BAE 60** Best Average Earnings = 12 X average of Members monthly earnings in the 60 consecutive months (5 years) of highest Earnings prior to retirement.
- Earnings means a Member's basic salary or wages, annualized. Includes overtime, shift premium and weekend premium, vacation pay. Excludes stipends for sessional instruction.
- Earnings annualized by the ratio of hours scheduled to be worked to actual hours worked if less than full-time or full-year.
 - (eg. Actual earnings of \$25,000 x 35/24 = \$36,458 annualized)
- **YMPE** = Year's Maximum Pensionable Earnings in effect under the Canada Pension Plan. (2022 = \$64,900) (2021 = \$61,600) (2020 = \$58,700) (2019 = \$57,400) (2018 = \$55,900)
- **FYMPE 60** = Average of YMPE during same period used to determine your BAE60
- **Commuted Value** means a lump sum amount that represents the current value of your pension earned to date. The sum of money that would have to be invested at average interest rates today, to provide the pension at age 65 that has been earned to date.



Employee's Retirement Plan

- Defined Benefit formula

1.5% of Best Average Earnings (BAE 60) up to Final Average YMPE (FYMPE 60)

Plus

2% of BAE 60 above FYMPE 60

Multiplied by

Years (and part years) of Pensionable Service in the plan YOS

$YOS \times [(0.015 \times FYMPE\ 60) + 0.02 \times (BAE\ 60 - FYMPE\ 60)]$



Maximum Pension Limits

- CRA limit on amounts that can be paid from a defined benefit provision of a pension plan. The increase from year to year is indexed to the Average Industrial Wage (A.I.W)
- Year 2022 → \$3,420.00 per year of pension service
- Year 2021 → \$3,245.56
- Year 2020 → \$3,092.22
- Example: Retire in 2022 → $\$3,420.00 \times 30 = \$102,600.00$ (BAE > \$185,881)
Retire in 2021 → $\$3,245.56 \times 30 = \$97,366.80$ (BAE > \$176,681)



Life as an Active Member

- Compulsory membership for full time non faculty managerial & professional staff and members of the UNIFOR bargaining units and CUPE 1393
- Eligibility requirements for part time employees. HR notifies those eligible
- Once a member you may not opt out
- Member Contributions *effective May 2, 2022*:
 - 8.9% of first \$3,500 of earnings; then,
 - 6.2% of next \$61,400 of earnings; then,
 - 8.9% of earnings above \$64,900 (\$3,500 + \$61,400)
- University match of member contributions
- Special rules for certain types of leaves
- Pensionable earnings, service and contributions recorded monthly
- Annual Pension Statement – within 6 months of plan year end
- Access to the University of Windsor Pension Planner



Employees' Pension

Choosing your retirement date

Category	Age	Conditions
1. Normal Retirement	65	Pension calculated using the pension formula with no pension reduction
2. Early Retirement	55 to 64	4% reduction for each year between age 60 and 64 6% reduction for each year between age 55 and 59. If you retire early, but defer your pension payments to a later date, this reduction will be less
3. Postponed Retirement	66 to 71	If you continue working, you continue making contributions to the plan and accruing pensionable service until age 71. In all cases, pension begins by December 1 st in year you turn age 71, whether working or not

No need to do the math yourself!

- Annual pension statement
- Pension Estimator



Employees' Pension Plan – BAE 60 & FYMPE 60

An example

- Name: Julie
- Retirement Date: November 1, 2022
- Highest 60 consecutive months of pensionable earnings:

November 2017 to October 2022	Pensionable Earnings	YMPE
• 11/1/2017 - 6/30/2018	\$38,089.23	\$37,166.64
• 7/1/2018 - 6/30/2019	\$65,315.53	\$56,649.96
• 7/1/2019 - 6/30/2020	\$58,658.37	\$58,050.00
• 7/1/2020 - 6/30/2021	\$58,871.47	\$60,150.00
• 7/1/2021 - 6/30/2022	\$58,749.00	\$63,249.96
• 7/1/2022 – 10/31/2022	\$19,583.00	\$21,633.32
• Total	\$299,266.60	\$296,899.88
• <i>Monthly Average</i>	$\$299,266.60 / 60$ $= \$4,987.78$	$\$296,899.88 / 60$ $= \$4,948.33$
• <i>Annualized Amount</i>	$\$4,987.78 \times 12$ = \$59,853.32 (Julie's BAE 60)	$\$4,948.33 \times 12$ = \$59,379.98 (Julie's FYMPE 60)



