Your McGill Pension Plan

This brochure applies to you if you were hired prior to January 1, 2009.

When it comes to retirement, most of us have the same general goal in mind: good health, freedom to pursue our favourite interests and financial security. But when it comes to specifics, our goals can differ widely. You may have visions of travelling the globe, while your colleague looks forward to bridge clubs and lawn bowling. It's a question of personal preference.

The same is true when it comes to finances. We all want to be comfortable and secure. But you may prefer to hand over the responsibility for your financial affairs to someone else, while others would rather take a more hands-on approach.

Giving you the freedom to choose what's best for you is an important feature of the McGill Pension Plan. This guide is intended to assist you in making more informed choices when it comes to your pension plan and retirement goals.

McGill | Human Resources

www.mcgill.ca/hr/pensions/mupp

This brochure applies to you if you were hired prior to January 1, 2009.

What's inside

Your pension: the big picture 1
- Government programs 1
- Employer-sponsored pension plans 1
- Personal savings 1
- Sources of Retirement Income 1

How the McGill Pension Plan works 2
- Joining the plan 2
- If you are rehired 2
- Your beneficiary 3
- Who pays for your McGill pension 3

Investment options 4

Plan fees 5

Your defined benefit minimum pension 6

Retirement options at McGill 8
- Retirement between ages 55-65 8
- Retirement after age 65 9

Converting your pension accounts into a retirement income 10
- Annuities and the Supplemental Retirement Benefit 10
- Non-Commissioned Annuities 11
- McGill Pension Plan - Variable Benefit 11
- McGill Group Life Income Fund 11
- Combination settlement 11
- Timing of settlement packages 11
- Maximum Transfer Limits 12
- Defer settlement 12
- Lump-sum payment 12
- Small-account balance 12

Before retirement 13
- Leaving McGill 13
- Death 14
- Disability 14
- Leave of absence 14
- Breakdown of conjugal relationship 15

Transfers into the plan 16
- From a registered pension plan 16
- On a reciprocal transfer basis 16
- From a registered retirement savings plan (RRSP) 16
- From a locked-in retirement account (LIRA) 16
- Options at retirement and/or termination 16
- Fees 18

Keeping track of your pension 17
- Annual pension statements 17
- Annual report 17
- RRSP contribution room 17
- Protection of benefits 17

About the plan 18

Who to contact 18

Government-paid pensions 19

Definitions 20

The final word 21

References to "current" dollar amounts reflect amounts for 2024.

McGill | Human Resources

Your pension: the big picture

Most experts agree that to maintain a comparable lifestyle in retirement, you need an income of approximately 60-70% of your earnings before retirement. This income typically comes from three sources: government programs, employer-sponsored pension plans and personal savings.

Government programs

The Quebec Pension Plan (QPP) is a compulsory plan for workers in Quebec over age 18. Since 2019, the QPP has been composed of a base plan and an additional plan where both you and your employer make contributions, above the basic exemption, up to the QPP earnings limit which is also referred to as the Year's Maximum Pensionable Earnings (YMPE) limit. Effective January 1, 2024, employee and employer QPP contributions will also be made on earnings between the QPP earnings limit (YMPE) and the Year's Additional Maximum Pensionable Earnings (YAMPE) limit, which is currently 107% of the YMPE and will be increased to 114% by 2025.

As a result of these enhancements, the QPP is designed to replace about 25% of the QPP earnings limit and this income replacement ratio will gradually increase to 33.33% by 2065. In 2024, the maximum QPP pension is $16,375 (per year). If you earn less than the QPP earnings limit during your career or are not employed for an extended period, you may receive less than the maximum pension.

For more information: https://www.rrq.gouv.qc.ca/en/programmes/regime_rentes/regime_chiffres/Pages/regime_chiffres.aspx.

Old Age Security (OAS) is paid to everyone age 65 or over who has lived in Canada for 40 years after age 18. OAS replaces another 15% or so of the QPP earnings limit, but begins to be clawed back if your income is above a certain level (see p. 19). The current maximum OAS pension is approximately $8,560 per year. If you have lived in Canada for at least 10 years, you may apply for a reduced pension. (For more information on government programs, see p.19

2024 QPP Figures

- YMPE: $68,500
- YAMPE: $73,200
- Basic Exemption: $3,500
- Base plan contributions: 10.8%
- Additional plan contributions: 4%

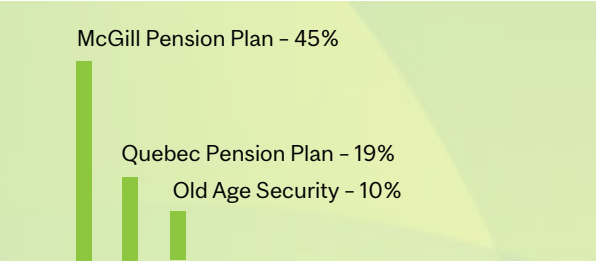
These contributions are split equally between employee and employer.

Employer-sponsored pension plans

At McGill, pensions are considered a key element of your compensation package. For this reason, the University has developed an excellent Pension Plan which in combination with the QPP may, where certain conditions are met, replace as much as 65% of pre-retirement income for a career (35-year) plan member or a significantly lower percentage under adverse conditions.

Depending on how long you are a member, your income level, the performance of the pension fund during your years of participation and prevailing conditions at the time you settle, your pension holdings in the McGill Pension Plan could replace from 45% to as much as 55% or more of your pre-retirement income.

Sources of Retirement Income



Based on a 35-year career, pre-retirement income of $80,000 at age 65, annualized rate of return of 6.0% and interest rate assumption of 5.0% at retirement.

Personal savings

Unless you have some other source of wealth, any shortfall between your target replacement income at retirement and your pension from government and employer-sponsored plans must be made up from your personal savings. In Canada, in addition to a Tax-Free Savings Account (TFSA), one of the most efficient ways to save for retirement is a registered retirement savings plan (RRSP). As a general rule of thumb, for each additional $10,000 of yearly income when you retire, you need $80,000-$120,000 in savings. The exact amount depends on your age and market conditions. McGill University offers a Group RRSP and Group TFSA to all employees.

How the McGill Pension Plan works

Pension plans come in two basic styles:

- **defined contribution plans (DC), and**
- **defined benefit plans (DB)**

In a **defined contribution** plan, the amount of contribution is known in advance, but the amount of pension isn't. The amount of pension you receive depends on the size of your "pension account" at settlement, your age and market conditions when you convert these savings into a retirement income. Depending on the long-term investment results you achieve, your defined contribution pension could be significantly higher than the pension you earn under a comparable defined benefit plan or significantly lower, for that matter.

In a **defined benefit** plan, you receive a pension based on a formula (usually tied to service and pay). You do not have a "pension account" because your pension is paid based on the formula. It is your employer's responsibility to ensure that contributions and investment earnings are sufficient to provide your pension.

If you were hired prior to January 1, 2009 and eligible for the McGill Pension Plan, the Pension Plan is a *hybrid* plan. First, it's a defined contribution plan. You and the University each contribute a certain amount to the plan every pay. You choose how you wish to invest these contributions from a range of investment options provided through the plan. When the time comes to settle, you use your pension holdings to provide a retirement income.

