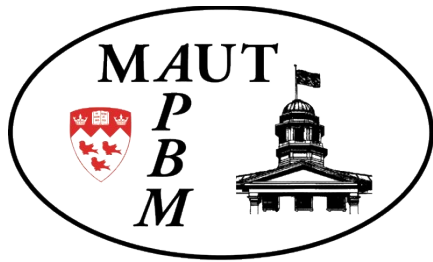


MAUT RETIREMENT FORUM

April 3, 2009



RETIREMENT FORUM

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

focus on the new RETIREMENT INCENTIVE PROGRAM

Introduction by Edith Zorychta and William Foster:

HEALTH AND LONGEVITY: HOW LIVES HAVE CHANGED

MCGILL RETIREMENT: HOW OPTIONS HAVE CHANGED

THE PANELISTS AND TOPICS

Kathleen Tobin, Manager, Benefits, HR

McGill Benefits upon Retirement

John D'Agata, Director, Pension Admin.

The McGill Pension Plan

Rosella De Stefano, Human Resources

Taxation and your retirement plans

Moderator: Edith Zorychta

NEW RETIREMENT INCENTIVES

PHASE 1: LIMITED TIME OFFER, NOW UNTIL JUNE 30

AGE 64+ WITH 10 YEARS EMPLOYMENT

TENURED ACADEMICS and FACULTY LECTURERS

133% OF ANNUAL SALARY

RETIRE BY MAY 31, 2010

PHASE 2: STARTS JULY 1

AGE 64 – 100%; 65 – 67%; 66 – 33%

MUST RETIRE WITHIN THE SUBSEQUENT YEAR

RETIRED FACULTY HAVE ACCESS TO..... many ties that bind

Library, E-mail and VPN access

Tuition benefit for children

Faculty Club membership

Access to parking

Emeritus and retired status

MAUT membership – special lunches plus all regular meetings

Departmental seminars

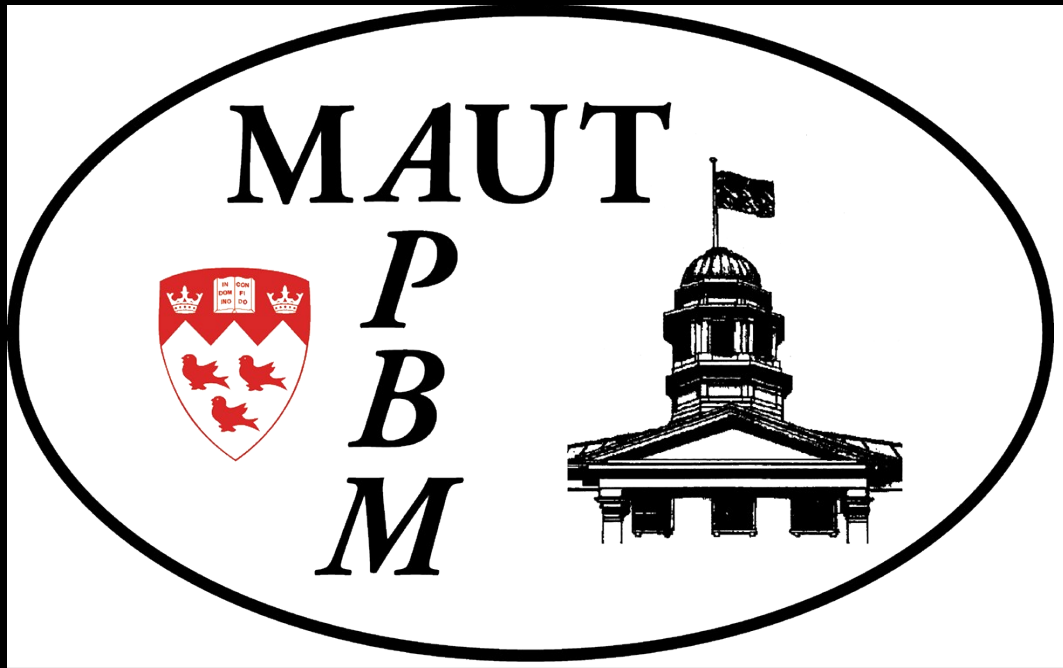
James McGill Society

McGill Women's Associates – Books & scholarships

All concerts, theatre, speakers

Annual Quarter Century Club celebration

Listing in electronic directory



College and University
Retiree Associations
of Canada

*7B Pleasant Blvd.
Suite 997
Toronto ON M4T 1K2*

Associations de retraités
des universités et collèges
du Canada

*curac@curac.ca
www.curac.ca*



Retirement Incentives Program



McGill

MAUT - April 3, 2009

Eligibility



Must have accumulated a minimum of ten (10) years of continuous service by date decision to retire must be made

as

- ⌞ Tenured Associate and/or Full Professor
- ⌞ Full-time Faculty Lecturer
- ⌞ Tenured Associate and/or Full Librarian
- ⌞ Non-tenure track librarians who, prior to revisions to Regulations held appointment as Full-time Library Professionals

Limited Time Offer

