GROUP LIFE INCOME FUND (LIF) FOR MCGILL FACULTY & STAFF

MY GROUP LIF/RIF PLAN ... IN BRIEF
At the earlier of your retirement date and attaining age 65, you will be eligible to start receiving a retirement income by converting your McGill University Pension Plan (MUPP) holdings into the Group Life Income Fund (LIF) for McGill Faculty and Staff. You will also have access to a group Retirement Income Fund (RIF) to use with any non-locked-in funds you may hold in an externally-managed Retirement Savings Plan (RSP), in the MUPP and/or in the McGill University Group Retirement Savings Plan (RSP).

In addition to being able to transfer amounts held in the MUPP to the group LIF, you will also be permitted to transfer in any amounts which were recently transferred to a LIF, RRIF and/or LIRA with an external financial institution.

This group LIF/RIF settlement option is in addition to existing settlement options and preferential arrangements which are outlined in the Pension Plan Brochures which are available at: www.mcgill.ca/hr/pensions/mupp. The MUPP has preferential arrangements for LIFs with Sun Life and Standard Life and non-commissioned annuities with Sun Life. For more information: http://www.mcgill.ca/hr/pensions/mupp/settlement/.

ELIGIBILITY
The Group LIF/RIF is open to MUPP:
- Active Members (over age 65) and Inactive Members (retired or terminated members who are 55 years or more) who have yet to settle their pension plan account holdings.
- Retired and/or terminated members who have recently transferred out to a LIF/RIF with a financial institution and whose funds continue to be administered under Quebec legislation.

AT RETIREMENT
You are not required to settle your MUPP at retirement. Settlement can be deferred to when you will need the income. Current legislation allows you to defer the settlement of MUPP and any retirement savings plan holdings until December 31st of the year in which you reach age 71.

JOINING THE GROUP LIF/RIF
If you have not settled your MUPP holdings, you can transfer your pension plan balance directly into the group LIF online. All amounts transferred are deposited into a group LIF/RIF account in your name. You choose how to invest your account holdings by selecting one or more of the different investment options offered.

After having completed the necessary steps to enrol, you will be prompted to print the application form and return a signed copy to Morneau Shepell, the record keeper for the plan.

Subsequent to enrolling, you will be advised on how to indicate the start date and amount that you want to withdraw from the LIF and/or RRIF during the year.
**STEPS TO FOLLOW**

1. Login to the McGill University Savings Program website – [www.mcgill.ca/hr/pensions/mupp/mupp-login](http://www.mcgill.ca/hr/pensions/mupp/mupp-login). If you do not have access, contact Call Centre for the McGill University Savings Program at 1-855-687-2111 to request the appropriate forms and skip to step 5.

2. Once logged in, access the Manage Tab -> Convert Retirement Savings into Retirement Income:
   - Select the plan to transfer funds from
   - Select the plan to transfer funds to
   - Select your fund allocation from the available investment options

3. Review your information and submit.

4. On the “Submission Pending” screen, print, complete and sign the LIF/RIF application.

5. Complete transfer request forms, where applicable.

6. Return signed application form to Morneau Shepell: 895 Don Mills Road, Tower One, Suite 700, Toronto, Ontario M3C 1W3 – Attention: McGill Administrators

7. Once application form is received and transfer completed, you will receive a confirmation letter advising you to re-access the McGill University Savings Program website to set up withdrawals:
   - On the Manage Tab, under Withdraw Income from LIF or RIF:
     - Select the plan to withdraw income from
     - Select the payment amount for the year. You may base payments on your age or the age of your spouse, if you have one. Once an election has been made, it cannot be changed for the duration of the LIF account under the McGill program, even if the spouse or common-law partner dies.
     - Select the payment frequency (annually, semi-annually, quarterly or monthly)
     - Select the payment delivery method (cheque or direct deposit).
     - You will be notified annually by Morneau Shepell to resubmit your instructions and review your investment allocation.
     - Review your transaction and submit.