Best of both worlds: a *defined contribution* plan for freedom and control with the added protection of a *defined benefit* minimum.

But to protect against the investment risks inherent in a straight defined contribution plan, the McGill Pension Plan includes a *defined benefit minimum*.

If the value of your minimum pension using the defined benefit formula is higher than the value of your pension account if you had always invested 100% in the Balanced Account, the University will pay a supplementary amount to make up the difference.

If no extra amount is paid by the University, it means that the value of your pension account exceeded the value of the minimum pension.
(For more information see p.6.)

Joining the plan

Part A is closed to new hires. Employees hired on or after January 1, 2009 participate in Part B of the McGill University Pension Plan.

If you are rehired

If you were a former member of Part A and are rehired, subject to meeting the eligibility criteria, you will be invited to join Part B, the defined contribution segment of the McGill Pension Plan.

Eligibility for a pension plan is based on your primary position, the position where you receive the majority of your eligible earnings.

You are only permitted to participate in one pension plan at a time.

Contributions are made based on the earnings of the eligible position(s) only and as such, you may not have contributions made on all earnings.

If you are eligible for the McGill Pension Plan, you are not eligible for any other pension plans at McGill.

Your beneficiary

If you have a spouse at the time of your death, he or she is entitled by law to all death benefits, even if you have named someone else as your beneficiary, unless a spousal waiver has been submitted.

If you do not have a spouse, you may choose anyone you wish as your beneficiary, or you may choose more than one beneficiary and indicate the share (%) to be paid to each. Unless you have designated a beneficiary as irrevocable, you may name a new beneficiary any time by logging into the McGill University Savings Program website at www.mcgill.ca/hr/pensions/mupp/mupp-login.

If you do not name a beneficiary, death benefits will be paid to your estate.

Proof of Age

You may be required to provide proof of age (a *photocopy* of a birth certificate, passport, Canadian citizenship, Permanent Resident Card, driver's license or RAMQ health card).

Who pays for your McGill pension?

Both you and the University share the cost of providing your pension.

Your contributions

When you join the Pension Plan, you authorize the University to deduct pension contributions from your pay. All members must contribute 5% (up to age 39), 7% (age 40 to 49) or 8% (age 50 to 65) of basic earnings less the 1.8% of earnings on which QPP contributions are made. Tenure-stream clinical staff of the Faculty of Medicine contribute an additional 0.5% of the percentages above. Your contributions are deducted from your pay and deposited to an *Employee Contribution Account* in your name.

Additional Voluntary Contributions

If you are over age 65 and continue to work at McGill, you can choose to make additional voluntary contributions (AVCs) to the Pension Plan via payroll deduction. You may elect to contribute any amount up to the maximum amount permitted under the Income Tax Act and receive an immediate tax relief at source. It is important to note that the University does not match these contributions.

To make, modify or cancel your AVCs, login to Workday and use Change Benefits. The benefit event date used must be a current or future date.

For more information on AVCs, please visit: www.mcgill.ca/hr/pensions/mupp/contributions (AVCs 65+ tab).

AVCs are deposited into a non-locked-in account in your name. This account is also used to hold funds transferred into the McGill Pension Plan from other plans, including RRSPs (see p.16).

University contributions

The University also makes contributions to the McGill Pension Plan for you. These contributions are deposited to a University Contribution Account in your name. The amount contributed is based on your age and basic earnings (less 1.8% of earnings up to the QPP earnings limit).

Defined Contribution

	University *McGill contributes % of basic earnings less cost sharing*	*Member* *You contribute % of basic earnings plus cost sharing*
McGill University Pension Plan		
• age 39 or less	5.0%	5.0%
• age 40 to 49	7.5%	7.0%
• age 50 to 65	10.0%	8.0%
	less 1.8% of earnings subject to QPP contributions	less 1.8% of earnings subject to QPP contributions
Tenure-Stream Clinical	plus 0.8%	plus 0.5%
Cost-Sharing	less 1.4%	plus 1.4%

Defined Benefit

	McGill assumes cost of going-concern plus degree of solvency (top up)	N/A

Effective January 1, 2014, subsequent to the results of actuarial valuations of the McGill Pension Plan, in situations where additional contributions are necessary to offset funding deficiencies, Part A, hybrid plan members (those who joined or were eligible to join prior to January 1, 2009) will assume an equal share of the funding requirements.

As of January 1, 2014, cost-sharing contributions were set 2.2% for all age groups. These were reduced to 1.9% in September 2018 (December 31, 2017 valuation) and to 1.4% in September 2023. (December 31, 2022 valuation).

Withdrawals

In general, funds may not be withdrawn while you are employed at McGill.

Investment options

When you join the McGill Pension Plan, you must decide on your investment allocation.

To assist you, complete the asset allocation tool available via the McGill University Savings Program website at: www.mcgill.ca/hr/pensions/mupp/mupp-login or by using mysunlife.ca. Once logged in – go to MUPP – Part A (hybrid) > tools > asset allocation.

There are several factors to consider when determining which investments are right for you. Some of the factors are:

- Age
- Number of years to retirement
- Retirement goals (standard of living to maintain)
- Tolerance to risk
- Investment knowledge
- Personal situation
- Net worth
- Liquidity requirements

Individual objectives and risk tolerances will vary according to personal and financial characteristics specific to each member. You have different investment pools to choose from. You choose the percentage of your contributions to be invested in each pool. You may invest as little or as much as you like in each pool, but the calculation of your defined benefit minimum is based only on what your pension accounts would amount to if you always invested 100% in the Balanced Account (see p.6 for more details on your defined benefit minimum).

If you do not choose an investment allocation, all contributions will be invested in the Balanced Account, the default fund.

You don't pay tax on pension contributions up to the limits allowed under tax law. The limit on combined employer and employee contributions is 18% of your eligible income for the year to a maximum dollar contribution limit (see table 1 on p.17 for current limits). If your contribution limit is reached at any point during the year, contributions are stopped for the remainder of the year.

You may invest your savings in any combination of the available investment options. The options available fall into basic categories designed to respond to the specific investment objectives of members.

There are two approaches to selecting investments:
1. You can construct a personalized investment portfolio using one or a combination of the investment options offered ("let me do it" approach);

or

2. You can choose to invest in a multi-risk target date fund which is an asset allocation that is based on your risk tolerance and target retirement age ("help me do it" approach). As you approach the "target date", the investment mix becomes more conservative.

Your pension savings could be your most important financial asset. The amount of pension available at settlement may be impacted by the performance of the investment pool(s) in which you have chosen to invest.

You are responsible for the investment decisions you make including the investment and financial risk associated with these decisions. If you're not familiar with investment markets, you may wish to obtain professional advice from an independent investment advisor or financial planner.

Useful Links

Statement of Investment Policy:
www.mcgill.ca/hr/pensions/mupp/invest.

Fund Performance:
Go to: www.mcgill.ca/hr/pensions/mupp/mupp-login or mysunlife.ca. Once logged in, to view each fund's performance select: MUPP - Part A (hybrid) > plan overview > view available investments.
You will be directed to Morningstar®, a leading provider of investment news and analysis.

