

## UWO PENSION PLAN

You have many payment options regarding your U.W.O. pension at retirement. Which option(s) you elect will depend upon the timing of your income needs and whether your pension funds are locked-in and/or non-locked-in.

### **LOCKED-IN FUNDS**

*must be used to provide retirement income and cannot be paid as a lump sum.*

### **NON-LOCKED-IN FUNDS**

*can be used at your discretion and may be cashed out (subject to income tax withholding).*

Your **Regular Pension Account** represents the funds that both you and the University have contributed including investment income.

Your regular pension account is considered locked-in funds. However, if you retire early, 25% of your regular pension account which was contributed before 1987 (if any) is unlocked.

Your **Voluntary Pension Account**, if applicable, represents any additional voluntary contributions you may have contributed through payroll deduction, as well as any lump sum transfers in from RRSPs and other employer pension plans including investment income.

Your voluntary account is considered non-locked-in funds, however, if you have transferred in funds from other employer pension plans, these funds may be considered locked-in. If you are a special member under the Administrative Staff Plan, the additional 1% employer contribution which is included in your voluntary account is locked-in.



## RETIREMENT INCOME OPTIONS

Upon retirement, if you wish to start a monthly income from your **locked-in funds**, you may elect one or more of the following options:

**1.** Transfer funds to a **Life Income Fund (LIF)** at:

- UWO; or
- a financial institution chosen by you

A **Life Income Fund (LIF)** is an investment and payment arrangement. Your locked-in funds continue to be invested and you receive a percentage of the funds on a monthly or annual basis. Your annual income is subject to minimum and maximum payment levels. At age 80, a life annuity must be purchased or funds transferred to a LRIF.

**2.** Transfer funds to a **Locked-in Retirement Income Fund (LRIF)** at:

- UWO; or
- a financial institution chosen by you

A **Locked-in Retirement Income Fund (LRIF)** is an investment and payment arrangement. Your locked-in funds continue to be invested and you receive a percentage of the funds on a monthly or annual basis. Your annual income is subject to minimum and maximum payment levels. At age 80, there is no mandatory annuity purchase.

**3.** Purchase an **Annuity**

An **annuity** is a payment arrangement through a life insurance company. With an annuity you exchange the lump sum of your pension account in return for a monthly income for your lifetime and your spouse's lifetime (if so elected).

Upon retirement, if you wish to start a monthly income from your **non-locked-in funds**, you may elect one or more of the following options:

**1.** Transfer funds to a **Registered Retirement Income Fund (RRIF)** at:

- UWO; or
- a financial institution chosen by you

A **Registered Retirement Income Fund (RRIF)** is an investment and payment arrangement. Your non-locked-in funds continue to be invested and you receive a percentage of the funds on a monthly or annual basis. Your annual income is subject to a minimum payment level.

**2.** Purchase an **Annuity** (see above).

## DEFERRING RETIREMENT INCOME

If you do not wish to start receiving a monthly income right away you may elect to:

1. Leave your funds in the UWO pension plan. You must transfer your pension funds to a LIF, LRIF, RRIF or purchase an annuity by December 31st of the year in which you reach age 69.
2. Transfer your locked-in funds to a **Locked-in Retirement Account (LIRA)** held by a financial institution.

A **Locked in Retirement Account (LIRA)** is an investment arrangement for locked-in funds. The investments are identical to RRSPs (see below) except that the funds may only be used to purchase an annuity, LIF or LRIF.

3. Transfer your non-locked-in funds to a **Registered Retirement Savings Plan (RRSP)** held by a financial institution.

A **Registered Retirement Savings Plan (RRSP)** is an investment account that is permitted under the Canadian Income Tax Act. Contributions to RRSPs (excluding transfers) are tax deductible and investment income accumulates tax-free. Tax is paid on all cash withdrawals from RRSPs.

4. Purchase a **deferred annuity** with your funds.

A **deferred annuity** is a payment arrangement through a life insurance company with the initiation of the payments at a designated date in the future. With an annuity you exchange the lump sum of your pension account at the time of purchase in return for a future monthly income for your lifetime and your spouse's lifetime (if so elected).