**INVESTMENT SELECTION**

When you join the McGill Group LIF/RIF, you must decide on your investment allocation. Based on your risk tolerance, you need to choose an investment mix that will assist you in achieving your goals in retirement. An Investor Profile Questionnaire for the decumulation phase is not currently available. An Investor Profile Questionnaire for the accumulation phase can be found on the McGill University Savings Program website but may not capture the needs of a member in the decumulation phase. Your pension savings could be your most important financial asset. You are responsible for the investment decisions you make. You may wish to obtain professional advice from an independent advisor or financial planner.

You may invest your savings in any combination of the available investment options. There are two methods when selecting investments: You can construct a personalized portfolio using one or a combination of the investment options offered or you can select to invest in one of three risk-target balanced options.

**Investment Fund Options:** The following are the investment fund options in the group LIF/RIF at:

- Money Market Fund Option – [TD Emerald Canadian Short-Term Investment Fund](http://www.td.com)
- Equity Fund Options – TD Asset Management
  - [TD Emerald Low Volatility Canadian Equity Pooled Fund Trust](http://www.td.com)
  - [TD Emerald US Market Index Fund C$](http://www.td.com)
  - [TD Emerald International Equity Index Fund](http://www.td.com)
Risk Target Balanced Options:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Manager</th>
<th>Conservative Risk Profile</th>
<th>Moderate Risk Profile</th>
<th>Aggressive Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>TD Emerald Low Volatility Canadian Equity Pooled Trust Fund</td>
<td>7.5%</td>
<td>10.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Equity</td>
<td>TD Emerald US Market Index Fund</td>
<td>10.0%</td>
<td>14.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Equity</td>
<td>TD Emerald International Equity Index Fund</td>
<td>7.5%</td>
<td>10.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Phillips, Hager &amp; North Fixed Income Bond Fund</td>
<td>55.0%</td>
<td>55.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Money Market</td>
<td>TD Emerald Canadian Short-Term Investment Fund</td>
<td>20.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

The selection of investment managers and allocated percentages are subject to change from time-to-time.

You can track your investments’ performance at any time through your on-line access to your account summary on the McGill University Savings Program website. You can make changes once every 3 months. These changes are processed twice per month on the 15th and 31st. Requests must be submitted by 8:00 a.m. on or before these dates (unless the date falls on a weekend or holiday in which case the deadline is 8:00 a.m. on the business day prior). If you do not make an investment selection, your holdings will be invested in the Moderate Risk Profile.

**BENEFICIARY DESIGNATION**

Death benefits from a LIF will be payable to your spouse, if you have one, unless they have waived their entitlement.

The term “spouse” is defined as the person who, on the day preceding your death:

1. is married to or in a 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 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, or;
   - 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.

If you do not have a spouse, the LIF balance will be paid to your estate. In Quebec, it is not possible to designate a beneficiary for your RIF. Instead, these assets are disposed of upon death through a will or a marriage contract.

Members are encouraged to consult their legal advisor with respect to any questions regarding their spousal status and beneficiary designation.
FEES AND CHARGES

Investment Management Fees: Investment management fees, related custodial and administrative expenses other than those listed below, are incorporated directly into the account values of the investment pools selected. These fees are expressed as a percentage of the investment pools assets and are anticipated to be in the range of 0.20% – 0.30% which can represent a significant savings relative to similar retail fund offerings which are in the range of 1% - 2.5%.

The table below provides the estimated fees based on the varying assumptions:

<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>

For illustrative purposes only. Assumes a 5.5% net rate of return and the maximum LIF payment stream.

Other Fees:

- **Record Keeping Fee**: $54.56/annual (in 2020) for each LIF and/or RIF account includes tax and an annual indexation.
- **Cheque Issuance Fee**: $10/per lump-sum payment. This fee is applied by CIBC Mellon and is netted from the payment amount.

TRANSFERS FROM PERSONAL LIF/RRIF PLANS

If you want to transfer amounts from a personal LIF and/or RRIF held under Quebec pension legislation into the group LIF/RIF arrangement for McGill faculty and staff, if you have not already enrolled in the Group LIF/RIF, you will be required to complete an enrolment form and request the appropriate transfer forms from the Call Centre for the McGill University Savings Programs at 1-855-687-2111.

