



Western

# Retirement Plans



# Retirement Guide

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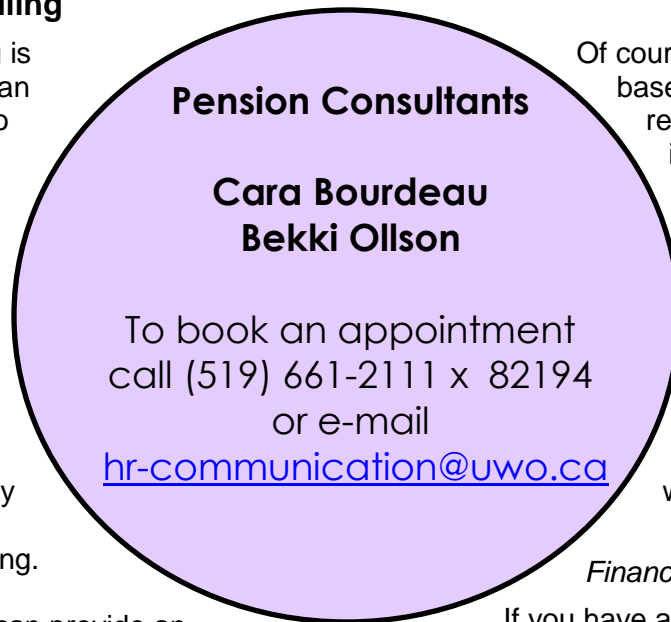
## PLANNING FOR RETIREMENT

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### Retirement Counselling

Retirement counselling is available through Human Resource Services. To assist you in your retirement planning, we recommend that you meet with a Pension Consultant within two to five years of your planned retirement date. If you wish, you may also invite a spouse or trusted family member or friend to participate in the meeting.

A Pension Consultant can provide an estimate of your monthly income under the various retirement options for any retirement date you wish.



Of course, any projections are based on assumptions regarding your pension investment return and interest rates at the date of retirement.

For more information on your retirement options, please contact the Human Resources Communication Centre to schedule an appointment with a Pension Consultant.

#### *Financial Advisor*

If you have an external financial advisor you should arrange an independent meeting with your advisor to assist in the overall development of your financial plan.

### Retirement Workshop and Information Sessions

Human Resource Services offers ongoing educational sessions with respect to the Western Retirement Plans.

#### *Financial & Pre-Retirement Planning Workshop*

You can register to attend a full day Financial & Pre-Retirement Planning Workshop led by the Financial Education Institute of Canada. If you have a spouse, they are strongly encouraged to attend with you. Topics include: retirement income planning, government benefits, tax and estate planning, retirement income options and lifecycle planning. The workshop is designed for members who are within 10 years of retirement. *Please note that you are only permitted to attend the workshop once.*

#### *Workshop Registration*

Prior enrolment is required for all sessions and must be completed online. To find out when the next workshop series will be offered or to register, please go to the Human Resources web site at: [www.uwo.ca/hr](http://www.uwo.ca/hr).

#### *Annual Pension Board Meetings*

Each year in the spring and the fall, the Joint Pension Board hosts open meetings for pension plan members to share updates on fund performance, investment options, and recent developments. The meetings often include presentations from one or more of the professional investment managers who invest funds for the Western Retirement Plans. Sessions dates and times are announced in your annual pension statement and by e-mail.

## **Online Financial Planning Tools**

Western employees have access to a comprehensive web site providing financial and retirement education. The Financial Educator™ (TFE) is an interactive website providing you with a wide variety of online financial, retirement and life management resources. The website includes many different calculators including a “Retirement Planner” calculator to help you estimate how much money you will need to retire. The website is hosted by the Financial Education

Institute of Canada. You can educate yourself on topics of interest at your own pace. To access The Financial Educator web site visit [www.uwo.ca/hr](http://www.uwo.ca/hr) and follow the Quick Link to Retirement Plans Information. Note: the first time you access the TFE website you are required to use Western’s username and password before being prompted to set up your own username and password. To obtain Western’s access information contact the HR Communication Centre at (519)661-2111 x82194.

## WHEN CAN I RETIRE?

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### Retirement Dates

Effective December, 2006 mandatory retirement was abolished in Ontario. For the administration of your employment, benefits and pension we continue to reference a Normal Retirement Date.