## POST-RETIREMENT APPOINTMENT

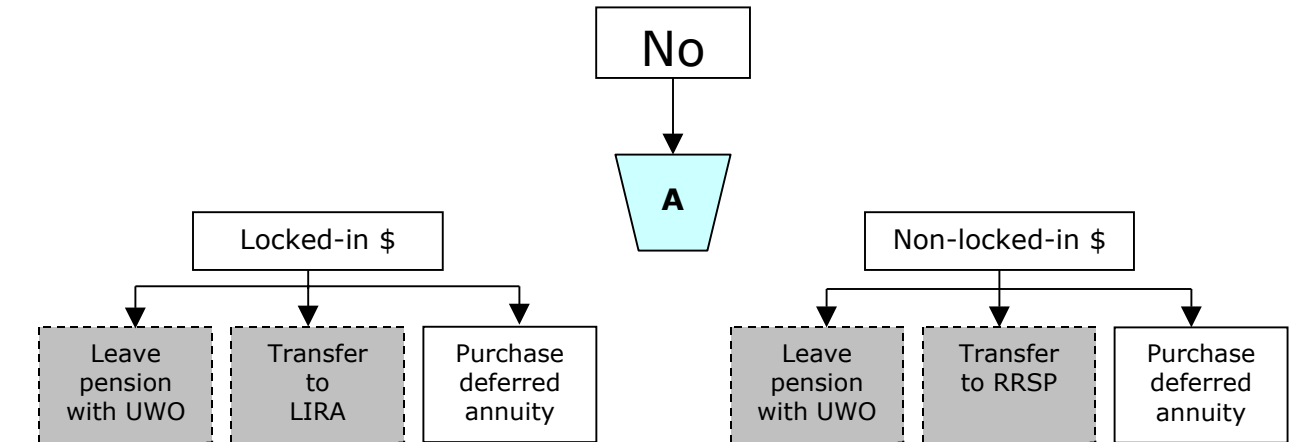
If you have a post-retirement appointment, you may re-join the U.W.O. Pension Plan. For more information and to obtain the necessary forms, contact a Retirement Counsellor. To ensure CPP premiums are not deducted from your post-retirement salary, provide Payroll with a copy of your "CPP Notice of Entitlement".

## PROFESSOR EMERITUS

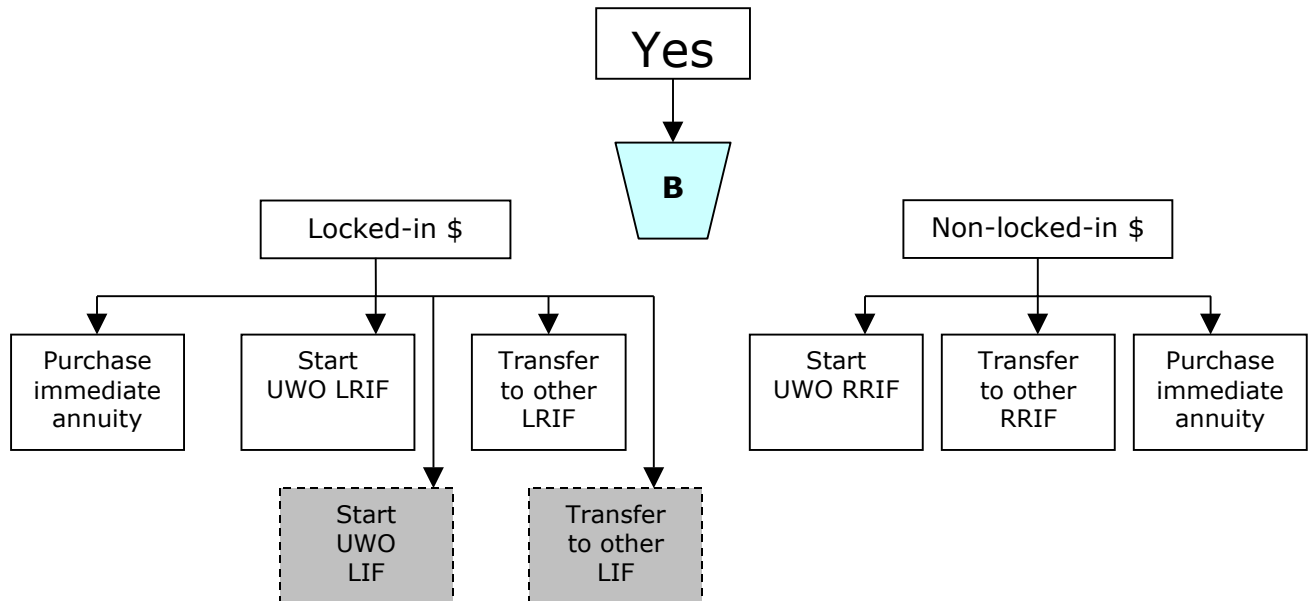
*Retired academic members* will be contacted by the University Secretariat regarding convocation and the privileges of Professor Emeritus standing.