Expires June 30, 2009

Eligibility – Age	Time to make decision	Retirement Date	Eligible Amount
Born prior to July 1, 1945	Now- June 30, 2009	No later than May 31, 2010	133% of salary

Retirement Incentives Program - Ongoing

Commencing July 1, 2009				
	Eligibility – Age	Time to make decision	Retirement Date	Eligible Amount
First Window	Born between June 1, 1945 to May 31, 1946	July 1, 2009 to May 31, 2010	End of first full academic year following election	100% of salary
Second Window	Born between June 1, 1944 to May 31, 1945	July 1, 2009 to May 31, 2010	End of first full academic year following election	67% of salary
Third Window	Born between June 1, 1943 to May 31, 1944	July 1, 2009 to May 31, 2010	End of first full academic year following election	33% of salary

Program Description



- ⌞ Non discretionary
- ⌞ Payment over more than one taxation year
- ⌞ Post-Retirement Appointments
 - ⌞ Tax implications?
- ⌞ Emeritus status
- ⌞ Phased Retirement OR Incentive
- ⌞ Retirement Regulations, section 2.5, suspended as of July 1, 2009



Questions?

By the author of the international bestseller
The Joy of Not Working

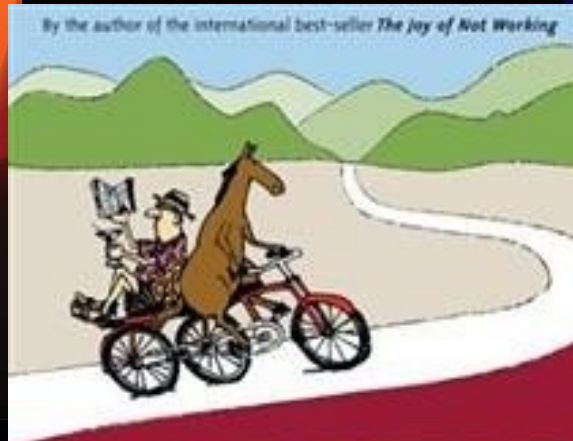
Real Success WITHOUT a Real Job

There Is No Life Like It!

Ernie J. Zelinski



By the author of the international best-seller *The Joy of Not Working*



Retirement wisdom that
you won't get from your
financial advisor

Ernie J. Zelinski

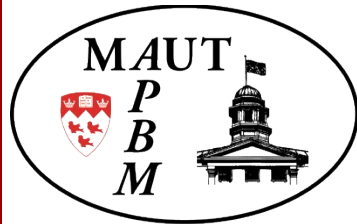
21st century edition • Over 150,000 copies sold



THE **JOY** OF *Not* WORKING

A book for the retired,
unemployed, and
overworked

Ernie J. Zelinski



RETIREMENT FORUM

Rosella De Stefano

Human Resources Officer

**TAXATION AND YOUR RETIREMENT
PLANS**



EVERYTHING YOU NEED TO
KNOW ABOUT RETIRING
ALLOWANCES



McGill

Retiring Allowance -Definition

- ⌞ An amount received in recognition of long service or in respect of a loss of an office or employment;
- ⌞ May be paid in installments;
- ⌞ Payment included in income as it is received, and
- ⌞ A portion may be eligible for transfer to recipient's RRSP.