#### *Normal Retirement Date*

For Academic Staff members, your Normal Retirement Date is July 1<sup>st</sup> coincident with or next following your 65<sup>th</sup> birthday.

For Administrative Staff members, your Normal Retirement Date is the first of the month following your 65<sup>th</sup> birthday.

#### *Early Retirement Date*

You may elect to retire early, up to 10 years before your Normal Retirement Date. For eligible faculty members, a retirement date of either June 30<sup>th</sup> or July 1<sup>st</sup> must be chosen in order to retire with post-retirement benefits.

Written notification of retirement is required. Please read the section "What Actions Do I Need to Take to Retire" for more information on notification period and process.

### Working Past My Normal Retirement Date

#### *Employment*

You are not required to retire on your Normal Retirement Date. It is assumed that you will continue to work until the retirement date you have elected unless you give notice of your retirement.

#### *Benefits Coverage & Pension Participation*

If you wish to work past your Normal Retirement Date, you should consult your Collective Agreement or Association Policies to find out what changes will occur with respect to the benefit and pension program for your specific employee group.

#### *Government Pension*

At age 65, you have the option to apply for Canada Pension Plan (CPP) and Old Age Security (OAS) benefits even if you are still working. Starting in 2012 the rules will be changing. Please refer to page 15-16, for more information on these programs.

Please note that **if you will be receiving Canada Pension Plan benefits while continuing to work**, you must provide Human Resources with a copy of your "CPP Notice of Entitlement" to ensure that CPP premiums are not deducted from your salary.

## **Phased Retirement (Faculty Only)**

Full-time probationary and tenured faculty members who are within ten years of their Normal Retirement Date (see “When Can I Retire”) and who have ten years of full-time service can elect Phased Retirement. For more information on Phased Retirement, please refer to the Faculty Collective Agreement. Please note that written notification to the Dean is required at least 12 months prior to the start of the three-year phased period.

Note: The UWOFA Collective Agreement ratified in November, 2010 resulted in additional phased retirement options during the term of the agreement (July 1, 2010 to June 30, 2014). Please consult the Letter of Understanding entitled “Phased Retirement of Probationary and Tenured Members” as well as the “Phased Retirement Summary of Provision and Considerations for Full Time Members of the University of Western Ontario Faculty Association” for more details.

## WHAT ACTIONS DO I NEED TO TAKE TO RETIRE?

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### Written Notice

You are required to provide written notice of your retirement date. Staff members should address the letter to the Dean, Budget Unit Head or designate and provide a copy of the letter to a Pension Consultant in Human Resources. Faculty members should provide written notice to the Dean. Librarians and Archivists should provide notice to the University Librarian or his/her Dean.



### Notice Period

The length of notice period varies by employee group. Some employee groups require one year's notice. To find out the required notice you can refer to the provisions of your Collective Bargaining Agreement. These agreements are posted on the Human Resources web site at: [www.uwo.ca/hr](http://www.uwo.ca/hr)

### Vacation Time

It is expected that a staff member will use earned vacation entitlement so that the unused portion will be consistent with time allotted for in the collective agreement/policies of their bargaining unit/employee group. *Retiring administrative staff* who have unused accrued vacation at their retirement date may request to have that entitlement paid out in cash. This request will be subject to the approval of their unit.

### Pension Counselling

You should arrange an appointment with a Pension Consultant at least one year in advance of your retirement date. Ideally, you will have had a prior planning session with a Pension Consultant before making your final decision to retire. The meeting will be approximately one hour. You will be provided with detailed information about your retirement income options and benefit program, if eligible, after retirement.

If you have a spouse, you should invite them to attend the meeting along with you. Depending on the decisions made, your spouse may be required to complete paperwork as well. You may find it helpful to meet on more than one occasion.

## WESTERN PENSION PLAN

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

### Locked-in Funds

Your Regular Pension Account reflects the contributions made by both you and the University and the investment returns on these contributions.

Your regular pension account is considered locked-in funds.

Historically, if you retired early, 25% of your regular pension account which was contributed before 1987 (if any) is unlocked. A Pension Consultant will be able to estimate the amount of your account from before 1987.