Employees' Pension Plan – Early Retirement

- A member who is within 10 years of his or her normal retirement date may elect to retire early. There is no minimum service credit requirement.
- Your pension will be calculated based on:
 - your BAE60 and FYMPE60 at retirement
 - your pension service at retirement
 - reduced to account for the earlier commencement
 - reduction is 6% for each year age 55 to age 59; 4% for each year age 60 to 65

– Sample reductions	<u>Age</u>	<u>Reduction</u>
	55	50%
	60	20%
	62	12%

You do not have to begin your pension immediately. You can defer commencement.

- Retire at age 55. Start pension at 60. 20% reduction.
- Retire at age 60. Start pension at 65. No reduction.



Steps to Retiring Early or at Normal Retirement

- If contemplating Early Retirement, (minimum age 55) at your request, a quote can be prepared at any time
- Approximately 6 months prior to your Normal Retirement Date, a letter is sent asking for your intention to retire. Quote is prepared if requested
- Member should provide notice to your Manager/Supervisor
- Two months prior to your retirement date, member (and spouse if applicable) will meet with the Pension Administrator to choose the pension option and complete all paperwork
- Official last day is the last working day of the month
- A final pension calculation is done following final pay. Retro active adjustments paid if necessary
- Paid by direct deposit, first day of every month by our pension trustee



Employees' Pension Plan – Postponed Retirement

Effective December 2006 mandatory retirement ended. You may now elect to continue working beyond your normal retirement date.

- If you elect to continue working, you continue plan participation
- Pension cannot begin until you cease working (maximum age 71)
- Plan participation stops and pension begins at the end of the year you turn age 71, even if you continue working
- Contact HR when you wish to retire
- At retirement, pension is calculated using the normal pension formula



NRD 2022 Pension Estimate

- Date of retirement = November 1, 2022
- Age at retirement = 65
- Pensionable Service = 25.6649 years
- Best average earnings = \$59,997.12 (highest 60 months)
- Final average YMPE = \$59,380.00 (same 60 months)

Note: 0% salary increase and 2.5% CPP YMPE increase projections used for example purpose only. Actual figures will be determined at October 31, 2022.

- = $25.6649 \times [(0.015 \times \$59,380.00) + 0.02 \times (\$59,997.12 - \$59,380.00)]$
- = $25.6649 \times (890.70 + 12.34 = 903.04)$
- = **\$23,176.43** year / 12 = **\$1,931.37** month (Life Guaranteed 5 year)



NRD 2022 Seclon Estimate

MONTHLY PENSION SUMMARY OPTIONS

Form	Joint & 60% Survivor *	Joint & 75% Survivor	Joint & 100% Survivor	Life Only	Life & Guaranteed 5 year (Normal Form)	Life & Guaranteed 10 year	Life & Guaranteed 15 year
BASIC PENSION	\$1,877.64	\$1,860.70	\$1,833.13	\$1,948.62	\$1,931.37	\$1,886.09	\$1,822.11
PENSION	\$1,877.64	\$1,860.70	\$1,833.13	\$1,948.62	\$1,931.37	\$1,886.09	\$1,822.11

* In accordance with provincial pension benefits legislation (Ontario), the Plan provides that if you have a spouse at the time your pension commences, your pension must be payable on a joint and survivor basis where at least 60% of your initial pension benefit continues to that spouse (if living), after your death. An alternative option may be elected providing you and your spouse sign a Waiver of Joint and Survivor Pension form.

ACTUARIAL ASSUMPTIONS

Pension conversion mortality basis: **Unisex UP94 Generational 40% Male at 6.0%**

Pension benefit level: **1.5% below YMPE and 2% thereafter**



ERD 2021 Pension Estimate

- Date of retirement = November 1, 2021
- Age at retirement = 64
- ER Reduction = 1 yr; 12 months x .3333 = 4%
- Pensionable Service = 24.6649 years
- Best average earnings = \$59,376.95 (highest 60 months)
- Final average YMPE = \$57,556.67

- = $24.6649 \times [(0.015 \times \$57,556.67) + (0.02 \times (\$59,376.95 - \$57,556.67))]$
- = $24.6649 \times (\$863.35 + \$36.41 = \$899.76)$
- = **\$22,192.49** year / 12 = **\$1,849.37** month payable at age 65

