

# Benefits at Retirement

# POST-RETIREMENT BENEFITS

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- Supplemental Health Plan
- Dental Plan
- Life Insurance Plan

# HEALTH PLAN

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- Coverage you have at time of retirement can be continued
- Cost sharing continues at 50/50 (pensioner/university)
- Eligible dependents can continue coverage
- Spouse can continue coverage upon death of pensioner

# HEALTH PLAN

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- Coverage:

- McGill Plan covers prescription drugs not covered by provincial plans (refer to slide on Drug Plan)
- All other coverage identical to that of actives (such as hospitalization, travel, physiotherapy, etc.)

# HEALTH PLAN

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- Residency requirements

- Must be a resident of Canada

- Coverage is dependent on eligibility for Medicare

# HIGHLIGHTS of HEALTH PLAN

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- Continuation throughout retirement
- Coverage for surviving spouse continues
- McGill continues to pay 50% of costs

# HIGHLIGHTS OF HEALTH PLAN

## ■ Travel Insurance

- Out-of-country coverage for emergency medical expenses
- Coverage includes pre-existing conditions
- 90-days per trip
- 100% reimbursement of eligible expenses
- Lifetime maximum of \$5,000,000 per person

# Comparison of McGill's plan vs Private Individual plan

## Individual Plan:

- Much Higher Premium
- Less Coverage
- Annual premium increases with age
- Travel coverage:
  - stops at age 80
  - 30-day limit



# Comparison of annual costs: McGill vs Private Individual plan

## Single Coverage

■ McGill Plan: \$445.

■ Individual Plan:

– Age 65: \$644

– Age 70: \$676

– Age 75: \$697

– Age 80: \$849

– Age 85: \$1,095

## Family Coverage

■ McGill Plan: \$878.

■ Individual Plan:

– Age 65: \$1,103

– Age 70: \$1,158

– Age 75: \$1,192

– Age 80: \$1,456

– Age 85: \$1,897

# QUEBEC DRUG PLAN

- Health Plan members at 65 must choose either:

RAMQ Drug Plan

or

McGill Drug Plan for 65+

- Automatically registered with RAMQ
- McGill Health Plan covers drugs not listed on RAMQ formulary

# QUEBEC DRUG PLAN

## ■ RAMQ Drug Plan/McGill Drug Plan

### ■ Similarities:

- Deductible
- Co-insurance
- Out-of-pocket maximum

### ■ Differences:

- Annual premium
- Method of payment

# DENTAL PLAN

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- Coverage you have at time of retirement can be continued
- Eligible dependents can continue coverage
- Spouse can continue coverage upon death of pensioner

# DENTAL PLAN

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- No residency requirements
- Plan reimburses expenses based on Quebec Fee Guide for General Practitioners
- Same plan for actives and pensioners
- Cost sharing continues at 50/50 (pensioner/university)

# HIGHLIGHTS of DENTAL PLAN

- Continuation throughout retirement
- Coverage for surviving spouse continues
- McGill continues to pay 50% of costs
- No residency requirements

# LIFE INSURANCE

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- Coverage continues at retirement
- Basic and Optional

# LIFE INSURANCE

## ■ Basic coverage:

- $\frac{1}{2}$  x pre-retirement salary to \$50,000 until age 65
- $\frac{1}{2}$  x pre-retirement salary to \$30,000 at 65+
- McGill pays 100%



# LIFE INSURANCE

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## ■ Optional coverage:

- Can maintain insurance bought before retirement
- Maximum: \$100,000
- Pensioner pays 100%
- Rates based on age
- Can reduce or cancel coverage any time

# Life After Work

## What lifestyle do you want ?



# Lifestyle in Retirement

- >2/3 working Canadians do not plan to downsize lifestyle in retirement
- 47% of Canadian retirees surveyed continue to live like they did before retirement
- 42% downsized their standard of living after retiring

*Source: 2007/2008 Fidelity Canadian Retirement Survey*

# Life After Work

- 92% of retired Canadians are quite receptive to being called “retirees”
- <50% of those aged 55+ want to be called a “retiree”

*Pension & Benefits Monitor - Investors Group Survey*

- Phased Retirement

# Will I have enough?

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- Forecast spending needs in retirement
- Forecast after-tax income from all sources
- Determine the gap between needs & income
- Determine additional savings needed by target retirement date

# Target Retirement Income

- Shift focus away from simple accumulation
- Adjustments to:
  - Contribution levels (RRSP, Savings, MUPP)
  - Asset allocation
  - Retirement date

# Life Expectancy & Planning Horizon

UP94 Projected to 2015

| Age | Male | Female |
|-----|------|--------|
| 60  | 83.2 | 85.9   |
| 65  | 84.0 | 86.6   |
| 70  | 85.3 | 87.6   |

@ age 65

|     |     |     |
|-----|-----|-----|
| 90  | 24% | 46% |
| 95  | 10% | 28% |
| 100 | 3%  | 12% |

Question:

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Do you have a written  
retirement plan?



