My McGill University Group LIF / RIF Plan

November 28, 2018
Today’s Agenda

• LIF and RIF Plans Defined
• Roles and Responsibilities
• Minimums and Maximums
• Who is Eligible?
• Investment Options
• Plan Fees
• Managing Your Account
• Transferring in Outside Funds
• Timelines
• Next Steps
• Questions?
LIF and RIF Plans Defined...

What is a LIF (Life Income Fund)?

• A decumulation plan that you draw a lifetime income
• Subject to annual Minimum and Maximum withdrawal limits
• Plans eligible for the LIF
  • Locked-in portion of your McGill University Pension Plan (MUPP)
  • Any other locked-in personal holdings held with a financial institution and under the Quebec legislation
LIF and RIF Plans Defined...

What is a RIF (Retirement Income Fund)?

• A decumulation plan that you draw an income
• Subject to annual Minimum withdrawal limits
• Plans eligible for the RIF
  • Your McGill University Group Retirement Savings Plan (RSP)
  • Non locked-in portions of your MUPP (ex: voluntary contribution)
  • Any other non locked-in personal holdings held with a financial institution
McGill University Group LIF / RIF Plan
Roles and Responsibilities:

McGill University Office of Investments:
• Selection of Investment Managers and Fund Offerings

CIBC Mellon:
• Trustee of McGill University Pension Plan, Group LIF / RIF and Group RRSP
• Custodian
  • Paying Agent
  • Issues T4 receipts

Morneau Shepell:
• Record-keeping Agent
Minimums and Maximums...

- The minimums and maximums (LIF only) is a % of your holdings at beginning of year based on your age
- Option to make one-time election to use spouse age, if younger, to determine the minimum payment

<table>
<thead>
<tr>
<th>Age on Dec. 31 of prior year</th>
<th>Minimum (LIF and RIF)</th>
<th>Maximum (LIF Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55</td>
<td>2.86%</td>
<td>6.40%</td>
</tr>
<tr>
<td>Age 60</td>
<td>3.33%</td>
<td>6.70%</td>
</tr>
<tr>
<td>Age 65</td>
<td>4.00%</td>
<td>7.20%</td>
</tr>
<tr>
<td>Age 70</td>
<td>5.00%</td>
<td>7.90%</td>
</tr>
<tr>
<td>Age 75</td>
<td>5.82%</td>
<td>9.10%</td>
</tr>
<tr>
<td>Age 80</td>
<td>6.82%</td>
<td>11.50%</td>
</tr>
<tr>
<td>Age 85</td>
<td>8.51%</td>
<td>16.00%</td>
</tr>
<tr>
<td>Age 90</td>
<td>11.92%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Age 94 +</td>
<td>20.00%</td>
<td>20.00%</td>
</tr>
</tbody>
</table>
Who is Eligible...

You are eligible to join the McGill Group LIF/RIF Plan if you are:

• An Active McGill University MUPP member who is over the age of 65

• An Inactive (Terminated or Retired) McGill University MUPP member who is age 55 or greater

• A former MUPP member who has recently transferred out their McGill MUPP plan (last 5 years) and it is still being administered under Quebec legislation

• Surviving spouse of a LIF/RIF member
Investment Options...

Invest your LIF/RIF in any combination of the below options...

- **Money Market Fund Option**
  - TD Emerald Canadian Short-Term Investment Fund

- **Fixed Income Fund Option**
  - Phillips, Hager & North Fixed Income Bond Fund

- **Equity Fund Options**
  - TD Emerald Low Volatility Canadian Equity Pooled Fund Trust
  - TD Emerald US Market Index Fund C$  
  - TD Emerald International Equity Index Fund

Confidential – Not for Distribution
## Investment Options...