New pension legislation expected to be proclaimed into force in 2011 will lock-in all regular funds for any member retiring after the legislation takes effect.

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

must be used to provide retirement income through on-going payments and cannot be paid as a lump

### Non-Locked-in Funds

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 earned on these contributions and/or transfers.

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 and administered accordingly. 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.

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

Also called cashable funds, can be used at your discretion and may be cashed out. (subject to income tax)

### My Pension Account

You can view the balance of your Regular Pension Account and Voluntary Pension Account online at [www.uwo.ca/hr](http://www.uwo.ca/hr) and select Login to Pension Account at the top right corner of the screen. You will need your Western Username and Password to access your account.

For password assistance, please contact the ITS Computer Accounts Office at 519-661-3800 and provide your Western ID number.

# RETIREMENT INCOME OPTIONS

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Upon retirement, if you wish to start a monthly income you may elect one or more of the following options:

## 1. Transfer funds to a Retirement Income Fund

A Retirement Income Fund is available:

- at Western (must be a resident of Canada); or
- a financial institution chosen by you.

There are two types of Retirement Income Funds depending upon the source of the funds:

### *New LIF*

A **New Life Income Fund** (New LIF) is an investment and payment arrangement for **locked funds**. Your locked-in funds continue to be invested and you receive a percentage of the funds on a monthly, quarterly or annual basis. Your annual income is subject to minimum and maximum payment levels which will fluctuate year to year.

Within sixty days from the date funds are transferred from the pension plan to a New LIF, you can make application to unlock fifty percent (50%) of the amount transferred to the New LIF. The unlocked amount can be received as one of the following options:

- a lump sum taxable cash payment; or
- a transfer to an RRSP or RRIF (see description below).

If you do not apply within the 60 day period, there will not be another opportunity to unlock those funds.

Individuals who retire early are eligible to unlock 25% of the contributions made before 1987 (as noted on the prior page); plus an additional 50% of the remaining locked funds transferred to the New LIF.

### *RRIF*

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

**You can use a RRIF to draw upon your non-locked-in funds**

**You can use a New LIF to draw upon your locked-in funds**

## 2. 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).

An **indexed annuity** protects you from rises in the cost of living (inflation) by providing annual increases according to a formula. This feature provides a lower initial monthly payment than a non-indexed annuity.

### Is my Annuity payment safe?

Yes. When Western arranges an Annuity on behalf of a member we only deal with Canadian life insurance companies who are members of Assuris. Assuris guarantees that in the event the life insurance company fails, you will retain **up to \$2,000 per month or 85% of the promised Monthly Income benefit, whichever is higher.**

If your annuity payment is higher than \$2,000 per month we will arrange to have your annuity paid by more than one insurance company to ensure that no more than \$2,000 of monthly income is through any one insurance company.

## 3. Cash Withdrawal

If you have non-locked in funds, you can elect a **lump sum cash payment**. Before deciding on a lump sum payment you should consider the tax implications as well as your long term availability of non-locked funds. For more information on tax withholding, refer to the section "Tax Planning".

## DEFERRING RETIREMENT INCOME

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When you retire you are not required to immediately start receiving your pension. If you do not wish to start receiving a monthly income right away you may elect to:

1. Leave your funds in the **Western Pension Plan**.

If you elect this option please note that you must transfer your pension funds to a New LIF, RRIF or purchase an annuity by December 31st of the year in which you reach age 71.

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 account that is permitted under the Canadian Income Tax Act for locked-in retirement savings.

**A 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 or New LIF.

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.