- **Less Early Retirement Reduction**
- = $\$22,192.49 \times 96\%$ (4% adjust) = **\$21,304.79** yr/12 = **\$1,775.39** month at age 64

- **Consider** → $\$1,849.37 - \$1,775.39 = \$73.98$ reduction x 12 = \$887.76 year less for life
- **OR**
- $\$21,304.79$ early retirement pension x 1 years early = \$21,304.79
- $\$21,304.79 / \$887.76 = 24$ years beyond age 65



ERD 2021 Seclon Estimate

MONTHLY PENSION SUMMARY OPTIONS

Form	Joint & 60% Survivor *	Joint & 75% Survivor	Joint & 100% Survivor	Life Only	Life & Guaranteed 5 year (Normal Form)	Life & Guaranteed 10 year	Life & Guaranteed 15 year
BASIC PENSION	\$1,725.13	\$1,709.76	\$1,684.75	\$1,789.44	\$1,775.39	\$1,737.53	\$1,683.83
PENSION	\$1,725.13	\$1,709.76	\$1,684.75	\$1,789.44	\$1,775.39	\$1,737.53	\$1,683.83

* In accordance with provincial pension benefits legislation (Ontario), the Plan provides that if you have a spouse at the time your pension commences, your pension must be payable on a joint and survivor basis where at least 60% of your initial pension benefit continues to that spouse (if living), after your death. An alternative option may be elected providing you and your spouse sign a Waiver of Joint and Survivor Pension form.

ACTUARIAL ASSUMPTIONS

Pension conversion mortality basis: **Unisex UP94 Generational 40% Male at 6.0%**

Pension benefit level: **1.5% below YMPE and 2% thereafter**



Postponed 2023 Pension Estimate

- Date of retirement = November 1, 2023
- Age at retirement = 66
- Pensionable Service = 26.6649 years
- Best average earnings = \$60,152.24 (highest 60 months)
- Final average YMPE = \$60,762.25

Note: 0% salary increase and 2.5% CPP YMPE increase projections used for example purpose only. Actual figures will be determined at October 31, 2023.

- = $26.6649 \times [(0.015 \times \$60,152.24) + (0.02 \times (\$60,152.24 - \$60,762.25))]$
- = $26.6649 \times (902.28 + 0 = 902.28)$
- = **\$24,059.21** year / 12 = **\$2,004.94** month
- Working one more year beyond age 65 increases the pension
 $\$24,059.21 - \$23,176.43 = \$882.78$ / year; \$73.57 per month



Postponed 2023 Seclon Estimate

MONTHLY PENSION SUMMARY OPTIONS

Form	Joint & 60% Survivor *	Joint & 75% Survivor	Joint & 100% Survivor	Life Only	Life & Guaranteed 5 year (Normal Form)	Life & Guaranteed 10 year	Life & Guaranteed 15 year
BASIC PENSION	\$1,950.52	\$1,932.76	\$1,903.87	\$2,024.96	\$2,004.94	\$1,953.43	\$1,880.60
PENSION	\$1,950.52	\$1,932.76	\$1,903.87	\$2,024.96	\$2,004.94	\$1,953.43	\$1,880.60

* In accordance with provincial pension benefits legislation (Ontario), the Plan provides that if you have a spouse at the time your pension commences, your pension must be payable on a joint and survivor basis where at least 60% of your initial pension benefit continues to that spouse (if living), after your death. An alternative option may be elected providing you and your spouse sign a Waiver of Joint and Survivor Pension form.

ACTUARIAL ASSUMPTIONS

Pension conversion mortality basis: **Unisex UP94 Generational 40% Male at 6.0%**

Pension benefit level: **1.5% below YMPE and 2% thereafter**



Retirement Estimates

No need to do cumbersome manual calculations

Let the Pension Estimator do the quotes for you!

Questions?