How much may be transferred to RRSP?

Maximum rollover is the lesser of the calculation below and the actual retiring allowance payment

\$2,000 X number of years before 1996
were employed by McGill

+

\$1,500 X number of years before 1989
while employed at McGill and did not
participate in pension plan

Option to make use of unused RRSP
contribution room

Roll-over projections

- ▮ Projected amounts communicated via e-mail
- ▮ Projections do not include:
 - ▮ credited service resulting from reciprocal pension transfer agreement
 - ▮ prior periods of employment
- ▮ Must be able to contribute to RRSP at time payment is received

Roll-over projections

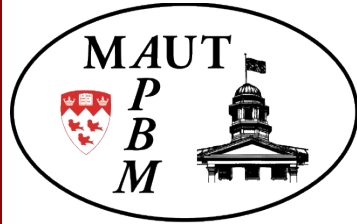
- ▮ Amount of retiring allowance eligible for transfer to RRSP reported in box 26 of T4A slip
- ▮ Ineligible amounts shown in box 27
- ▮ Speak with an independent financial consultant or tax advisor

Human Resources



Questions?





RETIREMENT FORUM

John D'Agata

Director, Pension Administration

THE MCGILL PENSION PLAN



EVERYTHING YOU NEED TO
KNOW ABOUT THE MCGILL
UNIVERSITY PENSION PLAN



McGill

Retirement Decision



- ⌞ Decision to retire is independent of need to settle pension plan holdings
- ⌞ Must settle pension plan no later than December 31 of the year in which attain age 71
- ⌞ Option to retire and defer settlement of pension plan holdings

How much income do I need in retirement?



**Canadians need
60% to 70% income
replacement**

How much \$ do I need?

Assumptions: 2.5% inflation adjusted pension, 4.5% ROR

Final salary	70%	Ret. Years	Amount Needed
\$125,000	\$87,500	10	\$803,361
		15	\$1,150,442
		20	\$1,465,557
		25	\$1,751,650
\$100,000	\$70,000	10	\$642,689
		15	\$920,354
		20	\$1,172,445
		25	\$1,401,320

Value Of Pension Plan



- ▮ Monthly updates on-line

<http://www.mcgill.ca/pensions/access/>

- ▮ Refer to annual statement



McGill University Pension Plan

Status of Account Holdings at February 28, 2009

Account No. [REDACTED]

[Click here for Annuity Rates](#)

MEMBER DATA

Date Joined Plan	1992 06 01	Date of Birth (Spouse)	[REDACTED]
Date of Birth (Member)	1969 02 26		
Normal Retirement Date	2034 02 28		

Designated Beneficiaries	Relationship	Percentage
[REDACTED]	HUSBAND	100%

INVESTMENT ALLOCATION INFORMATION ACCUMULATION FUND



Investment distribution being applied to **Current Contributions**

Balanced Fund	Additional Voluntary Contributions	100%
Balanced Fund	Regular	100%

Investment distribution of your **Employee and University Contribution Account** holdings based on the value at February 28, 2009.

Balanced Fund	Additional Voluntary Contributions	0.8372%
Balanced Fund	Regular	99.1628%

Internal Annuities – Estimates

Age of Member 65 yrs 0 mths @ 2009/03

Type of Pension	Interest Rate Assumptions				
	2009/03 4.10%	2009/02 3.90%	4.50%	3.70%	4.30%
Life Annuity with					
0 year guarantee	\$2,953.00	\$2,894.00	\$3,073.00	\$2,835.00	\$3,013.00
5 year guarantee	\$2,935.00	\$2,876.50	\$3,053.50	\$2,818.00	\$2,994.00
10 year guarantee	\$2,878.00	\$2,820.50	\$2,993.50	\$2,763.50	\$2,935.50
15 year guarantee	\$2,781.00	\$2,725.50	\$2,893.50	\$2,670.00	\$2,837.00

The interest rate assumption is based on the Canadian Institute of Actuaries recommendations for estimating the purchase prices of pensions adjusted during the year in accordance with the evolution of the appropriate index (capped at 6.75%).