**A RRSP is an investment arrangement for non-locked-in funds**

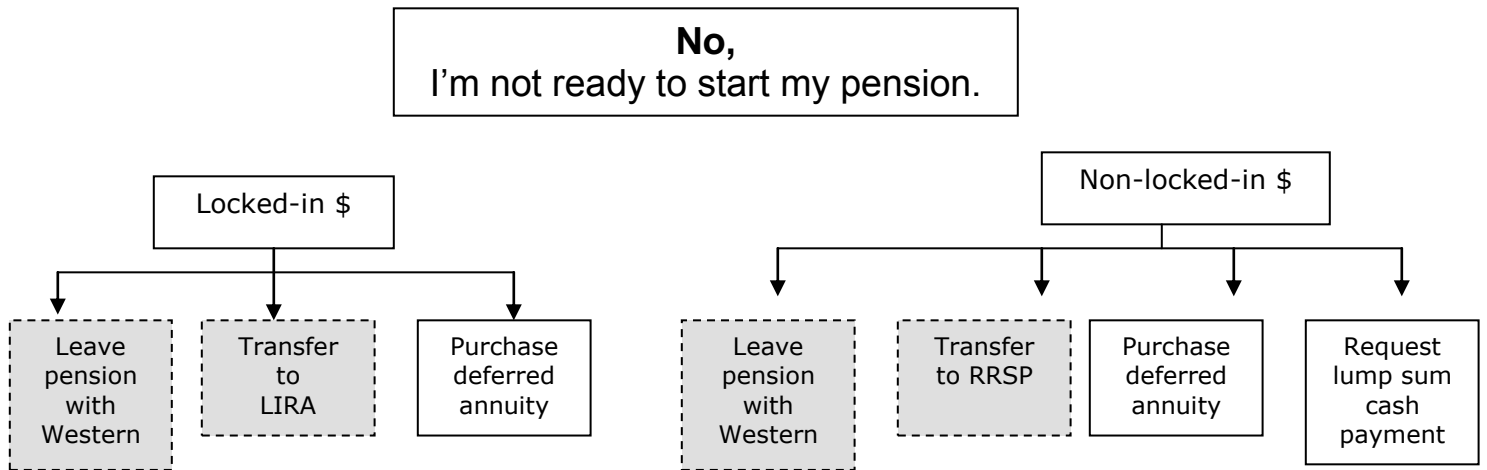
Contributions to RRSPs (excluding transfers) are tax deductible and investment income accumulates tax-free. Tax is paid on all cash withdrawals from RRSPs.

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

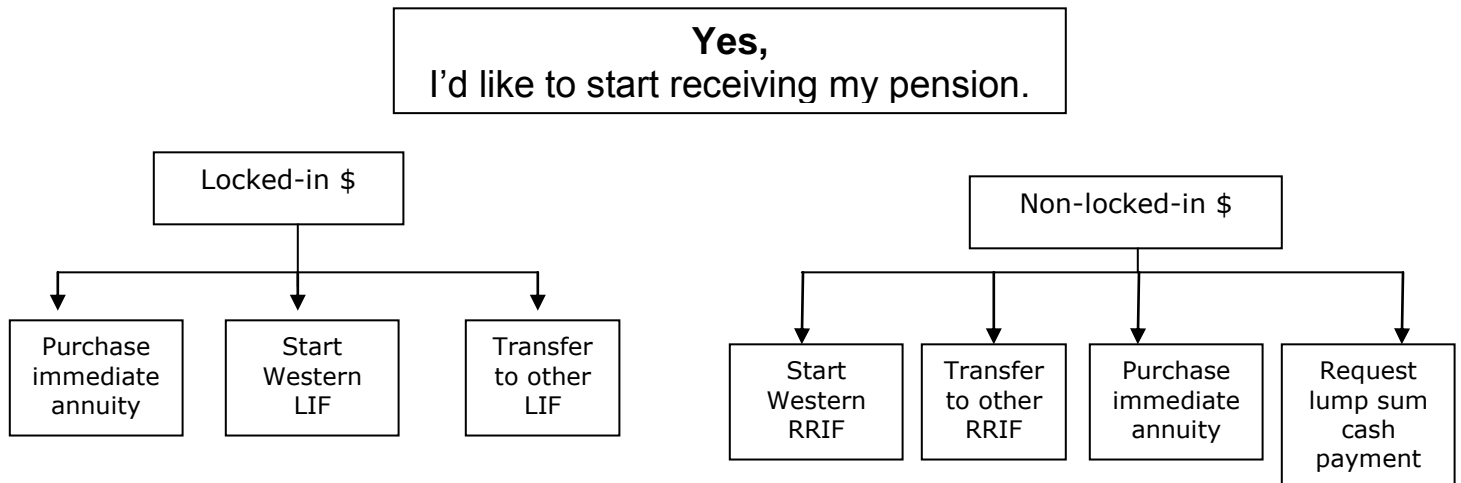
A deferred annuity is a payment arrangement through a life insurance company. You may use part or all of your pension account to purchase an annuity (see above) to begin at a date up to five years in the future. You receive a monthly lifetime income beginning at a future date but purchased at the current rate in exchange for an immediate withdrawal from your pension account.