Changing your Investment Allocation:

You may change your investment allocation by logging into the McGill University Savings Program website at
www.mcgill.ca/hr/pensions/mupp/mupp-login

If you construct a personalized investment portfolio which includes more than one investment pool, the investment distribution as a percentage of total holdings may change over time as a result of fluctuations in the fund values of the investment pools. In order to maintain your desired investment distribution over time, you will need to rebalance the distribution of your holdings periodically.

Investment allocation changes are processed twice a month on the 15th and the last business day. Requests must be submitted by 4:00 p.m. on or before these dates or on the business day prior if the date falls on a weekend or statutory holiday.

The allocation instruction will cancel and supersede any previous instructions on file.

Unit values of the investment options offered in the McGill Pension Plan are updated daily based on the prior day's closing market value. Contributions, investment allocation changes or settlement of your holdings (as applicable) occur based on the closing market values on the 15th or last day of the month. If these days fall on a weekend or holiday, the business day prior.

Plan Fees

Investment Fees: The fees applied for the various investment options offered under the McGill Pension Plan can be found in Morningstar, a leading provider of investment news and analysis.

Record Keeping Fees: The following annual record keeping fees apply for members of Part A (hybrid plan). This annual fee is divided and deducted from your account on a monthly basis. They include taxes and are subject to an annual indexation adjustment:

- From September 1, 2023 to August 31, 2024: $172.12
- As of September 1, 2024: $177.29

Separate fees may apply in the event of conjugal relationship breakdown (see p. 15) or transfers into the Plan (see p. 16).

Your defined benefit minimum pension

You automatically earn the right to the minimum pension. At the earlier of your termination/retirement date or the month end you reach age 65 (normal retirement date), the value of the minimum pension you have earned using the defined benefit formula is compared to the total value that you would have accumulated in your pension account if you had always invested 100% in the Balanced Account. If your defined benefit minimum pension is worth more, at settlement, you will have the choice to receive this extra amount as a monthly pension (Supplemental Retirement Benefit - SRB) or as a lump-sum transfer value (Supplemental Retirement Benefit Value - SRBV).

Prior to Sun Life being able to calculate any entitlements from the defined benefit minimum provision, if you are 55 years old or more or within six months of retirement, you must provide them with your marital information. Before settlement, this can be provided by calling 1-866-224-3906 (option 1) or by completing the Marital Declaration Form available at: www.mcgill.ca/hr/forms (MUPP & savings program tab).

Calculating your minimum pension

Under the McGill Pension Plan, the date used as a benchmark for the calculation of the minimum pension is the last day of the month in which you reach the age of 65 (also referred to as your "normal retirement date").

If you retire or terminate between ages 55 and 65 and elect to receive an SRB pension, your minimum pension is reduced by 0.25% for each month that your retirement falls short of your normal retirement date.

Your minimum pension is also reduced if a payment has been made from your SRBV as a result of marriage breakdown or a phased early retirement lump sum payment.

The "Supplemental Retirement Benefit Value" is based on standard transfer values established by the Canadian Institute of Actuaries.

If you continue to work at McGill beyond age 65, the supplemental retirement benefit, if any, is actuarially adjusted to your actual retirement date.

DC Excess Contributions

Under the terms of the Quebec Supplemental Pension Plans Act, member contributions, including earnings, may not be used to pay more than 50% of the defined benefit minimum value. If your contributions exceed 50%, the University will provide an equivalent lump-sum payment (less withholding taxes and other applicable deductions).

Credited Service

For full-time employees, the period (expressed in years and months) of continuous employment at McGill up to your normal retirement date (age 65) and during which you contributed to the Pension Plan. If you are not a full-time employee, your credited service in a calendar year will be pro-rated to reflect the full-time equivalence.

In a nutshell

The McGill Pension Plan is a "defined contribution" pension plan with a "defined benefit" minimum. You and the University each make contributions to the McGill Pension Plan. When you settle, you use these contributions and the investment income they earned to provide a retirement income. When you terminate or retire, your pension account, the value of the defined benefit minimum using the formula is compared to your defined contribution balance if you had always invested 100% in the Balanced Account. If your defined benefit minimum is higher the University will contribute an extra amount (Supplemental Retirement Benefit Value) to make up the difference.

Formula for defined benefit minimum

Annual pension =

(1.8% x your best earnings x your years of credited service)
minus
(0.58% x your best earnings up to the average QPP earnings limit x your years of credited service after 1971)

For the purposes of this calculation, your "**best earnings**" means the average of your basic earnings during your 60 consecutive months of highest earnings and adjusted for inflation above 3.75% per year. "Basic earnings" refers to gross earnings including stipends and sessional payments, but excluding overtime and annual or semi-annual payments. The "**average QPP earnings limit**" is the average QPP earnings limit in the last five years before you retire. Your "**years of credited service**" refers to your period of continuous employment at McGill (in years and completed months) up to age 65 and during which you contributed to the McGill Pension Plan.

The amount of pension produced by the formula must be within the limits allowed under the Income Tax Act. See Tables 1 and 2 on page 17 for current ITA limits as well as adjusted inflation rates.

Example of minimum pension

John retires on December 31, 2023 and is age 64 years 0 months with 40 years of service. His best earnings were $79,000, with adjusted inflation, his earnings were $82,000 and the average QPP earnings limit is $64,013. His annual minimum pension is calculated as follows:

(1.8% x $82,000 x 40) – (0.58% x $61,840 x 40) = $44,643

However, since John is retiring 12 months before his 65th birthday, his minimum pension is reduced by 0.25% for each month he falls short of age 65:

$44,693 - $1341 = $43,352

The transfer value of his minimum pension is $594,000. This is the amount of assets deemed sufficient to provide a lifetime income equal to the minimum pension. When John settles, he chooses to transfer his holdings to the McGill Pension Plan - Variable Benefit or the McGill - Group Life Income Fund.

Example of how a minimum pension is applied

John has a total of $580,000 in his pension account. If he had invested only in the Balanced Account, John's pension account would have been worth $545,000 (because of his investment choices, his account earned $35,000 more).

In John's case, the transfer value of his minimum pension ($594,000) exceeds the total savings that he would have if he had invested 100% in the Balanced Account ($545,000). Therefore, the extra amount to be paid, Supplemental Retirement Benefit Value, is $49,000. John has the option of receiving the amount as a transfer value (SRBV) or as an annual SRB pension of $3,576 (life only, other forms of pension exist). The annual pension is reduced by 0.25% per month (3% per year) since John is retiring 12 months before his 65th birthday.

In summary:

Transfer value of Defined Benefit Minimum Pension:	$594,000
Account value (if invested 100% in Balanced Account):	$545,000
Supplemental Retirement Benefit Value (transfer value):	$49,000
Supplemental Retirement Benefit (reduced annual pension):	$3,576 (at 64)
Supplemental Retirement Benefit (unreduced annual pension):	$3,687 (at 65)

Options available at settlement:

A. Defined contribution balance of $580,000 plus SRBV (transfer value) of $49,000
B. Defined contribution balance of $580,000 plus an annual SRB pension of $3,576

Retirement options

There is no mandatory retirement age in Quebec.