Please note that you will not be permitted to make a withdrawal from a personal LIF/RRIF that has been transferred to the Group LIF/RIF until the beginning of the following year (e.g. if you make a transfer to the group LIF/RIF in 2018, you will only be able to make a withdrawal from it in 2019).

Prior to requesting a transfer from a personal LIF, you should withdraw all the amounts you will need for the rest of the year (e.g. year in which transfer will be made).

Your financial institution may restrict transfers from LIF/LIRA/RRIF/RRSP accounts whose investments have not yet come to maturity or levy transfer fees and penalties. Prior to completing a transfer request, we encourage you to consult with your financial institution.

TRANSFERS FROM GLIF/RIF TO LIRA/RIF

Prior to attaining age 71, you may suspend the required withdrawals from your Group LIF/RIF and transfer your GLIF/GRIF balances to a LIRA/RSP.
**ACTIONS YOU SHOULD TAKE**

**Retirement planning:** it is strongly suggested that you complete a retirement planning exercise which may include completing an Investor Profile Questionnaire. An Investor Profile Questionnaire for the decumulation phase is not currently available. An Investor Profile Questionnaire for the accumulation phase can be found on the McGill University Savings Program website but may not capture the needs of a member in the decumulation phase. Available on the McGill University Savings Programs website. Prior to transferring your holdings, we also encourage you to attend a Settlement Options or Retirement Information Session given monthly by Pension Administration. To find out more and to register: [www.mcgill.ca/hr/pensions/mupp/sessions](http://www.mcgill.ca/hr/pensions/mupp/sessions).

**Ongoing monitoring:** it’s very important that you continue to regularly monitor your situation throughout your retirement years.

### OVERVIEW

<table>
<thead>
<tr>
<th>Membership</th>
<th>Membership in the group LIF/RIF for McGill Faculty and Staff is one of the settlement options available to you once you become eligible to receive retirement income.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permitted Transfers</td>
<td>You are permitted to transfer amounts from the McGill University Pension Plan and Group RSP as well as amounts from an existing LIF/RIF or LIRA held with a financial institution.</td>
</tr>
</tbody>
</table>
| Investment Options | You choose how to invest your money based on your investor profile.  
As described earlier, you can invest in any combination of the following options: Equity Option, Fixed Income Option and Money Market Option or in one of the three risk-target balanced options. |
| Retirement Income | You will be allowed to withdraw a specified amount from your account each year, based on the following factors:  
- Your age and account balance at December 31 of the previous year and  
- Minimum and maximum percentage permitted under applicable pension legislation  
  
At the beginning of each year, you will be informed as to the minimum and maximum withdrawals you can make for the year in question. Only the LIF is subject to a maximum withdrawal amount and you are not required to make a withdrawal during the year in which the LIF is first opened.  
  
You will receive the requested amount over the number of payments you instructed the plan’s record keeper to pay you. Amounts withdrawn are taxable and subject to withholding taxes at source. A cheque issuance fee of $10 applies to each withdrawal.  
  
The temporary income option is not available under the group LIF for McGill faculty and staff. |
| At death (LIRA/LIF) | If you have a spouse at the time of your death, he or she is entitled to all entitlements unless they have waived their right. Your spouse or beneficiary will be entitled to your remaining LIRA/LIF account balances which will no longer be locked-in. For more information on additional payment options, please contact the Canada Revenue Agency at 1-800-959-8281.  
  
In the case of spousal beneficiaries, account balances can be transferred on a tax-free basis. |
| For more information | Régie des rentes: The ABCs of LIFs - [http://www.rrg.gouv.qc.ca/en/retraite/cri_frv/Pages/frv.aspx](http://www.rrg.gouv.qc.ca/en/retraite/cri_frv/Pages/frv.aspx). You may also want to consult the LIF Quick Calc also available on this site.  
McGill Website: [www.mcgill.ca/hr/pensions/mupp/settlement/group-lif](http://www.mcgill.ca/hr/pensions/mupp/settlement/group-lif) |