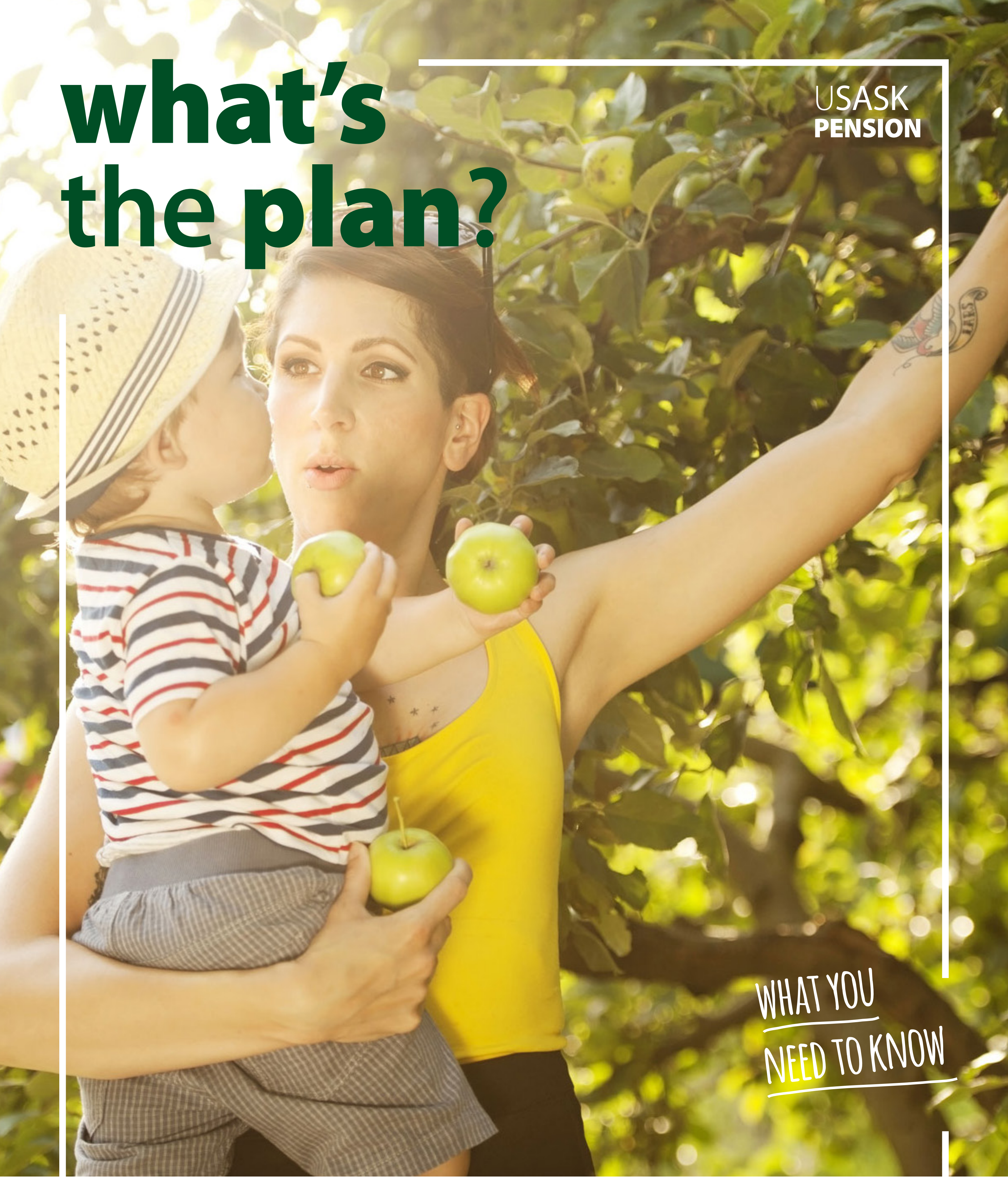
# what's the plan?

USASK
**PENSION**



WHAT YOU NEED TO KNOW

Overview of the **1999 Academic Pension Plan**

University of Saskatchewan

# **Retirement** is an important **milestone**

**We want you to enjoy your retirement years to the fullest. That's why we offer a pension plan that works together with government benefits and your personal savings to provide the income you'll need to make the most of this special time of your life.**

## See a **word** you're not familiar with?

Check out the Plan Summary document on **www.usask.ca/fsd/faculty_staff/pension_plans/details.php** for a list of pension definitions, along with full plan details.