Subject to the policies of the University, you may retire any time after your 55th birthday.

You may retire without having to settle your pension plan holdings. Under current tax law, you must settle your pension holdings and start receiving a retirement income from your holdings no later than the December 31st of the year in which you turn age 71, even if you continue to work.

Choosing when to retire is an important decision that can have a large impact on the size of the pension you receive. You must also choose what type of pension or other form of retirement income best suits your needs.

Retirement between ages 55-65

You may retire as early as age 55. If you do, however, this will have an impact on both your defined benefit minimum and your defined contribution pension (see table). You may lessen the impact of early retirement if you delay starting your pension payments however, there is no benefit in delaying the commencement of your SRB pension beyond age 65. No retroactive payments will be made. As a result, it is important to ensure that all required information is provided to Sun Life in order to start your SRB pension payments at age 65.

Early benefit

If you are between age 55 and 71, and your working hours have been reduced pursuant to an agreement with the University, on request, for each year covered by the agreement, you may request an annual pension payment.

Example:
John earns $80,000 per year and has a total defined contribution account value of $300 000. John has made an irrevocable agreement with McGill to reduce his hours and compensation by 20%.

- 70% of the salary reduction = $80,000 $ x 20% = $16,000 x 70% = $11,200
- 40% of the Maximum Pensionable Earnings Limit for 2023 ($66,600) = $26,640
- Value of pension benefit = $300,000

The maximum payment from the pension plan that John would be entitled to is the lower of the amounts above or $11,200 per year. Added to his reduced salary of $64,000 would give him annual income of $75,200.

This payment is charged directly to your pension accounts and your minimum pension is adjusted accordingly.

The maximum annual payment is the least of:
- 70% of your reduction in earnings
- 40% of the QPP earnings limit
- the value of the benefit you would receive from the McGill Pension Plan if you left the University.

Impact of earlier retirement	
Defined benefit minimum	• fewer years of service to apply in formula to determine the minimum benefit. • 0.25% reduction for each month retirement falls short of your normal retirement date if the SRB pension is selected.
Defined contribution pension	• you and the University contribute less • your pension accounts are invested for a shorter period • your pension is expected to be paid over a longer period, so your payments are smaller

When you retire, a settlement package will be sent to you automatically once confirmation of your retirement and all contributions are received by the Pension Plan recordkeeper.

If you previously retired or terminated and wish to settle your holdings, you may request a settlement package by contacting the McGill University Savings Program Customer Care Centre at 1-888-444-2023 from 8:00 a.m. to 8:00 p.m. Monday to Friday. They will forward you all the necessary forms to proceed with the settlement of your pension holdings.

It is important to note that under current Canada Revenue Agency regulations, settlement of your defined contribution holdings may be deferred to the December 31st of the year in which you turn age 71.

Partial pension

To supplement your lower earnings, you may choose to receive a partial pension. In this case, all contributions to the McGill Pension Plan stop and your partial pension is charged directly to your pension accounts. The maximum annual partial pension is the lesser of:

- the difference in your basic earnings before age 65 and the date of the calculation
- the pension you would have received if you had purchased an annuity from a life insurance company at age 65 (in a 60% joint and survivor form, if you have a spouse).

If your earnings increase, it may be necessary to adjust your partial pension.

When you retire, you have your choice of any of the settlement options for the balance of your pension accounts (see p.10-12).

Retirement after age 65

If you choose to keep working after your normal retirement date (age 65), your and the University's final contributions will be made in the pay period containing the last day of the month in which you turn age 65. Your defined benefit minimum pension calculation will be done at that time to determine if the Supplemental Retirement Benefit Value (SRBV) applies in your case. If an SRBV applies, your SRB will be actuarially adjusted to reflect the later retirement date.

To learn more:

If you are considering retirement or the settlement of your pension plan holdings (as permitted), we recommend that you attend the General, Retirement, Settlement Options or Decumulation Information Sessions. Refer to: www.mcgill.ca/hr/pensions/mupp/sessions.

As well, via McGill's YouTube channel available at: www.mcgill.ca/hr/pensions/mupp/watch-video-capsule, you can view short video capsules that seek to provide you with quick and easy access to information on the Pension Plan to help achieve your retirement goals and objectives.

These short capsules provide an overview of the main features of defined contribution, defined benefit and hybrid pension plans as well as information to assist you with retirement planning and understanding your settlement options. Refer to: http://www.mcgill.ca/hr/pensions/mupp/watch-video-capsule.

Converting your pension accounts into a retirement income

When the time comes to retire, you have the following settlement options for your pension benefits:

- Purchase an annuity from a Canadian life insurance company for your defined contribution holdings and, if applicable, elect a SRB pension for the defined benefit portion.
- Transfer to the McGill University Pension Plan - Variable Benefit
- Transfer to the McGill University - Group Life-Income Fund (LIF)
- Transfer to a Life-Income Fund (LIF) with a financial institution of your choice or transfer your pension accounts to any other type of retirement account permitted by tax and pension law
- Choose a combination of the above options
- Defer settlement

For more information on the available settlement options, refer to the McGill University Savings Program website at: www.mcgill.ca/hr/pensions/mupp/mupp-login MUPP - Part A (hybrid) > learning > planning your best retirement.

Annuities/Supplemental Retirement Benefit (SRB)

When you buy an annuity, you exchange a lump sum of money for a lifetime income.

If you elect to purchase an annuity or receive the SRB pension (as applicable), various optional forms allow you to provide continuing payments after your death to a spouse or other beneficiary. If you choose a form that continues after your death, your annuity payments are reduced to equalize the value of this other form with the life-only pension. Once payments begin, you cannot change the form of payment that you have chosen. If you elect to receive the SRB pension, no pension adjustment reversal will be declared (see p.17).

The amount of your monthly payments depends on:

- your age when the payments start
- the optional form of payment you choose
- the age of your spouse if you choose a form that provides continuing payments to your spouse
- the annuity rate that applies at the time of purchase (based on interest rates).

Optional Forms of payment

- **Life only**
  Pension is paid for your life only. Payments end on death.
- **Life Only with a guarantee**
  If you die before the end of the guarantee period, full payment continue to your beneficiary if your beneficiary if your spouse. If your beneficiary is someone other than your spouse, the commuted value is paid. If you live longer than the guarantee period, payments continue until your death.
- **Joint and survivor**
  If you die before your spouse, a chosen percentage of your pension continues to be paid for the lifetime of your spouse.
- **Joint and survivor with a guarantee**
  If you die before the end of the chosen guarantee period (five, 10 or 15 years) your full pension continues to be paid to your spouse until the end of the guarantee period. At the end of the guarantee period, a chosen percentage of your pension continues to be paid for the remainder of your spouse's life. If you and your spouse both die during the guarantee period, the remaining commuted value is paid to the estate of the last surviving spouse for the remainder of the guarantee period.