...or select a Risk Target  Balanced Option:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Conservative Risk Profile</th>
<th>Moderate Risk Profile</th>
<th>Aggressive Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD Emerald Canadian Short-Term Investment Fund</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Phillips, Hager &amp; North Bond Fund</td>
<td>55%</td>
<td>55%</td>
<td>40%</td>
</tr>
<tr>
<td>TD Emerald Low Volatility Canadian Equity Pooled Fund Trust</td>
<td>7.5%</td>
<td>10.5%</td>
<td>15%</td>
</tr>
<tr>
<td>TD Emerald US Market Index Fund C$</td>
<td>10%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>TD Emerald International Equity Index Fund</td>
<td>7.5%</td>
<td>10.5%</td>
<td>15%</td>
</tr>
</tbody>
</table>
### Investment Options (Continued)...

#### Yearly Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TD Emerald Canadian Short-Term Investment Fund</td>
<td>1.84%</td>
<td>1.03%</td>
<td>0.93%</td>
<td>1.01%</td>
<td>1.18%</td>
<td>1.17%</td>
<td>1.20%</td>
</tr>
<tr>
<td><em>Benchmark</em></td>
<td>1.38%</td>
<td>0.56%</td>
<td>0.51%</td>
<td>0.63%</td>
<td>0.91%</td>
<td>1.01%</td>
<td>1.01%</td>
</tr>
<tr>
<td>Phillips, Hager &amp; North Fixed Income Bond Fund</td>
<td>1.79%*</td>
<td>2.63%</td>
<td>5.87%</td>
<td>6.63%</td>
<td>5.81%</td>
<td>0.58%</td>
<td>8.75%</td>
</tr>
<tr>
<td><em>Benchmark</em></td>
<td>1.66%*</td>
<td>2.52%</td>
<td>5.22%</td>
<td>6.25%</td>
<td>5.33%</td>
<td>-0.17%</td>
<td>9.50%</td>
</tr>
<tr>
<td>TD Emerald Low Volatility Canadian Equity Pooled Fund Trust</td>
<td>-4.58%</td>
<td>7.85%</td>
<td>17.63%</td>
<td>-4.42%</td>
<td>20.85%</td>
<td>13.61%</td>
<td>11.92%</td>
</tr>
<tr>
<td><em>Benchmark</em></td>
<td>-8.89%</td>
<td>9.10%</td>
<td>21.08%</td>
<td>-8.32%</td>
<td>10.55%</td>
<td>12.99%</td>
<td>7.19%</td>
</tr>
<tr>
<td>TD Emerald US Market Index Fund C$</td>
<td>3.87%</td>
<td>13.43%</td>
<td>7.65%</td>
<td>21.21%</td>
<td>23.52%</td>
<td>40.76%</td>
<td>13.01%</td>
</tr>
<tr>
<td><em>Benchmark</em></td>
<td>3.62%</td>
<td>13.15%</td>
<td>7.38%</td>
<td>20.83%</td>
<td>23.18%</td>
<td>40.37%</td>
<td>12.67%</td>
</tr>
<tr>
<td>TD Emerald International Equity Index Fund</td>
<td>-5.84%</td>
<td>16.83%</td>
<td>-2.42%</td>
<td>19.06%</td>
<td>3.83%</td>
<td>31.12%</td>
<td>14.90%</td>
</tr>
<tr>
<td><em>Benchmark</em></td>
<td>-6.03%</td>
<td>16.82%</td>
<td>-2.49%</td>
<td>18.95%</td>
<td>3.67%</td>
<td>31.01%</td>
<td>14.72%</td>
</tr>
</tbody>
</table>

*September 30, 2018
Plan Fees...