Employees' Pension Plan – Survivor Options

- Death while active – Commuted value of pension earned after 1/1/1987
 - Plus pre 1/1/1987 contributions with interest x 200%
 - Lump sum or Spousal Monthly Pension
- Death after Retirement – based on option chosen at retirement
 - If single at retirement or with spousal waiver
 - Life Only, Life 5, Life 10 or Life 15
 - If legal spouse at retirement or no spousal waiver on file
 - Joint and Survivor 60, 75 or 100%



Spousal Pension Rights

- Under the Ontario Family Law Act, pensions are family property and must be valued along with other family assets in the event of marriage breakdown.
- If you have a spouse, they have pension rights
- Ontario PBA definition (amended 1/1/2017)
 - Married, provided the Member is not living separate and apart from the person; not married, but the Member and the person are and have been living together continuously in a conjugal relationship for a period of not less than three (3) years; or not married, but the Member and the person are living together in a conjugal relationship of some permanence and are the parents of a child, as set out in **Section 4 of the *Children's Law Reform Act (Ontario)***
- University of Windsor
 - Married to each other, provided member is not living separate and apart from that person; or cohabitating continuously in a conjugal relationship with the Member for at least one year; or in a relationship of some permanence, if natural or adoptive parents of a child, both as defined in the Family Law Act



Spousal Pension Rights

- Waiver of Pre-retirement Death Benefit – FSRA Form 4
- Waiver of Joint and Survivor Pension – FSRA Form 3
- Certified copy of a domestic contract containing the waiver, delivered to HR
- To be valid, waivers must be dated and signed within 12 months of the event to trigger payment
- Recent changes to the Ontario Family Law Act resulted in a common calculation formula for dividing pensions – called a Family Law Valuation or FLV. Pension values can now be immediately transferred
- Contact us if you experience a marital separation



Employees' Pension Plan

How pensions are paid

- For you
 - Life – regardless of survivor or guarantee option chosen
- For you and your spouse
 - Joint & Survivor 60%
 - Joint & Survivor 75%
 - Joint & Survivor 100%

*If you have a spouse at retirement, you must take your pension in a Joint & Survivor 60% form or another form that provides a more generous survivor benefit, unless your spouse agrees in writing to another arrangement.

- Guaranteed form of pension
 - 5 years (normal form as shown on your pension statement and all estimates)
 - 10 years
 - 15 years

* Normal form of pension will be reduced to pay for the J&S options and any guarantee options because these forms of pension are **more valuable** than the normal form



Employees' Pension Plan – Survivor Options

- Basic pension reduced 10% - 20% to provide spousal benefit (two lives insured)
- In the absence of a valid waiver, the spouse is entitled to elect a Joint and Survivor 60% option
- Spouse and member can waive 60% option for a higher J&S option, or by joint completion of a Form 3
- In ALL cases, options are permanent on 1st date of retirement. This is a legislated requirement.



Employees' Pension Plan – 7 Survivor Options

For Members with a Spouse

All Joint and Survivor Pensions paid for your lifetime. Upon your death, your spouse – if living – receives a monthly pension for his/her lifetime based on the option chosen as outlined below. If spouse pre-deceases you the pension is NOT restored.

Joint and Survivor Pension reducing to 60% (J&S 60%)

- Payable for your lifetime. After your death, your spouse if living receives 60% of the monthly pension in pay at the time of your death for his/her lifetime.

Joint and Survivor Pension reducing to 75% (J&S 75%)

- Payable for your lifetime. After your death, your spouse if living receives 75% of the monthly pension in pay at the time of your death for his/her lifetime.

Joint and Survivor Pension payable at 100% (J&S 100%)

- Payable for your lifetime. After your death, your spouse if living receives 100% of the monthly pension in pay at the time of your death for his/her lifetime.



Employees' Pension Plan – 7 Survivor Options

Single Life Pension (L0)

- Payable for your lifetime. Ceases upon your death. No beneficiary.

Single Life Pension – Guaranteed Five Years (L5)

- Payable for your lifetime. If you should die prior to receipt of 60 months of pension, the balance of the remaining period paid to your beneficiary at 100%

Single Life Pension – Guaranteed Ten Years (L10)

- Payable for your lifetime. If you should die prior to receipt of 120 months of pension, the balance of the remaining period paid to your beneficiary at 100%

Single Life Pension – Guaranteed Fifteen Years (L15)

- Payable for your lifetime. If you should die prior to receipt of 180 months of pension, the balance of the remaining period paid to your beneficiary at 100%

Monthly pension paid to spousal and all other beneficiaries. If Estate is designated any balance owing is paid via lump sum (taxable) to the Estate.