If you have a spouse when you retire (see definition of spouse on p. 21)
You are required by law to take a "joint and survivor" annuity or pension option that provides continuing payments of at least 60% for the lifetime of your spouse after your death. If your spouse has his or her own retirement income and doesn't require a surviving spouse's pension, he or she may sign a "Spousal Waiver" before your pension payments begin giving up the spouse's pension. In this case, you are free to choose any other form of annuity or pension you wish.

Retirement Planner and Sample annuity rates

Login to the McGill University Savings Program website at www.mcgill.ca/hr/pensions/mupp/mupp-login to use the interactive Retirement Planner MUPP - Part A (hybrid) > tools > retirement planner. This tool will allow you to estimate your retirement income from employer plans and personal savings as well as illustrate the impact of the government plans. It will calculate how much more you need to save each year in order to meet your retirement goals and objectives. The tool assumes that you will make contributions to QPP over a period of 40 years between the ages 18 and 65, and that QPP payments will begin at age 65. If you don't meet these criteria, you'll receive less than the QPP amounts shown in the tool.

For information on annuity options including access to monthly commissioned and non-commissioned quotes based on the purchase of a single-life annuity at age 65 using premiums of $75,000; $100,000; $250,000 and $500,000 as issued through Canadian life insurance companies please refer to our website at: www.mcgill.ca/hr/pensions/mupp/rip.

Annuity dividends

If you were a member of the hybrid plan and you purchased an annuity before January 1, 2011 and if the McGill Pensioner Fund produces surplus funds in any year (funds in excess of those required to pay pensions), the Pension Administration Committee may declare an annuity dividend (depending on the size of the surplus). There is no guarantee that an annuity dividend will be declared in any given year.

Subsequent to changes in the Supplemental Pension Plans Act, pension plans must establish a reserve when the plan reveals surpluses. As a result of this change, the Plan must be 100% solvent and must have funded the reserve prior to using any surplus to fund a dividend, thus, severely decreasing the likelihood of future annuity dividend increases.

Non-Commissioned Annuities

McGill has negotiated preferential rates with Sun Life Financial for members wishing to purchase an annuity. This may provide members with non-commissioned annuity rates.

McGill Pension Plan - Variable Benefit

A Variable Benefit is a decumulation phase settlement option that allows you the option of receiving a life income type payment while remaining invested in the McGill Pension Plan. This avoids you having to externally transfer your holdings in order to receive a retirement income. The VB will also provide you with continued access to the McGill Pension Plan investment line up and investment management fees. In the VB, no minimum withdrawal is required between the ages of 55-71. For more information: www.mcgill.ca/hr/pensions/mupp/rip.

This option is an alternative to the McGill University Group Life Income Fund (LIF), described below or a personal Life Income Fund (LIF) with an external financial institution.

McGill Group Life Income Fund (LIF)

The Group LIF, an easy to use decumulation phase option for locked-in holdings with low management fees, is available to members of the McGill Pension Plan. For more information: www.mcgill.ca/hr/pensions/mupp/rip

Combination Settlement

You may choose a combination of Life Income Fund (LIF), variable benefit (VB), and annuity settlement options whereby you specify the portion of the capital value of your pension holdings to be applied towards each settlement option.

Timing of Settlement Packages

Following receipt of all contributions and depending on your termination/retirement date, as the McGill Pension Plan only has 2 trading dates per month (mid-month, end of month), it will take about 4-6 weeks for a package to be issued if you are paid with no lag in pay (salaried) and about 6-8 if you are paid with a 2-week lag in pay (hourly). The package will be mailed to you and posted to the secure site under MUPP - Part A (hybrid) > documents > transition quote.

Following your retirement or termination, defined contribution holdings can be settled while any defined benefit entitlements are finalized.

Maximum Transfer Limits

The Income Tax Act of Canada and regulations thereof (Act) may limit the amount which can be transferred out from the defined benefit provisions of the Pension Plan. If you are eligible to receive a defined benefit minimum supplement (see p. 8-9) referred to as a Supplemental Retirement Benefit Value (SRBV), the Act limits the total amount which may be transferred to a locked-in retirement account (LIRA), life income fund (LIF) or to a defined contribution provision of a registered pension plan.

At the time of settlement, you will be able to elect to receive the SRB in the form of a pension or receive the lump-sum transfer value thereof. If you elect to receive the transfer value of the SRB pension (SRBV), the excess amount will be paid in cash, less withholding taxes and applicable deductions.

If you have retired but have not settled your pension account holdings at your normal retirement date (age 65) and are eligible to receive a SRB under the Pension Plan, you will be required to make an election at that time. The statement provided to you at your normal retirement date or at termination will outline the settlement options available to you.

For those electing to receive an SRBV rather than a pension, should you have available room to make a Registered Retirement Savings Plan (RRSP) contribution, following receipt of the cheque for the amount over the Maximum Transfer Limit, you may elect to make an RRSP contribution to recoup some of the taxes when you file your income tax return in the following year.

Defer settlement

Upon cessation of active membership, if you do not fall under the Small Account Balance rule or provide settlement instructions within the prescribed deadlines, you will be deemed to have deferred settlement of your holdings. Your SRB will be frozen at cessation and the SRBV will be determined at the earlier of settlement or age 65.

As a deferred member, the total value of your holdings will remain invested in the Pension Plan unless you fall under the Small Account Balances provision (see below). You may decide to settle your holdings at any time; however, the options available at the subsequent settlement date will depend on the Pension Plan provisions at that time.

You may not defer settlement later than December 31st of the year in which you turn age 71. As noted earlier, there is no benefit and you will lose payments if you delay the commencement of your SRB pension beyond age 65.

Lump-sum payment (unlocking)

You (or your surviving spouse) may convert your pension holdings into a single lump-sum payment if:

- you are at least 65 years old and your total savings in the McGill Pension Plan (and any other defined contribution pension plan) combined with any savings in a LIF or LIRA are less than 40% of the Year's Maximum Pensionable Earnings (YMPE) limit in that year.
- your total savings in the McGill Pension Plan are less than 20% of the Year's Maximum Pensionable Earnings (YMPE) limit in the year you ceased to be an active member.
- you have not resided in Canada for at least two years. Residence must be determined according to the criteria found in the Civil Code of Quebec.

Small Account Balance

What is a small account balance?
A small account balance exists if the amount in your pension plan is less than 20% of the Year's Maximum Pensionable Earnings limit (YMPE) in the year you ceased active membership in the pension plan

Where alternative settlement instructions have not been provided, the pension plan may require that small account balances of members who have ceased active membership in the pension plan be paid out as a cash payment less applicable withholding taxes.

Leaving McGill before retirement

The options available to you for your McGill Pension Plan holdings if you terminate employment prior to retirement are described in the following pages. If you need more detail, please contact the McGill University Savings Program Customer Care Centre at 1-888-444-2023 and request a settlement package.

If you are under age 55, the options listed below apply to you. If you age 55 or older, when you stop working at McGill, you may also choose from any of the retirement options available under the McGill Pension Plan (see p.10).

If you are moving
Prior to termination, your address can be updated in Workday. Following termination, please contact Sun Life's Customer Care Centre at 1-888-444-2023 to make any changes to your file.