# Vast majority of Canadians do not have a retirement plan

- 87% have no financial goals or plan outlining how to achieve them
- Those aged 50 to 69 - 18% have a written retirement plan
- <1/3 calculated how much \$ need to retire comfortably

*Source 2008 TD Waterhouse RSP Investor Poll*

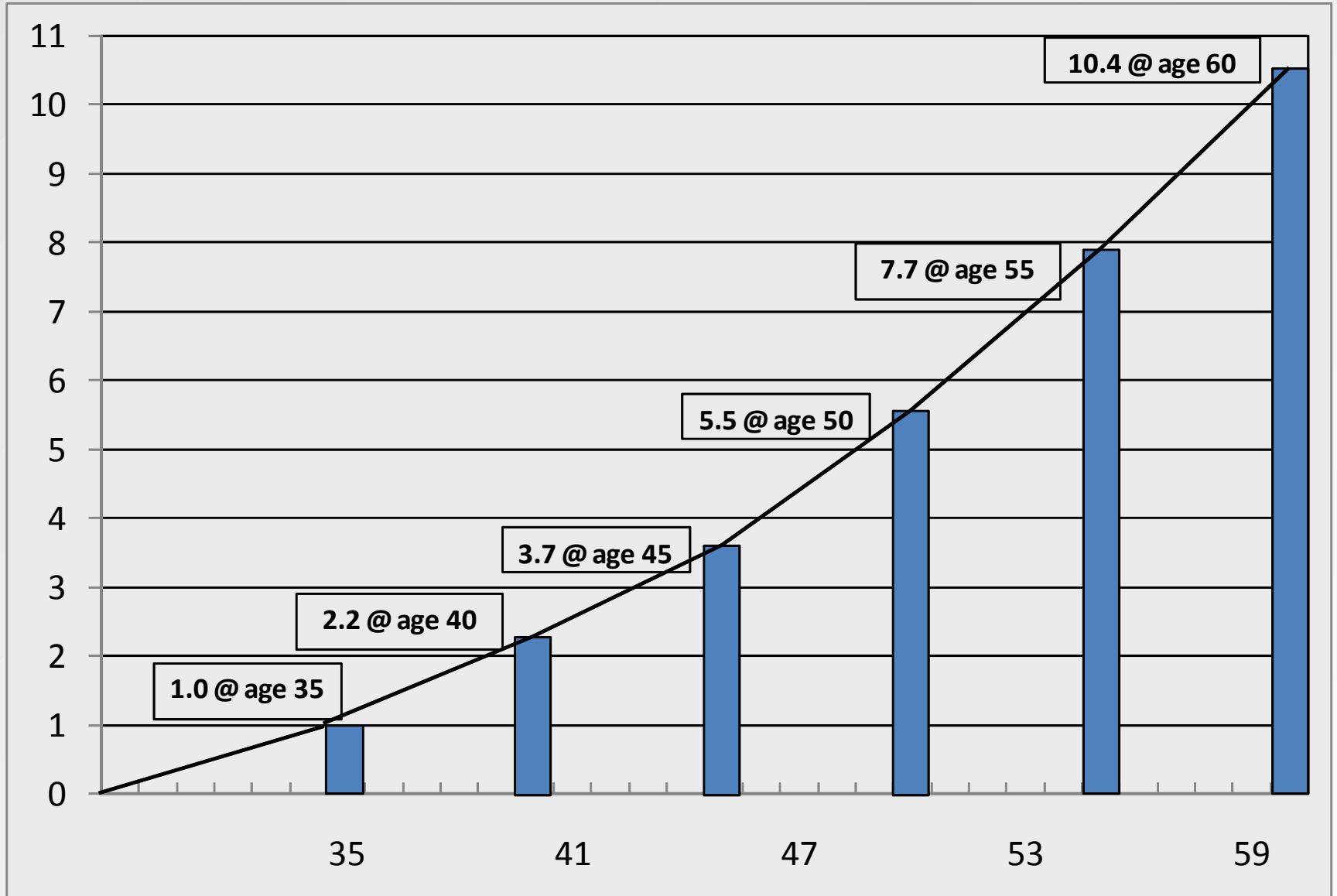
# Retirement Calculators

Question: How much \$ will I need to retire comfortably?

Answer: It depends

- When you plan to retire
- What are retirement goals
- How long will retirement last

Number of times salary



Age

Source: ICRA Midi Conférences – 29 novembre 2006

\$100,000 annual salary  
70% replacement  
Zero rate of return for 20 years

## How Much I Need To Retire

Fill in the following:

Current Income:   
Income Replacement Ratio:  %  
Inflation Rate:  %  
Rate Of Return:  %  
Current Age:   
Retirement Age:   
Retirement Years:

**Amount Needed To Retire:** \$1,974,838

### Details:

| Year | Retirement Income | Income Earned | Balance     |
|------|-------------------|---------------|-------------|
| 1    | \$98,742          | \$66,782      | \$1,876,096 |
| 2    | \$102,198         | \$65,663      | \$1,839,562 |
| 3    | \$105,775         | \$64,385      | \$1,798,172 |
| 4    | \$109,477         | \$62,936      | \$1,751,631 |

## Amount needed to retire with \$8,500 / month

### Amount Needed within Pensions Account(s)

| Type of Pension   | Interest Rate Assumptions |                |                |                |
|-------------------|---------------------------|----------------|----------------|----------------|
|                   | 4.70%                     | 3.90%          | 4.40%          | 4.90%          |
| 0 year guarantee  | \$1,356,527.29            | \$1,468,555.63 | \$1,396,877.57 | \$1,330,828.24 |
| 5 year guarantee  | \$1,365,242.53            | \$1,477,490.01 | \$1,405,655.70 | \$1,339,426.41 |
| 10 year guarantee | \$1,392,757.66            | \$1,506,825.03 | \$1,433,631.30 | \$1,366,559.49 |
| 15 year guarantee | \$1,440,433.82            | \$1,559,346.91 | \$1,483,161.75 | \$1,413,133.83 |

### Additional Quote

For an additional quotation, you may enter a specific lump sum amount and/or another proposed Retirement Date.

**This Style** indicates a required field.

**Monthly Income Annuity**

**Retirement Date**

(yyyy-mm-dd)

 ...

**Member Date of Birth**

(yyyy-mm-dd)

 ...

Spouse Date of Birth

(yyyy-mm-dd)

 ...