Additional Quote

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

Lump Sum Amount	<input type="text" value="500000"/>	
Retirement/Settlement Date (ccyy/mm)	<input type="text" value="2009/03"/>	Attained Age
Member Date of Birth (ccyy/mm/dd)	<input type="text" value="1944/03/01"/>	65 yrs 0 mths
Spouse's Date of Birth	<input type="text"/>	
Interest Rate Assumption*	<input type="text" value="4.3"/>	

* increments of 0.10% between 3.0% and 6.7%

Defined Contribution: Summary of your holdings for the period ended December 31, 2008

Fund	Opening Balance	Contributions		Other	Investment	Closing Balance
	Dec 31/07	Employee	University	Transactions	Increase/ (Decrease)	Dec 31/08
Regular Account	\$716,000	\$6,700	\$14,300	\$0.0	(\$137,000.00)	\$600,000.00
Totals:	\$716,000	\$6,700	\$14,300	\$0.0	(\$137,000.00)	\$600,000.00

Defined Benefit: Minimum Pension accrued as at dvEndofYearDtLong

The amount shown in line A represents the estimated minimum pension you have accrued at December 31, 2008, payable at normal retirement date (age 65). It is important to note that this estimate is based on your highest average salary and years of credited service up to December 31, 2008 only. For a projection of what your pension could be if you continue to participate until age 65, go to the page entitled "Projection of Normal Retirement Benefits".

Line B shows the estimated value needed at age 65 to fund the defined benefit minimum pension you have accrued to date (assuming an internal settlement option, on the basis of the annuity rates in effect as at December 31, 2008).

A. Estimated <u>accrued</u> minimum pension payable at NRD:	\$65,000 per annum	If you have invested in other than the Balanced Account, your minimum pension has been adjusted to reflect the investment gain/loss experienced.
B. Estimated value needed at NRD (age 65) to fund the amount in line A.	\$850,000	

Your information as at December 31, 2008

▪ Value of your regular contribution accounts:	\$600,000.00
▪ Date of birth (yyyy-mm-dd):	1949-01-01
▪ Gain/(loss) from investments in alternative options relative to the Balanced Account:	
▪ Credited service (years - months):	30 Yrs 0 Mths
▪ Annualized rate of earnings (effective January 1, 2009):	\$150,000
▪ Normal Retirement Date:	2014-01-31

Pension Projections to Normal Retirement Date

Your **Defined Contribution Pension** is determined by applying Plan Annuity Rates to the total value of your Regular Contribution Accounts. This Defined Contribution Pension is then compared to the **Defined Benefit Minimum Pension**, which is calculated in accordance with the formula set out in the Plan Document, as described in your McGill Pension Brochure. If you have invested in options other than the Balanced Account, your minimum pension has been adjusted to reflect the projected investment gain/loss of your investment choices versus the Balanced Account. Your estimated pension benefit at your normal retirement date (age 65) will be the higher of the two.

Your Defined Contribution Pension is projected to be:	\$60,000 per annum
Your Defined Benefit Minimum Pension is projected to be:	\$80,000 per annum

Your minimum pension has been reduced by dvMBReduction as a result of partition due to marriage breakdown.