Immediate vesting

All members whose active membership ends have a vested right to the University contributions made on their behalf – this is otherwise referred to as "immediate vesting".

All funds in both your Employee and University Contribution Accounts are "locked-in" by law. This means they may only be used to provide a retirement income (see Option 2 and p. 10). Only under specific circumstances, can these funds be withdrawn in cash (see Option 3).

Any savings in an Additional Voluntary Contribution Account are locked in only if they have been transferred from another pension plan. Unrestricted funds in an Additional Voluntary Contribution Account may be received as a cash payment (less withholding taxes), transferred to a RRSP, or used to buy an annuity.

Options for your pension accounts

Option 1: leave your funds in the McGill Pension Plan (defer settlement)
Unless you fall under the Small Account Balance rule (see p. 12), you may leave your funds in the McGill Pension Plan to be transferred out at a later date. In the meantime, your pension accounts continue to be invested according to your instructions and you maintain any supplemental retirement benefit (SRB) arising from the defined minimum pension provision.

Option 2: transfer your funds out of the McGill Pension Plan
You may transfer your funds out of the McGill Pension Plan to any of the investment vehicles available on the market and permitted under current tax and pension law. This includes a tax-free transfer to any one of the following:

- an insurance company to buy a life annuity
- a locked-in retirement account (LIRA or the McGill Group LIRA).
- another employer's pension plan.

Option 3: cash payment or transfer to RRSP or McGill Group RRSP
Cash payment may be available in the following instances:

- 20% rule: if the value of your account at your date of termination is less than 20% of that year's QPP earnings limit; or
- Refund to a non-resident: if you have not resided in Canada for at least two years. Residence must be determined according to the criteria found in the Civil Code of Quebec.

If you are eligible to receive a cash payment, income taxes are deducted from the payment.

At settlement, any non-locked-in balance in your Additional Voluntary Contribution Account may be taken in cash or transferred to an RRSP.

Death benefits after retirement depend on the form of pension payment you chose at retirement.

Death (before retirement)

If you die before you retire, the total value of your pension accounts will be paid to your beneficiary as a one-time payment. In addition, the death benefit will include the value of the SRBV, if any, arising from the defined benefit minimum provision.

If you have a spouse at the time of your death, he or she is entitled to all death benefits, even if you have named someone else as your beneficiary. Your spouse may waive his or her right to a death benefit under the Act by submitting a "Waiver of Survivor Benefits" to the Pension Plan recordkeeper. If your spouse has waived his or her entitlement to the McGill Pension Plan death benefit in the prescribed manner, and such waiver has not been revoked, or if you do not have a spouse on the day preceding your death, the death benefit will be paid to the beneficiary last validly designated by you prior to your death or in the absence of a beneficiary, to your estate.

Payment of death benefits

Your spouse may choose to receive death benefits in the form of a taxable lump-sum payment or a tax-free transfer to a pension or retirement savings plan.

If you die before retirement, your spouse will have the option of transferring the funds to any of the locked-in investment vehicles available on the market and permitted under current tax and pension law (see Option 2 on p.13).

Death benefits paid to your estate or someone other than your spouse are paid in the form of a taxable lump-sum payment.

Disability

If you are disabled and are receiving benefits under the Long Term Disability Plan for Employees of McGill University, the University will pay both shares (employee and University) of the contributions to the McGill Pension Plan.

If you are on an appointment with an end date, or if your employment with the University ends, these contributions will cease at the earlier of your end date or age 65.

Leave of absence

Your membership in the McGill Pension Plan continues while you are on an approved leave of absence provided that both you and the University (or your temporary employer) continue to make the required contributions. In general, to continue membership during an unpaid leave, you must make arrangements to pay both your own and the University's contributions. However, if you elect to maintain coverage in the pension plan during an unpaid leave for family or parental reasons, you will be responsible for your share of the contribution, and the University will pay its own share of the contribution in accordance with the rules in place for the different employee groups.

Before deciding to continue pension contributions during a period of unpaid leave, you are encouraged to consult a tax advisor about the potential implications of doing so. Tax rules, as they relate to pension contributions, are complex, depend on your individual situation and are subject to change. Unlike other

plans such as registered retirement savings plans, pension contributions can only be deducted in the tax year in which they are made and cannot be carried forward to subsequent tax years. Your ability to deduct the full cost of pension contributions during an unpaid leave will depend on the taxable income received in the year.

Regardless of if you benefited from the original pension contribution deduction offsetting other taxable income or not, when you make a pension plan withdrawal, it will be included as taxable income in the year it is withdrawn and withholding taxes will apply.

You should also consider the impact that maintaining or suspending contributions may have on your defined benefit minimum.

For more information on leaves, please refer to the University Policies and Regulations on the Secretariat website at: www.mcgill.ca/secretariat/policies-and-regulations as well as the Personnel policies and procedures on the HR website at: https://www.mcgill.ca/hr/employee-relations/policies-procedures.

Breakdown of conjugal relationship

Because the Ministère de la Justice of Quebec sends a copy of the judgement to Retraite Québec, division of your QPP pension is automatic and no application is required.

Usually, the judgement or agreement indicates how the pension is to be split, but if it doesn't, the value of the pension you have earned during the conjugal relationship is divided equally. Amounts transferred to a former spouse are deducted from your pension accounts and your minimum pension is adjusted accordingly.

Transfer options for a former spouse

A former spouse who is not a member of the McGill Pension Plan must transfer any locked-in funds to one of the investment vehicles available on the market and permitted under current tax and pension law (see Option 2 on p.13). Funds that are not locked-in may be transferred to an RRSP or taken as a taxable lump-sum payment.

Your Quebec Pension Plan (QPP) pension

When there is a marriage breakdown, employment earnings recorded under the QPP in the names of both spouses are added together and divided equally for each year unless both spouses waive the division of their QPP pension. The new employment earnings apply not only to a retirement pension, but also to any disability or survivor's pension that is paid from the QPP. Conjugal relationship breakdown can increase or decrease a QPP pension that is already being paid if recorded employment earnings increase or decrease.

The following administration fees apply (usually split between the spouses):

- Issuance of a Statement of Benefits $325
- Effecting the transfer of benefits $200

Transfers into the plan

From a registered pension plan (RPP)

If you participated in a registered pension plan (RPP) with a former employer, where permitted by legislation, you may transfer non-locked amounts which will be tracked as non-locked transfers in.

If you transfer locked-in amounts, these will be tracked separately as locked transfers in and administered as per the province of legislation of where the money comes from.

On a reciprocal transfer basis

If you participated in a defined benefit plan with a former employer who has signed a reciprocal agreement with McGill, transferred amounts can be used to buy credited service for the purpose of calculating your minimum pension. You may want to speak with your former employer to ensure this is possible prior to sending a request to pensions.hr@mcgill.ca.

From a registered retirement savings plan (RRSP)

If you currently hold a registered retirement savings plan (RRSP), you may transfer amounts from your RRSP into your McGill Pension Plan account. These monies will be tracked separately as non-locked-in transfers in.

Alternatively, you can transfer these monies into the McGill University Savings Program - Group Retirement Savings Plan (RSP).