## A SNAPSHOT OF YOUR PENSION PLAN

You participate in the defined benefit ("DB") pension plan. When you retire, you receive a set monthly pension payment for the rest of your life.

### WHILE YOU ARE **WORKING**

**You** contribute

+

The **University** contributes

To the **pension fund**

### WHEN YOU **RETIRE**

You receive a **monthly pension**

**How much?**

It's based on how long you participated in the plan and how much you earned.

**Your pension is paid for your lifetime**. Plus— there's an option for your spouse. If you die first, your spouse will continue to receive a portion of your pension benefit.

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As a member of the 1999 Academic Pension Plan, you may have also participated in the defined contribution (or "DC") pension component before September 1, 2010. After this date, the University closed the DC pension component of the plan—meaning, you and the University stopped making contributions to your DC account. Your DC account balance is continuing to grow and earn investment returns. To determine the balance of your account, refer to your statement within PAWS or contact the Pensions Office.


# SAVING MADE EASY

The plan actuary advises the University how much money needs to be put in to make sure the pension fund has enough money to meet these financial obligations. This amount can often be more than 8.5% of your pensionable earnings.

The pension plan is one of the best deals around when it comes to tax savings. Your contributions are tax deductible—you receive an immediate tax deduction when you contribute to the plan.

**All contributions go into a common pension fund—the same fund that is used to pay out pensions to each of our retired plan members. This fund is invested by professional investment managers.**

## **Your** Contributions

The pension plan makes it simple to contribute toward your retirement. Your contributions are automatically deducted from your pay and are deposited into the DB pension fund.

**Each month, you contribute:**

**8.5%** of your **pensionable earnings***

The same as your **University salary**

**Up to a limit set by Canada Revenue Agency*

## The **University's** Contributions

You also get the benefit of contributions from the University. Just how much will the University put in to the pension fund?

**The University will match your contributions:**

**8.5%** of your **pensionable earnings**

The University also makes its contributions based on advice from the plan actuary.

- The actuary looks at all of the pensions promised to plan members…
- …And measures that against the amount of money that's required to pay those pensions.

# A Secure Benefit

**One of the greatest advantages of a defined benefit pension plan is that you can calculate how much pension you will receive. That's because your pension is based on a formula — simply plug in your numbers to see what you'll get when you retire!**

## Your **pension** is calculated as:

**2%** × Highest **average** earnings × Pensionable **service**

Highest average earnings: Average of your highest pensionable earnings in 48 consecutive months of participation.

Pensionable service: Years and months that you participate in (contribute to) the DB plan.

**Minus:**

**0.4%** × Average **YMPE*** × Years of service **after 2005**

The Years' Maximum Pensionable Earnings (YMPE) is an amount set by the federal government each year. It is used as the ceiling for contributions to the Canada Pension Plan. We use the average YMPE from the three calendar years immediately prior to your retirement to calculate the offset.

### The **big picture**

For most plan members, your University pension will be just one part of your retirement income. The rest will come from government benefits, like the Canada Pension Plan (CPP) and Old Age Security (OAS), and personal savings. To learn more about government benefits, see page 14 of the Plan Summary, or visit **canada.ca.**

The Income Tax Act sets a limit on the maximum pension you can be paid from a defined benefit plan. Contact the Pensions Office to find out if this limit impacts you.

### Examples

Want to see an example?
See the scenario on page 6.

**You've earned your retirement, now it's time to enjoy it! When you retire, you'll receive a pension payment every month, for as long as you live.**

## **When** you can retire

**Early**
On the June 30th following your 55th birthday

**Normal**
On the June 30th following your 67th birthday

**Postponed**
By the end of the year you turn 71

**You can retire at any point along the way;** different rules will apply depending on the date you choose.

## **Early** retirement

You can retire on the June 30th following your 55th birthday and any time before the June 30th following your 67th birthday. Depending on when you retire, you may receive a **reduced** or an **unreduced** pension from the plan.

| **Reduced pension** unless you meet **special criteria** | | | | | **Unreduced pension** starting at **age 60** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 |

**To retire before age 60 with no reduction you must:**

- Have 30 years of pensionable service, or
- Your age + years of continuous employment must total at least 80.