## RETIREMENT INCOME OPTIONS – AT A GLANCE

Do you wish to start receiving monthly income immediately?



If you elected to leave your funds at Western, or transfer your funds to a LIRA or RRSP, by the end of the year you reach age 71 you must choose from the options outlined below.



## COMPARISON OF RETIREMENT INCOME OPTIONS

	<b>Annuity</b>	<b>Registered Retirement Income Fund (RRIF)</b>	<b>New Life Income Fund (New LIF)</b>
Type of funds	<ul style="list-style-type: none"> <li>• Locked in or non locked in funds</li> </ul>	<ul style="list-style-type: none"> <li>• Non locked in funds only</li> </ul>	<ul style="list-style-type: none"> <li>• Locked in funds only</li> </ul>
Investment Control	<ul style="list-style-type: none"> <li>• Your funds transfer to an insurance company in exchange for guaranteed monthly income</li> <li>• Once the annuity has been purchased there are no other decisions required</li> </ul>	<ul style="list-style-type: none"> <li>• You continue to control the investment of your funds and decide from which funds your payments are withdrawn</li> <li>• Many factors must be considered in making your investment decisions including: age, payment levels, estate objectives and tolerance for risk</li> <li>• You will require investment knowledge and/or the expertise of a financial advisor to make your investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Same as RRIF</li> </ul>
Duration	<ul style="list-style-type: none"> <li>• For your lifetime and your spouse's lifetime (if you choose a joint and survivor annuity)</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>	<ul style="list-style-type: none"> <li>• Same as RRIF</li> </ul>
Income	<ul style="list-style-type: none"> <li>• Will be determined based on:               <ul style="list-style-type: none"> <li>- the initial account balance</li> <li>- interest rates at the time of purchase</li> <li>- the payment options you choose: single or joint-and-survivor, guarantee period</li> </ul> </li> <li>• Your monthly payment is guaranteed. Your payment will not decrease. Your payment will not increase unless you elect an indexed annuity.</li> </ul>	<ul style="list-style-type: none"> <li>• Will be determined based on:               <ul style="list-style-type: none"> <li>- your initial account balance and in subsequent years, your balance on January 1</li> <li>- the investment income you earn each year reduced by all applicable fees</li> <li>- the payment level you choose (minimum or more)</li> </ul> </li> <li>• Your income will fluctuate year to year (increase or decrease) based on the above factors.</li> </ul>	<ul style="list-style-type: none"> <li>• Will be determined based on:               <ul style="list-style-type: none"> <li>- your initial account balance and in subsequent years, your balance on January 1</li> <li>- the investment income you earn each year reduced by all applicable fees</li> <li>- the payment level you choose (minimum, maximum or in-between)</li> </ul> </li> <li>• Your income will fluctuate year to year (increase or decrease) based on the above factors.</li> </ul>
Minimum Payment	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• The minimum payment is zero in the calendar year in which the RRIF account is first established</li> <li>• In subsequent years, a percentage of your account balance on January 1, based on your age (or your spouse's age, if elected) and the minimum payment % established by the Income Tax Act (schedule pg. 12)</li> </ul>	<ul style="list-style-type: none"> <li>• Same as RRIF</li> </ul>
Maximum Payment	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<p>The greater of:</p> <ol style="list-style-type: none"> <li>1. A percentage of your initial account balance, and in subsequent years, your account balance on January 1, based on your age on January 1 of the year of payment and the maximum payment rate established by the Financial Services Commission (see schedule on page 12), and</li> <li>2. The amount of investment earnings in the previous calendar year (does not apply in the first year the New LIF is established).</li> </ol>