From a locked-in retirement account (LIRA)

If you currently hold funds in a locked-in retirement account (LIRA), you may transfer amounts from your LIRA into your McGill Pension Plan account. These monies will be tracked separately as locked-in transfer in.

Alternatively, you can transfer these monies into the McGill University Savings Program - Group Locked-In Retirement Account (LIRA).

Caution: Funds held in your account may not be withdrawn or transferred while you are employed at McGill. Withdrawals under the Home Buyer's Plan (HBP) and Lifelong Learning Plan (LLP) are not available from the McGill Pension Plan.

Options at retirement and/or termination

Non-locked transfers-in: may be received as a cash payment (less withholding taxes), transferred to an RRSP, or used to buy an annuity (see Option 3 on p.13).

Locked transfers-in: are subject to locking-in provisions and in general, may not be withdrawn in cash and must be used to provide a retirement income (see p.10).

Fees

The McGill Pension Plan does not charge a fee to accept transfers-in from an RRSP or LIRA. However, the institution transferring out funds may levy a transaction or cheque issuance fee and you may also incur other charges when disposing of certain investment types.

Annual inflation factor

Under the defined benefit minimum provision, a member's highest average earnings are adjusted for inflation exceeding 3.75% (see table 2 below).

Annual pension statements

Each year you receive two pension statements detailing your defined contribution (in January) and defined benefit (in May) information. You can download your annual statements via the McGill University Savings Program website at: www.mcgill.ca/hr/pensions/mupp/mupp-login.

Annual report

In addition to your annual statement, you also have online access to a copy of the Annual Report and Financial Statements.

RRSP contribution room

The Canada Revenue Agency (CRA) currently limits the amount you may contribute to an RRSP to 18% of your previous year's "earned income" to a maximum dollar limit (see table below). Because you are a member of a registered pension plan, this limit is reduced each year by a Pension Adjustment (PA), which reflects the value of your benefits in the McGill Pension Plan.

The PA for your defined contribution pension is simply the total contributions (employee, University and AVCs) made during the year. As applicable, it includes any defined benefit minimum excess amount. To find out how much you may contribute to your RRSP; refer to your most recent Notice of Assessment from CRA.

Pension adjustment reversal

The PA generated by the CRA formula for defined benefit plans may actually overstate the value of your membership in the McGill Pension Plan, and may not apply if your minimum pension is less than your defined contribution pension. When you terminate employment, turn 65 or retire, any RRSP contribution room lost due to overstated PAs will be restored by a pension adjustment reversal (PAR). If a member elects to receive the Supplemental Retirement Benefit in the form of a pension rather than the Transfer Value thereof (also referred to as the Supplemental Retirement Benefit Value), no PAR will be declared. Your decision to receive the Supplemental Retirement Benefit as a pension should also take into consideration this factor.

Protection of benefits

Your McGill pension benefits may not be used as collateral and may not be sold, transferred, assigned or seized except in certain cases permitted by law.

Table 1: CRA Maximums

	RRSP Contribution Limit	RPP Money Purchase Contribution Limit	Maximum Pension Benefit per year for defined benefit RPPs	QPP Earning's Limit (YMPE)	Year's Additional Maximum Pensionable Earnings (YAMPE)
2023	$30,780	$31,560	$3,507	$66,600	N/A
2024	$31,560 *	$32,490	$3,610 **	$68,500	$73,200

* indexed to growth of average industrial wage
** 1/9th of money purchase contribution limit, for subsequent years

Source: www.canada.ca

Table 2: Adjusted Inflation Rates (since 2022)

Adjusted Earnings Year	Inflation Rate	Annual Inflation Adjustment Factor
12-months commencing June 1, 2022	7.73%	3.98%
12-months commencing June 1, 2023	3.36%	0.00%

Before 2022, inflation was below 3.75% and did not impact the defined benefit minimum provision. The factor is applied to adjust earnings for each year that occurs prior to June 1st before your retirement date or normal retirement date, whichever occurs first.

About the plan

The McGill University Pension Plan is governed by the Quebec Supplemental Pension Plans Act. It is administered by the Pension Administration Committee (PAC), the Trustee of the Pension Fund, which has a fiduciary responsibility and full power to interpret and administer the McGill Pension Plan. The PAC has nine members each serving a three-year term of office:

1. two people designated by the Board of Governors
2. two people designated jointly by the President and the Chairman of the Board of Governors
3. two elected academic members, where at least one is an active member
4. two elected administrative and support staff members, where at least one is an active member
5. one independent person who is appointed by the Board of Governors based on advice from the PAC.

The Board of Governors has the right to change the Pension Plan in whole or in part, or to terminate it altogether at any time. The plan will not, however, be changed in a way that will reduce the pension benefits you have already earned (unless required to do so by law).

McGill Pension Administration and the Office of Investments as well as Sun Life Financial are currently responsible for the day-to-day administration of the plan.

Who to contact

Pension Plan Related Inquiries:
McGill University Savings Program
Sun Life Financial - Group Retirement Services
P.O. Box 6029, Station D
Montreal, QC H3C 3A7

Telephone: 1-888-444-2023

Registration Numbers:

Retraite Québec:	22266
Canada Revenue Agency:	0299586

Other Inquiries:
McGill University Pension Plan
c/o Human Resources – Pensions & Benefits
680 Sherbrooke Street West, Suite 1420
Montreal, Quebec
H3A 2M7

Telephone: 514-398-4747

Email: hrhr@mcgill.ca
Web: www.mcgill.ca/hr/pensions/mupp

Government paid pensions

Quebec Pension Plan (QPP)

You may apply for your pension from the Quebec Pension Plan (QPP) any time between ages 60 and 70.

The pension amount varies depending on whether payment begins before or after age 65.

If you are under age 65, your QPP pension is reduced by up to 0.6% for each month between the start of payment and your 65th birthday.

If you are age 65 or over, your QPP pension will be increased by 0.7% for each month following your 65th birthday, to a maximum of 42% at age 70.

The maximum QPP pension in 2024 is $16,015. If you have taken a long break from employment or earned less than the QPP earnings limit, you may receive less than the maximum.

You may contact the Retraite Québec at any time to request a estimate of the QPP pension you have earned. You may also request a written statement of your participation or access it online at www.rrq.gouv.qc.ca.

Old Age Security (OAS)

Old Age Security (OAS) is paid to everyone age 65 or over who has lived in Canada for 40 years after age 18.

OAS replaces another 15% or so of the QPP earnings limit, but begins to be "clawed back" under the tax laws if your income is above a certain level (see: https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/recovery-tax.html). The maximum OAS pension in January 2024 is $713.34 per month. If you have lived in Canada for at least 10 years but fewer than 40 years, you may qualify for a reduced pension.

QPP application forms are available from any office of the Retraite Québec (1-800-463-5185) or on their website at www.rrq.gouv.qc.ca.

OAS application forms can be obtained from any office of Service Canada, Income Security Programs (1-800-277-9914) or on their website at www.hrsdc.gc.ca/eng/oas-cpp.

You should submit your applications at least six months before you wish payments to begin.