## RETIREMENT INCOME OPTIONS FLOWCHART

Do you wish to start receiving monthly income immediately?



If you elected to: leave your funds at UWO, or transfer your funds to a LIRA or RRSP, by the end of the year you reach age 69 you must choose from the options outlined in [B] below.



If you elected a LIF, by the end of the year you reach age 80 you must, either: transfer your funds to an LRIF or purchase an annuity.

## COMPARISON OF RETIREMENT INCOME OPTIONS FOR LOCKED-IN FUNDS

	Annuity	Life Income Fund (LIF)	Locked-in Retirement Income Fund (LRIF)
Investment control	<p><i>With an annuity you exchange the lump sum of your pension account in return for a monthly income for your lifetime and your spouse's lifetime (if so elected).</i></p> <ul style="list-style-type: none"> <li>You forfeit control of your funds in exchange for a stream of monthly payments</li> </ul>	<p><i>With a Life Income Fund (LIF) your funds continue to be invested and you receive a percentage of the funds on a monthly or annual basis. Your annual income is subject to minimum and maximum payment levels. At age 80, a life annuity must be purchased or funds transferred to a LRIF.</i></p> <ul style="list-style-type: none"> <li>You continue to control the investment of your pension account</li> <li>The objective is to earn as much or more than your annual payment to avoid depleting your capital too quickly</li> <li>You will require investment knowledge and/or the expertise of a financial advisor to make your investment decisions</li> </ul>	<p><i>With a Locked-in Retirement Income Fund (LRIF) your funds continue to be invested and you receive a percentage of the funds on a monthly or annual basis. Your annual income is subject to minimum and maximum payment levels. At age 80, there is no mandatory annuity purchase.</i></p> <ul style="list-style-type: none"> <li>Same as LIF</li> </ul>
Duration	<ul style="list-style-type: none"> <li>For your lifetime and your spouse's lifetime (if you elect a joint and survivor annuity)</li> </ul>	<ul style="list-style-type: none"> <li>By December 31<sup>st</sup> of the year you reach age 80, you must purchase a life annuity or transfer to an LRIF</li> </ul>	<ul style="list-style-type: none"> <li>Income continues for your lifetime and your spouse's lifetime, provided there is principal remaining</li> </ul>
Monthly Income	<ul style="list-style-type: none"> <li>Will be determined based on:                             <ul style="list-style-type: none"> <li>the amount of your pension account</li> <li>interest rates at the time of purchase</li> <li>the payment options you elect: single or joint-and-survivor, guarantee period, indexed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Will be determined based on:                             <ul style="list-style-type: none"> <li>the amount of your pension account</li> <li>the rate of return you earn each year reduced by all applicable fees</li> <li>the payment level you elect (minimum, maximum or in-between)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Same as LIF</li> </ul>
Minimum Payment	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Based on your age (or your spouse's age, if elected) on January 1<sup>st</sup> of the year of payment and the rate established by the Income Tax Act</li> </ul>	<ul style="list-style-type: none"> <li>Same as LIF</li> </ul>
Maximum Payment	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Based on your age on January 1<sup>st</sup> of the year of payment and the rate established by the Pension Benefits Act</li> </ul>	<ul style="list-style-type: none"> <li>Based on the rate of return you earned in the prior year, however, in the first two years of the LRIF, the maximum payment is 6%</li> </ul>
Survivor Benefits	<ul style="list-style-type: none"> <li>Upon your death, your spouse will receive a % of your monthly income, based on the option you elected at the time of purchase</li> <li>if no spouse, there is no death benefit payable to a beneficiary, unless a guarantee period was elected</li> </ul>	<ul style="list-style-type: none"> <li>Upon your death, your spouse will receive the balance of your pension account. Upon your spouse's death, any remaining balance will be paid to his or her named beneficiary or estate</li> <li>if no spouse, your pension account will be paid to your named beneficiary or estate</li> </ul>	<ul style="list-style-type: none"> <li>Same as LIF</li> </ul>
Fees	<ul style="list-style-type: none"> <li>The University can arrange for your annuity purchase based on quotes from various life insurance companies. There is no fee charged for this service</li> </ul>	<ul style="list-style-type: none"> <li>Various fees may apply including annual management fees, commissions, trailer fees, front-end or rear-end loads</li> <li>The amount varies with the type of investment and transfer activity</li> <li>UWO offers fees that are significantly lower than the retail market</li> </ul>	<ul style="list-style-type: none"> <li>Same as LIF</li> </ul>

For more information, contact a Retirement Counsellor