Defined Benefit Value (up to NRD)

1.8% x best average earnings x credited service

Minus

0.58% x best earnings up to the average QPP earnings limit x years of service after 1971

$(1.8\% \times \$100,000 \times 30) - (0.58\% \times \$42,460 \times 30)$

$\$54,000 - \$7,388 = \$46,612$

(Example assumes a retirement @ December 31, 2008 for person age 65)

Subject to annual maximum of \$2,444 (2009)

Options at retirement

**McGill University
Pension Plan**



**Receive a
pension
from the
Plan**

**Defer
Settlement**

**Transfer
out and
buy an
external
annuity**

**Transfer out to
a Locked-in
Retirement
Account (LIRA)
or Life Income
Fund (LIF)**

Retirement Income Options

	Internal Annuity	External Annuity	LIF
Potential to grow			✓
Fixed Income	✓	✓	
Flexible payments			✓
Convertibility			✓
Control of Investments			✓
Inflation protection	Annuity dividend	✓ If indexed	✓
Estate preservation	Limited to remaining guaranteed payments	Limited to remaining guaranteed payments	✓

Preferential LIF rates



www.standardlife.ca/mcgill/en/retirement.html



www.sunlife.ca

Upcoming Information Sessions



Retirement Information Session

- ▮ March 24 @ 11:45 -13:15
- ▮ April 28 @ 11:45 – 13:15
- ▮ May 26 @ 11:45 – 13:15

General Pension Plan Information Session

- ▮ March 23 @ 11:45 – 13:15
- ▮ April 27 @ 11:45 – 13:15
- ▮ May 25 @ 11:45 – 13:15

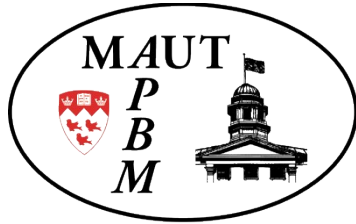
Location: 688 Sherbrooke Suite 1559

Human Resources



Questions?





RETIREMENT FORUM

Kathleen Tobin

Manager, Benefits

McGILL BENEFITS



EVERYTHING YOU NEED TO
KNOW ABOUT POST
RETIREMENT BENEFITS



McGill

Post Retirement Benefits



- └ Supplemental Health Plan
- └ Dental Plan
- └ Life Insurance Plan
- └ Post Retirement Privileges

Highlights of Health Plan



- ↳ Continuation into retirement
- ↳ McGill continues to pay 50% of costs
- ↳ Eligible dependents can continue coverage
- ↳ Coverage for surviving spouse continues

Highlights of Health Plan



Residency requirements:

- ⌞ Must be a resident of Canada
- ⌞ Coverage dependent on eligibility for any Canadian provincial health care plan

Highlights of Health Plan



Coverage:

- ▮ McGill Plan covers prescription drugs not covered by provincial plans
- ▮ All other coverage identical to that of active members
 - Hospitalization, travel, physiotherapy, etc.

Highlights of Health Plan



Travel Insurance:

- ⌞ Out-of-country coverage for emergency medical expenses
- ⌞ 100% reimbursement of eligible expenses
- ⌞ Coverage includes pre-existing conditions
- ⌞ 90-days per trip

Highlights of Dental Plan



- ↳ Continuation into retirement
- ↳ McGill continues to pay 50% of costs
- ↳ Eligible dependents can continue coverage
- ↳ Coverage for surviving spouse continues

Highlights of Dental Plan



- ⌊ Coverage identical to that of active members
- ⌊ No residency requirements
- ⌊ Plan reimburses expenses based on Quebec Fee Guide for General Practitioners

Life Insurance Plans



- └ Coverage continues at retirement
- └ Basic Plan
- └ Optional Plan

Life Insurance Plans



Basic Plan:

- ▮ $\frac{1}{2}$ 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 Plans



Optional Plan:

- ⌞ Can maintain insurance at existing levels to maximum of \$100,000
- ⌞ Member pays 100%
- ⌞ Rates based on age
- ⌞ Can reduce or cancel coverage anytime