**If you retire early (and don't meet the special criteria), how much will your pension be reduced?**

**0.25%** for each month

… that you retire before being eligible for an unreduced pension (that adds up to a total of 3% per year). This reduction applies for all the years you receive your lifetime pension.

## **Normal** retirement

If you retire on the June 30th following your 67th birthday, this is considered "normal retirement" age and you will receive a full (i.e., "unreduced") pension from the plan.

## **Postponed** retirement

If approved, you can retire between the June 30th following your 67th birthday and age 71. By law, you must begin your pension by the end of the year you turn 71.

As you work towards the "normal retirement" age, you will continue to make contributions to the pension fund. You will also continue to earn pensionable service. Since pensionable service is one factor in how your DB pension is calculated, you can expect a larger monthly amount than if you retired at your normal retirement age.

# Pension **scenario**


**John wants to retire from the University after a 25-year career. Here are his details:**

**Age:** 61

**Highest average earnings at retirement:** $135,000

**Average YMPE:** $53,667*

**Pensionable service:** 25 years

**Early retirement:** Yes

**More than 10 years of service before age 60:** Yes

**Early retirement reduction:** No

## Calculating **John's Pension**

2% × $135,000 (Highest **average** earnings) × 25 (Pensionable **service**) = $67,500

0.4% × $53,677 (Average **YMPE**) × 12 (Years of service **after 2005**) = $2,576

$67,500 − $2,576 = $64,924 a year or $5,410 a month

John's pension would be **$64,924** a year or **$5,410** a month for the rest of his lifetime

* **The YMPE limit is set each year by Canada Revenue Agency. To determine the average YMPE amount, visit canada.ca.**

# YOUR PENSION, YOUR WAY

You have the option of increasing your guaranteed pension payments to 15 years (i.e., 180 months). If you choose to receive your pension for a guaranteed 15 year period, your monthly pension amount will be less than the guaranteed 10 year period. This is to account for the extra payments that you may receive as a result of receiving your pension over a longer period of time.

**There are different ways you can choose to receive your pension — the plan has a default or "normal form", or you can choose the "joint and survivor" form.**

## **Normal** form

**If you're single**

- You get the "normal form" pension paid from the time you retire for the rest of your lifetime.
- The normal form is a single life guaranteed 10 pension.
- That means if you die before receiving 10 years (i.e., 120 months) of pension payments, your remaining pension will be paid out to your beneficiary or estate.

## **Joint** and **Survivor** form

**If you're married**

- You get a pension paid from the time you retire for the rest of your lifetime.
- If you die before your spouse, he or she will continue to receive a percentage of your pension for the rest of his or her lifetime.
- You can choose the percentage paid to your spouse — 100%, 75% or 60% of the pension amount paid to you.
- When you choose the joint and survivor form, your monthly pension will be less than if you were single. This is to account for the extra payments that may continue to your spouse.