Employees' Pension Plan – Indexing After Retirement

- Your defined benefit pension is indexed annually to reflect changes in the Consumer Price Index (CPI)
- The indexing percentage is calculated in accordance with Section 7.02 (1) of the Plan. July 1, 2021 indexing increase was .73%.
- Formula: one-half (50%) of the 4-year average fund rate of return above 6%. The increase is limited to no greater than 50% of CPI increase for the year
- If the indexing result is positive, you will receive an increase to your monthly pension payment effective July 1st of each new plan year.
- If the increase is negative, your pension will remain unchanged for the plan year.
- The pension is adjusted for the September 1st pension deposit, retroactive to July 1st
- Indexing rights pass on to those with a Survivor pension or during a guarantee period



Non-Resident Considerations

- For those that will be living outside of Canada in retirement there are a few additional considerations:
- Taxation of Pension
 - Instead of completing a Canadian Federal and Provincial tax form (TD1s), non-residents complete a NR301 (Declaration of eligibility for benefits (reduced tax) under a tax treaty for a non-resident person)
 - If Canada has a treaty with the country the pensioner is residing in, your pension will be taxed at that rate (e.g. treaty with United States therefore, pension is taxed at 15%)
 - If no treaty exists, the standard non-resident tax rate is 25%
- Method of Payment
 - We can pay pensioners by way of direct deposit to a Canadian or United States bank account
 - Other payment options for those residing outside of Canada or the United States is by way of wire transfer or cheque



Net Replacement Ratios (NRR)

- Valuable tool used to forecast retirement income
- Most people considering retirement tend to compare pre-retirement gross income to post-retirement gross income
- NRR compares pre-retirement net income to post-retirement net income
- Highlights often forgotten taxes, deductions from gross pay



Net Replacement Ratio Calculation - UNIFOR 2458 member		
Before Retirement	Annual	Monthly
Gross Salary-->	69,450.67	5,787.56
Income Tax	10,981.32	915.11
5.70% CPP Contributions (maximum)	3,499.80	291.65
1.58% EI Contributions (maximum)	952.74	79.40
Pension Contributions 9.4;6.6;9.4 %	4,809.16	400.76
Union Dues (per CA formula)	1,081.92	90.16
Parking (est. \$35.64 per pay)	926.64	71.28
LTD Premiums \$1.599/\$100	1,110.48	92.54
Take Home Pay	46,088.61	3,846.66
		961.66 per week
After Normal Retirement		
Pension Plan (27.1548 yrs) Life G5	28,164.96	2,347.08
CPP (est. 2022 average)	9,351.84	779.32
Gross Pension Income-->	37,516.80	3,126.40
Income Tax	5,190.84	432.57
Benefits (Couple)	3,086.28	257.19
Take Home Retirement Income	29,239.68	2,436.64
		609.16 per week
NET Difference	16,848.93	1,410.02
Gross Replacement Ratio-->	54.02%	54.02%
Net Replacement Ratio-->	63.44%	63.34%



Terminating Before Normal Retirement Date

- Termination Benefit is:
 - Commuted value of the pension earned to-date payable at age 65
 - Plus any excess member contributions
- Transfer Options:
 - Transfer termination benefit to a locked-in vehicle
 - Leave benefit in plan for deferred pension at a future retirement date
- In Lieu of Pension, Members MAY transfer entitlements from plan.
 - Considered a termination, not a retirement
 - May have preferable survivorship options
 - Forfeit lifetime pension indexing rights
 - Potential for higher investment fees, investment risk to member
 - Forfeit any future pension surplus sharing
 - Forfeit rights to Green Shield benefits (both University paid and retiree paid).
 - In most cases, part of the entitlement must be paid in cash, less tax or transferred to an RRSP if member has sufficient room



Pension Estimator – What is it?

- Features
 - Web-based
 - Secure
 - Personalized
- Functionality
 - Learn about your pension plan
 - Project your future pension benefit
 - View and request any updates to your personal information if required
 - Refer to handout for instructions on accessing the Estimator
 - Attend the Pension Estimator workshop



Pension Estimator

Estimates

- Retirement
 - Estimates your pension benefit at a specified retirement date, whether on an early, normal or postponed basis
- Termination
 - Estimates your pension benefit if you leave the University before your Normal Retirement Date
- Death
 - Estimates your pension benefit for your beneficiary, spouse, or Estate if you should die before retiring



Employees' Retirement Plan

A Recap

It's a relatively simple five-step process:

1. Know what you have today
2. Estimate your future benefit
 - take advantage of powerful on-line resources
3. Estimate your future expenses and plan to fill the “gap” if needed
4. Monitor and adjust
5. Feel more confident about planning your path to the future



Employees' Retirement Plan

Thank You!