Post Retirement Privileges



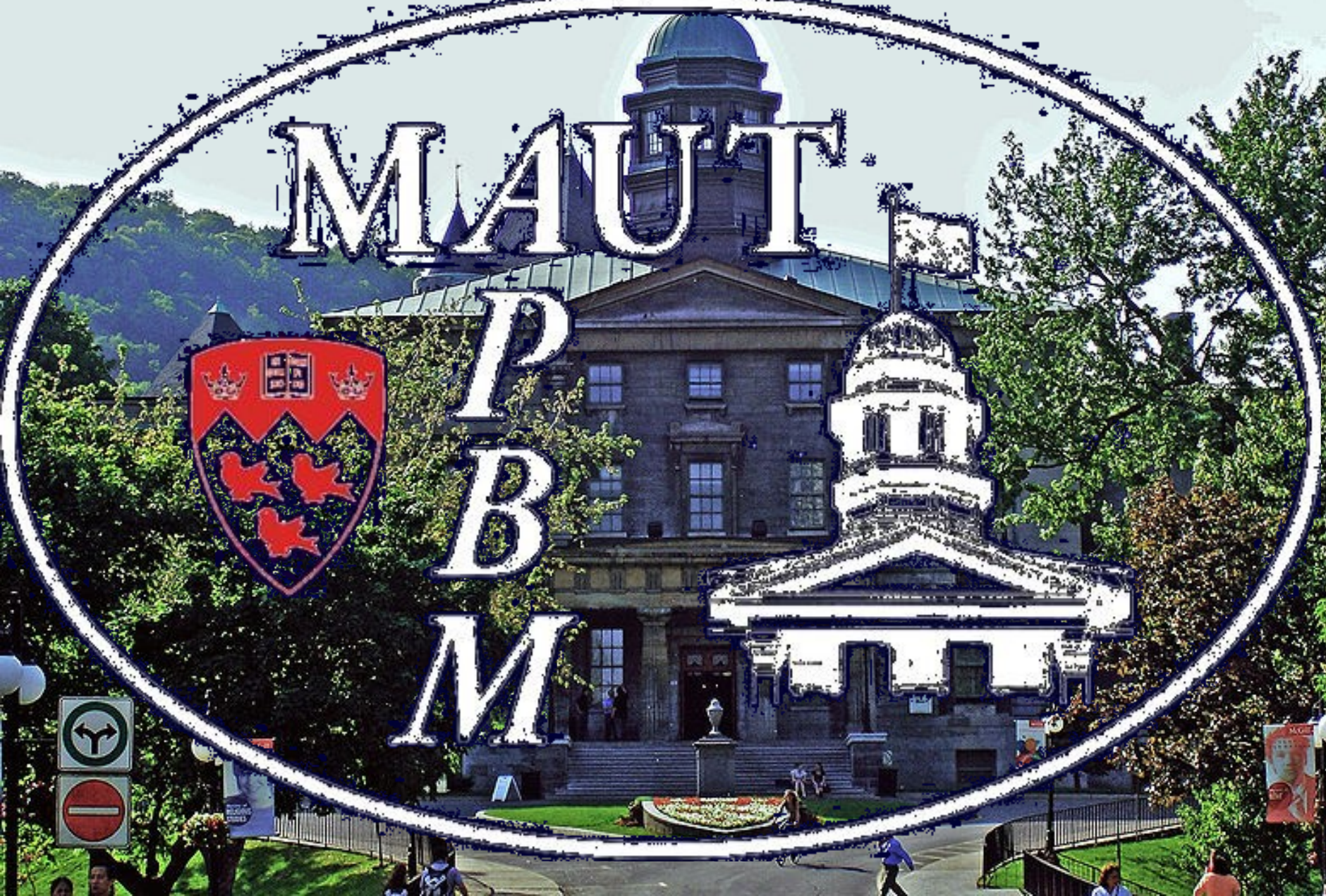
- ⌞ Library Privileges
- ⌞ Computing Services (<http://www.mcgill.ca/it/>)
 - E-mail
 - VPN access
 - McGill user name
 - DAS account
- ⌞ ID Card – keep your current card
- ⌞ Parking: continuance of permit

