



### ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs) INFORMATION SHEET FOR MEMBERS OVER AGE 65

Members of the McGill University Pension Plan (“Plan”) who are over age 65 who continue to be employed by the University may elect make AVCs to the Plan and receive an immediate tax relief at source. It is important to note that the University does not match AVCs.

#### 1. What is an immediate tax relief at source?

You don’t pay income tax on pension contributions at the time they are deducted from your pay. As a result, your taxable income is lowered by the amount of the contributions being made; therefore, reducing overall taxes being withheld. Amounts become taxable when they are received from the Plan, thereby deferring the payment of taxes to a later point in time.

#### 2. How much can I contribute as AVCs?

Your AVC room is the lesser of 18% of your compensation from McGill University in the current year, minus your “pension adjustment” or the money purchase limit established by the [Canada Revenue Agency \(CRA\)](#) (\$33,810 for 2025). For the calendar year in which you turn age 65, the pension adjustment amount represents required contributions made to the McGill University Pension Plan. You may elect to contribute any amount up to the maximum annual amount permitted.

#### 3. Are my AVC and RRSP limits the same?

The *Income Tax Act of Canada* limits the total amount of contributions that can be made to an employee’s Registered Pension Plan and Registered Retirement Savings Plans (“RRSP”). AVC contribution room under a Registered Pension Plan (“RPP”) such as the McGill University Pension Plan differs from RRSP contribution room. AVCs made to the Plan in 2025 will impact the available RRSP room in 2026. Your 2025 RRSP contribution limit is based on your 2024 earnings and is communicated annually by CRA via the Notice of Assessment. This RRSP contribution room is over and above your AVC room.

Contributions	Maximum Contribution Limit (in 2025)	Maximum Dollar Limit (in 2025)	Pension Adjustment (PA)	How much \$ can I contribute?
<b>RPP (McGill University Pension Plan) including AVCs</b>	18% of 2025 income	\$33,810	Contributions made in 2025 will impact 2025 PA & 2026 RRSP room	18% of 2025 income
<b>RRSP</b>	18% of 2024 income minus Pension Adjustment (PA) plus any carry-forward unused room	\$32,490	Contributions to RPP in 2025 will impact 2026 RRSP room	Consult your Notice of Assessment from CRA

Subject to the limits described above, you can make AVCs and can contribute to an RRSP in the same calendar year.

#### **4. When can I start making AVCs?**

If you are over age 65 and are continuing to work, you may elect to make AVCs via payroll deduction in respect of compensation earned with the University directly into your pension account.

#### **5. How long can I continue making AVCs?**

You can make AVCs for as long as you have eligible contribution room as described above. However, under current tax legislation, you must convert your holdings in the Plan into a retirement income arrangement no later than the December 31<sup>st</sup> of the year in which you turn age 71, even if you continue to work. Subject to having sufficient earnings to do so, AVCs will continue to be made until instructions are submitted to have them suspended.

#### **6. Can I make a lump sum AVC?**

AVCs are only permitted via payroll deduction; as such, lump-sum cheques are not permitted.

#### **7. Can I transfer in existing RRSPs to the McGill University Pension Plan?**

You have the option of transferring your existing RRSP holdings into the Plan or into the Group Registered Retirement Savings Plan. For more information on transferring existing holdings into the Plan or into the GRSP, please refer to: [www.mcgill.ca/hr/pensions/mupp/](http://www.mcgill.ca/hr/pensions/mupp/).

#### **8. Can I exceed the established AVC limits?**

Unlike with RRSPs, you are not permitted to over-contribute to the Pension Plan. As a result of changes to your compensation, Human Resources may suspend or modify your AVCs at any time in order to prevent exceeding the contribution limits as described earlier. You will be notified of any suspension or modification of your AVCs.

#### **9. How will my AVCs be invested?**

Unless an alternate investment distribution for your Additional Voluntary Contribution Account is provided, the investment distribution for AVCs will be identical to your current investment allocation for regular contributions. However, you may change the investment allocation of your regular contributions and AVCs at any time.