Investment Management Fees (IMFs):

- The IMFs for the McGill Group LIF/RIF plan are anticipated to be in the range of 0.04% - 0.20%, which can mean big savings compared to similar retail offerings which are typically in the range of 1% - 2.5%:

<table>
<thead>
<tr>
<th>Management Expense Ratio (MER)</th>
<th>Initial Investment ($) at age 65</th>
<th>Estimated Management Fees (in today’s dollars - over 25 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.25%</td>
<td>$250,000</td>
<td>$6,340</td>
</tr>
<tr>
<td>1.0%</td>
<td>$250,000</td>
<td>$25,395</td>
</tr>
<tr>
<td>1.5%</td>
<td>$250,000</td>
<td>$38,125</td>
</tr>
<tr>
<td>2.0%</td>
<td>$250,000</td>
<td>$50,875</td>
</tr>
<tr>
<td>2.5%</td>
<td>$250,000</td>
<td>$63,645</td>
</tr>
</tbody>
</table>

This table provides estimated fees based on varying assumptions. It is for illustrative purposes only. Assumes a 5.5% net rate of return and the maximum LIF payment stream.

Record Keeping Fee:
- $53.19 per annum for each LIF and/or RIF account (includes taxes, subject to annual indexation)

Payment Issuance Fee:
- $10.00 per lump-sum withdrawal (applied by CIBC and netted from your proceeds)
Managing Your Account...

Transferring your McGill University MUPP or RSP into the McGill LIF/RIF is easy and is done online!

- If you are eligible for the McGill LIF/RIF plan, you will have access to the Convert Retirement Savings into Retirement Income link under the Manage tab on the McGill University Savings Plan website.
Managing Your Account (continued)...

This tool will allow you to...

- Select the plan you want to **Transfer From**
- Confirm the plan that you are to **Transfer To**
- Select your **Investment Options**
- Print, Sign and Return your **RIF/ LIF Application form**

**Important!** You McGill LIF/RIF plan will not be set up and your assets will not be transferred into it until your application form has been received and approved.
Manage Your Account (continued)...

Your McGill LIF/RIF is set up, now you can select your income payments!

- Once your McGill LIF/RIF plan is set up, you will have access to the *Withdraw Income from LIF or RRIF* link under the Manage tab on the McGill University Savings Plan website.
Managing Your Account (continued)...

This tool will allow you to...

• Automatically calculate your Minimum and Maximum (LIF only) amounts and any taxes to be withheld

• Select member or spouse age to determine minimum withdrawal

• Select your payment amount, frequency and method for the current year

• Select the Carry Forward Election Option if you wish to continue your payment option for future years

• Note: If you do not make a selection, you will be paid the minimum payment in December
Transferring in Outside Funds...

You are able to transfer your personal LIF/RIF/LIRA and/or RSP plans into the McGill Group LIF/RIF, but note the following:

• Locked in Assets transferred in must be held under Quebec pension legislation

• Once transferred into the McGill Group LIF/RIF, you will not be able to make a withdrawal until the next calendar year (applies to your personal LIFs and RIFs only)

• You should consult with your financial institution prior to ensure they will not charge any additional fees to make the transfer to the Group Plan.

• This transfer cannot be done via the online tools. Please request the appropriate transfer forms from the Call Centre.
Timelines...

Transfers into the McGill LIF/RIF:

- Will occur along with the bi-monthly valuations (the 15th and 31st) of each month
- Will only occur once the LIF/RIF application has been received and approved and your MUPP (or RSP) account has been settled by CIBC Mellon.

McGill LIF/RIF Income Payments:

- Depends on the frequency you chose: Monthly, Quarterly, Semi-Annually or Annually
- The liquation of your funds will coincide with the mid-month valuation
- Your cheque or direct deposit will be issued approximately 7 business days from the valuation date
- No tax withholding on minimum payment
- Not required to make a withdrawal during the year in which the LIF / RIF is opened
Next Steps...

The McGill LIF/RIF Plan is open and accepting transfers in:

- If eligible and interested, you can now go online and use the **Convert Retirement Savings into Retirement Income** tool on the **Manage** tab

Before doing so, we strongly recommend that you:

- Complete a retirement planning exercise
- Attend a Settlement Options or Retirement Information Session given monthly by the McGill Pension Administration Team
- Obtain professional advice from an independent advisor or financial planner

Need help?

- Contact the Call Centre for the **McGill University Savings Programs at:** 1-855-687-2111
Thank You.