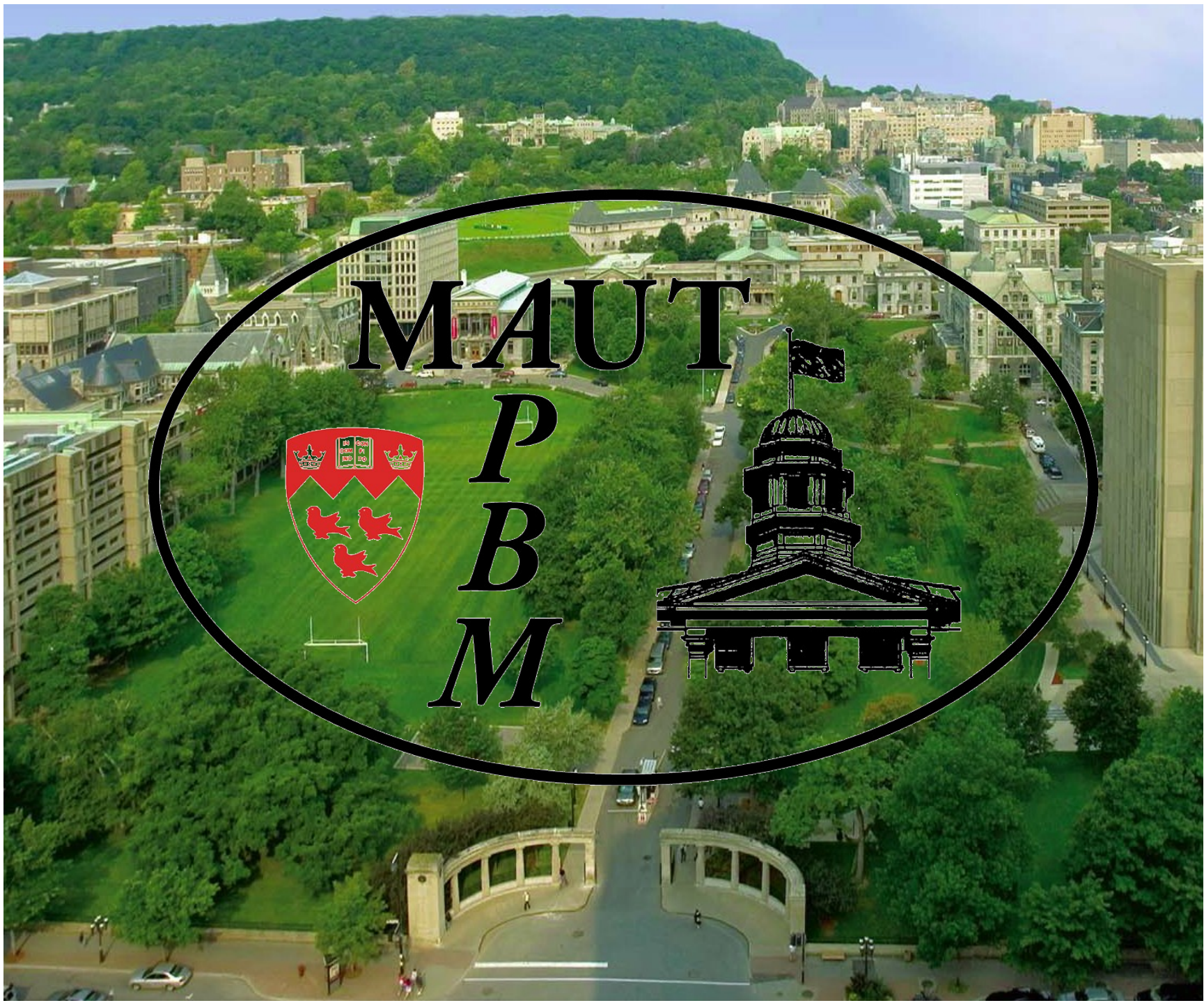
Human Resources



Questions?

ENJOY the SPRINGTIME!





MAUT

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B

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