For further information on QPP/OAS limits other than those quoted in this document, please refer to their respective websites.

Definitions

Annuity
When you buy an annuity, you exchange a lump sum of money for a lifetime income. Various optional forms of life annuity allow you to provide continuing payments after your death to a spouse or beneficiary.

Basic earnings
Gross monthly earnings including stipends for defined contribution purposes, salary policy lump sums and forfaitaires but excluding overtime and any supplementary and special payments (such as bonuses and any form of temporary occasional income). As of January 1, 2012, earnings resulting from stipend payments are no longer included in the minimum pension calculation.

CRA Canada Revenue Agency.
Administers tax, benefits, and related programs, and ensures compliance on behalf of governments across Canada. The Income Tax Act governs the fiscal aspects of pension plans. Specifically, it stipulates the maximum contributions that can be paid and the maximum pensions the plan can be paid out under a defined benefit plan type.

Life income fund (LIF)
Upon retirement, a LIF is a special RRIF into which a person can transfer the amounts that are in his or her supplemental pension plan or LIRA. A LIF works the same way as a RRIF, except that a LIF has both minimum and maximum withdrawal limits.

A Group LIF is available for members of the McGill Pension Plan. Refer to:
www.mcgill.ca/hr/pensions/mupp/rip.

Locked-in retirement account (LIRA)
A LIRA is a specific type of RRSP that functions as a savings instrument for retirement. The amounts in a LIRA originate from a supplemental pension plan. There is no minimum age to transfer to a LIRA however you can only hold a LIRA until 31 December of the year in which you reach age 71. Your LIRA cannot be used to pay you a retirement income. To receive an income, you must transfer your LIRA to either a LIF or to an insurer for the purchase of a life annuity.

Multi-risk target date fund
A multi-risk target date fund is an asset allocation or investment mix that is based on your risk tolerance and age and for which the investment mix becomes more conservative over time.

Normal retirement date
The last day of the month in which you reach age 65.

Pension adjustment (PA)
The PA amount is the value of the benefits you earned under the McGill University Pension Plan in the current year and reported on your T4 tax slip. Generally, the PA reduces your RRSP deduction limit for the following year.

Pension adjustment reversal (PAR)
A mechanism for restoring RRSP contribution room due to an overstated PA. The PAR is generally the amount of a member's PA attributable to the defined benefit minimum provisions of the McGill Pension Plan which exceeds the member's SRBV. If a member elects to receive the SRB rather than the transfer value thereof, referred to as the SRBV, no PAR will be declared.

Quebec Pension Plan (QPP) earnings limit
Also known as the "Year's Maximum Pensionable Earnings" (YMPE), this is the maximum earnings on which you make contributions to the QPP each year. It is adjusted each year by the QPP to reflect changes in the average wage index and is roughly equal to the average industrial wage.

Registered retirement income fund (RRIF)
A RRIF is an arrangement between you and a carrier (an insurance company, a trust company or a bank) that you transfer property from non-locked-in holdings such as from a RRSP, RPP/SPP or from another RRIF, and the carrier makes payments to you. The minimum amount must be paid to you in the year following the year the RRIF is entered into. Earnings in a RRIF are tax-free and amounts paid out of a RRIF are taxable on receipt.
A Group RRIF is available for members of the McGill Pension Plan. Refer to:
www.mcgill.ca/hr/pensions/mupp/rip.

Registered retirement savings plan (RRSP)
An RRSP is a retirement savings plan to which you or your spouse or common-law partner contribute. Deductible RRSP contributions can be used to reduce your tax. Any income you earn in the RRSP is usually exempt from tax as long as the funds remain in the plan; you generally have to pay tax when you receive payments from the plan. You can only hold a RRSP until 31 December of the year in which you reach age 71 at which point you must either withdraw your holdings and be taxed as income, or transfer to a RRIF, or transfer to an insurer for the purchase of a life annuity. Contributions are limited by the Income Tax Act and Regulations. You can find your RRSP deduction limit by checking your federal income tax notice of assessment.

A **Group RRSP** and **Group LIRA** are available for members of the McGill Pension Plan. Refer to:
www.mcgill.ca/hr/pensions/vsp.

Registered Pension Plan (RPP) / Supplemental Pension Plan (SPP)
A RPP is a pension plan that has been set up by your employer and registered by the CRA to provide you with a pension when you retire. A RPP in which Québec workers participate are subject to the Supplemental Pension Plans Act (SPPA), are also registered with Retraite Quebec and may be referred to as a SPP. The McGill University Pension Plan is registered provincially and subject to the SPPA.

Retirement income
The amount of money an individual earns after retiring. The amount is based on pension plan holdings, retirement savings, government payments (QPP and OAS) etc.

Spouse
Under Quebec pension law, your "spouse" is defined as the person who, at the time you start your pension or the day preceding your death:

1. is married to or in civil union with you, or
2. has been living in a conjugal relationship with you and you are neither married nor in a civil union, whether the person is of the opposite or the same sex, for a period of not less than three years, or for a period of not less than one year if

- at least one child is born, or to be born, of your union;
- you have adopted jointly at least one child while living together in a conjugal relationship, or;
- one of you has adopted at least one child of the other, while living together in a conjugal relationship.

For the purpose of item (2), the birth or adoption of a child prior to a period of conjugal relationship existing on the day preceding your death may qualify a person as a spouse.

Supplemental Retirement Benefit (SRB)
The SRB represents the excess of the Transfer Value of the defined benefit minimum pension and the representative value of the defined contribution account if you always invested 100% in the Balanced Account. Although optional forms of pension are available at settlement, the SRB is expressed as an annual life only pension commencing at the NRD (age 65).

Supplemental Retirement Benefit Value (SRBV)
The SRBV represents the Transfer Value of the SRB.

Tax-Free Savings Account (TFSA)
A TFSA allows Canadians aged 18 and older to set aside $7,000 in 2024 in eligible investment vehicles and watch those savings grow tax-free throughout their lifetimes. Contributions to a TFSA will not be deductible for income tax purposes but investment income, including capital gains, earned in a TFSA will not be taxed, even when withdrawn. Unused TFSA contribution room can be carried forward to future years. You can withdraw funds from the TFSA at any time for any purpose.

A Group TFSA is available to all staff at McGill. Refer to: www.mcgill.ca/hr/pensions/vsp for more information.

Transfer value
The lump-sum value of the defined benefit minimum pension payable at NRD calculated in accordance with the *Canadian Institute of Actuaries' Standard of Practice for Determining Pension Commuted Values.*

Variable benefit (VB)
A Variable Benefit is a decumulation phase settlement option that allows you the option of receiving a life income type payment while remaining invested in the McGill Pension Plan. You retain access to the McGill Pension Plan investment lineup and investment management fees and avoid having to externally transfer your holdings in order to receive a retirement income.

The final word

This guide provides an overview of the McGill University Pension Plan in simple terms as amended to August 31, 2020. More details, including copies of the plan's legal documents, are available for review in Pension Administration. Every effort has been made to provide an accurate description of your plan, but if there is a difference between the information contained here and the legal documents, the legal documents will apply in all cases.

McGill | Human Resources