## The **choice** is **yours**

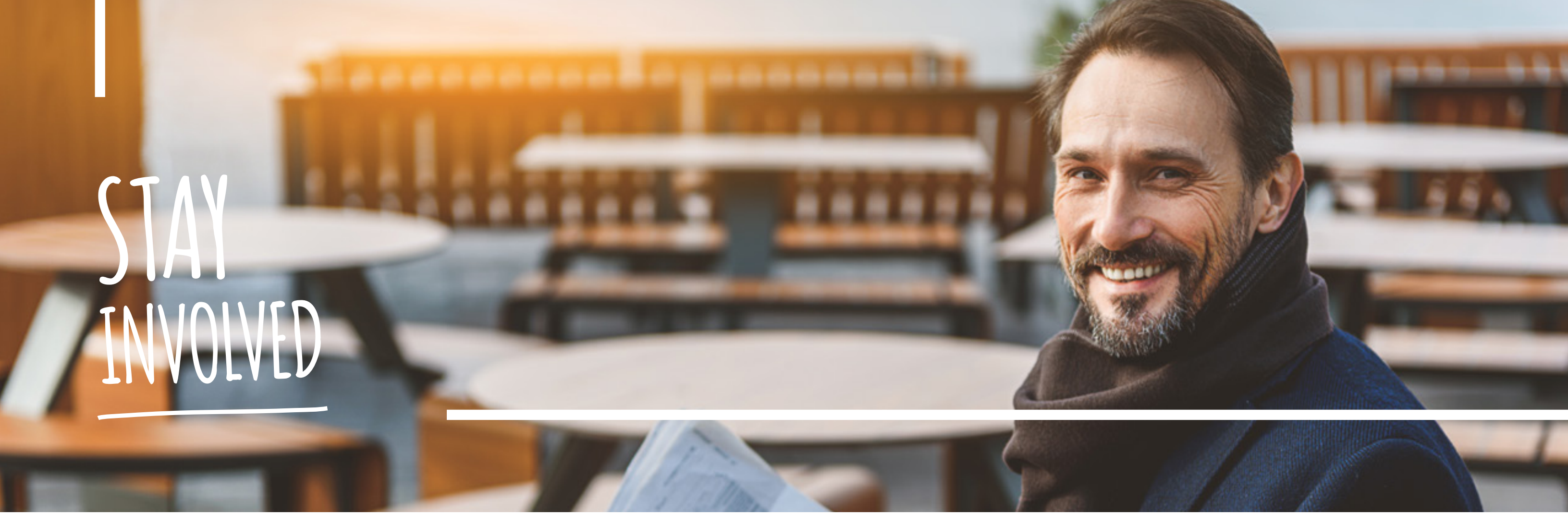
You can also choose the joint and survivor form — guaranteed 5, 10 or 15 years. If you die before receiving your guaranteed pension payments, your pension will be paid to your spouse (or your beneficiary or estate if your spouse has predeceased you). At the end of the guarantee period, your spouse will continue to receive a percentage of your pension for the rest of his or her lifetime. The monthly amount continuing to your spouse can be 100%, 75% or 60% of the pension amount paid to you.

LIFE HAPPENS

**What happens if you leave the University before retirement?**

| | | |
|---|---|---|
| **If you are eligible for early retirement when you leave…** | If you leave the University and are eligible to start your pension, you will go through the normal process as if you were retiring from the plan. | |
| **If you are not eligible for early retirement when you leave…** | **You have several options:**<br>• Keep your DB pension in the plan and defer starting it until a later date — any time between the June 30th following your 55th birthday and the June 30th following your 67th birthday, or<br>• Transfer your DB pension to another registered pension plan or a locked-in retirement account (LIRA). | **If you choose a transfer, you will receive the greater of:**<br>• The commuted (or "lump sum") value of the pension you earned up to your last day as a plan member, or<br>• The sum of your contributions and the University's contributions, with interest. |

There are other scenarios during your career (such as a disability leave, marriage breakdown, etc.) that can affect how you participate in the pension plan. For more details, contact the Pensions Office.




## The **University's** checklist

**The University is responsible for overseeing, managing, and administering the 1999 Academic Pension Plan to make sure the fiduciary and other obligations of the plan are met. It also makes sure the plan operates in compliance with the Pension Benefits Act and the Income Tax Act. Details are available from the Pensions Office and in the Pension Plans section of the Financial Services website.**

**Planning for retirement is important no matter what age you are. This checklist can help ensure that you're taking care of your pension plan responsibilities.**

### Review your **annual DB pension statement**

**Your annual DB pension statement is available on the PAWS portal.**
**It contains information about:**

- Your pension contributions and years of service
- How much pension you have accrued so far
- How much pension you can expect to receive if you retire from the University
- Your beneficiary information on file

Your DB pension statement is a great tool to assist with your overall retirement planning.

### Create a well-rounded **retirement plan**

You should consider the type of lifestyle you'll want to lead when you retire and then use one of the many online tools (the Canadian Retirement Income Calculator, for example) to figure out how much you will need to save. The 1999 Academic Pension Plan is one source of retirement income; you should also consider how government benefits will play a role and also how much you'll need to save outside of the plan. A financial planner can also be a great asset to help you establish and meet your savings goals!

# QUESTIONS?

**Pensions Office**
306-966-6633

pensions.inquiries@usask.ca

www.usask.ca/fsd/faculty_staff/pension_plans/details.php

**Contact the Pensions Office for:**

- Plan documents
- Retirement information
- Beneficiary changes
- General questions

*This booklet briefly describes the University of Saskatchewan 1999 Academic Pension Plan. It is intended as a summary only. Full details are set out in the relevant legal plan documents. You can review these documents by contacting the Pensions Office. In the event of any discrepancy, benefits will be paid according to the terms of the legal documents and government regulations.*

**2017**