#### **10. Where can I view my AVC account information?**

AVCs are held in an unrestricted Additional Voluntary Contribution (AVC) Account in the McGill University Pension Plan. At any time, you may view your personal pension account information by accessing the “McGill University Savings Program” webpage at [www.mcgill.ca/hr/pensions/mupp/mupp-login/](http://www.mcgill.ca/hr/pensions/mupp/mupp-login/). Your holdings may also be tracked by referring to your Annual Member Statement.

#### **11. Can I change the amount of the AVC being made?**

You may change the amount of your existing AVCs or cease making AVCs at any time prior to any subsequent pay period, subject to the limits described above, through Workday (see item 17). At the end of each year, the Canada Revenue Agency announces the maximum pension contribution limit for the following year. Following this announcement, you may or may not wish to adjust your AVCs accordingly.

**12. Can I withdraw from my AVC account?**

You are cautioned that savings in your restricted and unrestricted AVC Account may not be withdrawn or transferred until the earlier of termination, retirement or age 71.

**13. Can I use my AVC holdings for the Home Buyer's Plan or Lifelong Learning Plan?**

You are cautioned that unlike contributions made to a RRSP, withdrawals under the Home Buyers' Plan and Lifelong Learning Plan are not eligible through the McGill University Pension Plan.

**14. What can I do with my AVC holdings when I leave or retire from McGill?**

At the time of retirement or when you cease participation in the Plan, unrestricted funds held in your AVC account may be transferred to an RRSP, be used to buy an annuity or be received as a cash payment, less withholding tax. They can also be transferred to the McGill University – Variable Benefits. Any restricted funds held in your AVC account are subject to locking-in provisions and in general, may not be withdrawn in cash and may only be used to provide a retirement income.

Additional information on the available settlement options can be found in the Pension Plan brochures available on the Pension Plan's website at: [www.mcgill.ca/hr/pensions/mupp/rip](http://www.mcgill.ca/hr/pensions/mupp/rip).

**15. What happens if I go on a leave?**

AVCs can continue when on-leave, subject to receiving full compensation from the University. Therefore, members of the Plan on paid sabbatical leave can continue making AVCs. However, members on other types of leaves may not continue to make AVCs as their McGill pay is either reduced or suspended.

**16. Are any fees charged by the Pension Plan for making AVCs?**

The McGill University Pension Plan does not charge any transaction fees for accepting AVCs. The usual management fees will apply based on the investment pool selected. Fees are charged to accounts on a monthly basis.

**17. How do I sign up to start making AVCs?** Please use Change Benefits in [Workday](#). Changes are subject to applicable payroll deadlines.

The following illustrates some of the factors to consider when making a decision regarding AVCs:

**Why contribute to a Registered Retirement Savings Plan (RRSP)**

- Means to increase the amount of funds available to you at retirement
- Tax deferral on contributions and income generated
- Withdrawals are permitted at any time, less required income taxes withheld at source
- May access funds via Home Buyers' Plan and Lifelong Learning Plan
- Ability to contribute to a spousal RRSP and income splitting
- Access to wide range of investment options

**Why make Additional Voluntary Contributions in the McGill University Pension Plan via Payroll Deduction**

- Means to increase the amount of funds available to you at retirement
- Tax deferral on contributions and income generated
- Immediate tax relief at source
- Convenience of payroll deduction
- Access to McGill University Pension Plan investment pools and preferential management fees compared to similar retail products

**Why make non-registered contributions (e.g. buy stock, bonds, mutual funds etc...outside of an RRSP or RPP)**

- No contribution limits
- Means to accumulate additional capital in line with investment objectives
- Preferential tax treatment on dividend income and capital gains
- No investment restrictions

**Notice**

*You may want to consider discussing this opportunity with an appropriately qualified financial advisor. Individual needs and circumstances vary significantly from person to person. As such, no one should rely solely on the information contained herein for the purpose of financial planning or for developing investment or retirement strategies.*