Questions?



Employees' Plan – Benefits

The following information is provided for information only and reflects the benefit programs as they exist at this point in time. The benefit programs are subject to change from time to time as may be required or agreed upon. In all cases, eligibility to the programs, and the program entitlements are based on the plan provisions in place on the effective retirement date.



Active Staff

- University Paid Health / Dental / Out of Country coverage
- Short / Long Term Disability
- Life Insurance - 2 X Annual Salary – various maximums
- Accidental Death and Dismemberment Insurance
- Employee Assistance Program



Current Benefit Programs While Active

Health & Dental benefits

- | | |
|------------------------------------|-----------------|
| – Extended Health | University Paid |
| – Semi Private | University Paid |
| – Dental | University Paid |
| – Vision | University Paid |
| – 180 day per trip Out of Province | University Paid |
| – Drug | University Paid |
| – Employee Assistance Program | University Paid |
| – Short Term Disability | University Paid |

Insurances

- | | |
|---|-----------------------------|
| – LTD (to age 65 only) | Employee or University Paid |
| – Life Insurance | University Paid |
| – Accidental Death
and Dismemberment | University Paid |



Current Benefit Programs While Active

- Optional Life Insurance to age 70 Employee Paid
- Optional Accidental Death and Dismemberment to age 70 Employee Paid
- Tuition Waiver (scholarship to dependent) University Paid
- St Denis Centre (excludes the Forge facility) University Paid

Current optional retirement benefits that continue

- Optional Life Ins to age 70 Retiree Paid
- Library & Email University Paid
- Pre Paid Parking Coupons Retiree Paid
- Tuition Waiver (scholarship to dependent) University Paid
- St. Denis Centre (excludes the Forge facility) University Paid



At Retirement

- Short / Long Term Disability Insurance ceases
- Life Insurance & AD&D ceases – can exercise conversion to a personal policy
- EAP Coverage ends

Early Retirement

- Active Green Shield Benefits Plan continues to Normal Retirement date – premium paid by University

Normal or Postponed Retirement

- Death Benefit Allowance - various amounts, non taxable to beneficiary
- Drug coverage – premium paid by University
- Retirees eligible to enroll in Green Shield Benefits Plan
- Survivors eligible to enroll in Green Shield Benefits Plan
- CUPE 1393 retirees eligible to remain in active employee group and pay the associated active group premiums, or enroll in the retiree group plan

Retiree benefit booklets can be found online:

<https://www.uwindsor.ca/humanresources/365/retirees>



Administrative Retiree Premiums

At normal or postponed retirement you receive the University paid drug coverage and also have the option to enrol in the administrative retiree paid benefit package. You may opt into the optional benefit package at any time, but must remain in the plan for at least 12 months. You cannot select individual benefits. You may select 90 day or 180 day Out of Province/Out of Country emergency medical coverage. Premiums effective May 1, 2022 (subject to change each May 1st)

Option	Single Coverage	Couple Coverage	Family Coverage
Drugs	University paid	University paid	University paid
Semi Private	11.07	22.17	30.49
Dental	39.61	79.26	108.97
Extended Health	39.50	78.97	108.62
90 day OOC/OOP	35.96	71.93	71.93
Vision Care	2.45	4.86	6.69
Monthly total	128.59	257.19	326.70
180 day OOC/OOP	50.76	101.52	101.52



CUPE 1393 Retiree Premiums

At normal or postponed retirement you receive the University paid drug coverage and also have the option to remain enrolled in the CUPE 1393 active employee benefit package, at your own expense. You may opt into the optional benefit package at any time, but must remain in the plan for at least 12 months. You cannot select individual benefits.

Premiums effective May 1, 2022 (subject to change each May 1st)

Option	Single Coverage	Family Coverage
Drugs	University paid	University paid
Semi Private	4.28	8.56
Dental	63.80	144.54
Extended Health	39.38	133.71
180 day OOP/OOC	50.76	101.52
Vision Care	10.28	31.03
Monthly total	168.50	419.36



Thank You!

Questions?