## COMPARISON OF RETIREMENT INCOME OPTIONS (continued)

	Annuity	Registered Retirement Income Fund (RRIF)	New Life Income Fund (New LIF)
Lump Sum Payments	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>You can elect lump sum payments subject to tax.</li> </ul>	<ul style="list-style-type: none"> <li>Within 60 days from the date locked funds are transferred from the pension to a New LIF, you may apply to receive up to 50% of the transferred amount as a lump sum taxable cash payment</li> <li>Alternatively, you can apply to transfer the entire amount to an RRSP or RRIF.</li> <li>If you do not apply within the 60 day period, there will not be another opportunity to withdraw 50% of those funds.</li> <li>The amount paid or transferred will not reduce the maximum amount payable from the New LIF that year.</li> </ul>
Death Benefit	<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. Upon your spouse's death, there is no death benefit payable unless a guarantee period was elected <u>and</u> death occurs within this period.</li> <li>If no spouse, there is no death benefit payable to a beneficiary, unless a guarantee period was elected <u>and</u> death occurs within this period.</li> </ul>	<ul style="list-style-type: none"> <li>Upon your death, your beneficiary will receive the balance of your account. If the beneficiary is your spouse, he or she has the following options: <ul style="list-style-type: none"> <li>transfer funds to a RRIF at Western or a financial institution</li> <li>transfer funds to an RRSP if the spouse is under age 71</li> <li>transfer funds to purchase an annuity</li> <li>a lump sum taxable cash payment</li> </ul> </li> </ul> <p>If a spouse is not named as beneficiary, the balance will be paid to your named beneficiary or estate and the estate will be subject to tax.</p>	<ul style="list-style-type: none"> <li>Same as RRIF;</li> <li>However, if you have a spouse as defined under the Ontario <i>Pension Benefits Act</i> and you wish to name someone other than your spouse as beneficiary, your spouse must sign a legal waiver, waiving entitlement to the survivor benefit. Your spouse should seek independent legal advice before signing the waiver.</li> </ul>
Fees	<ul style="list-style-type: none"> <li>The University can arrange for your annuity purchase through group annuity contracts held with various life insurance companies. No commission is payable which would normally be charged through an individual annuity purchase.</li> </ul>	<ul style="list-style-type: none"> <li>Various fees may apply including management fees, commissions, trailer fees, front-end or rear-end loads and administration fees. Fees vary with the type of investment and transfer activity.</li> <li>Western offers management fees that are significantly lower than the retail market</li> <li>Western also has an Administrative Fee per member.</li> </ul>	<ul style="list-style-type: none"> <li>Same as RRIF</li> </ul>

### The Financial Educator™

The Financial Educator™ website is a great source of easy to read information on Retirement Planning including topics such as The Basics, RRIF Opportunities, Annuity Tactics and Retirement Income Risks. For more information on how to access this online learning opportunity, refer to the section "Online Financial Planning Tools" on page 2.

## RETIREMENT GOALS / OPTIONS COMPARISON

Deciding which retirement income option (or combination of options) is right for you is a personal decision. No option is the best choice for everyone. You may find that your preferences and values will lead you to the best decision for you.

Annuity	Goals	Retirement Income Fund
<ul style="list-style-type: none"> <li>Very stable - payments are guaranteed at a fixed amount during your lifetime.</li> </ul>	<b>Stability of Income</b>	<ul style="list-style-type: none"> <li>Flexible – you can choose your payment amount as long as you stay within the annual minimum &amp; maximum payments.</li> <li>Uncertain – minimum and maximum payments will fluctuate from year to year, based on a percentage of your account balance as determined on January 1<sup>st</sup> each year.</li> </ul>
<ul style="list-style-type: none"> <li>If a Joint &amp; Survivor pension was elected then payment will continue, possibly at a reduced amount, for the life of the surviving spouse.</li> <li>If a Single Life pension was elected (subject to a legal waiver) then payment will cease, unless a Guarantee Period was also elected and is still in effect at the member's date of death, in which case, a fixed number of remaining payments will be paid to the beneficiary.</li> </ul>	<b>Income for Surviving Spouse</b>	<ul style="list-style-type: none"> <li>The amount of funds and level of income available to the surviving spouse upon the member's death will be determined by the principal remaining in the account. The amount is unknown in advance, but will depend on the level of withdrawals during the life of the member and the investment income earned.</li> </ul>
<ul style="list-style-type: none"> <li>Maximum estate value will be the amount of time, if any, remaining in the guarantee period. If no guarantee period was elected or if the guarantee period has been satisfied at the date of death, no further benefits would be payable.</li> </ul>	<b>Preserving Estate Value</b>	<ul style="list-style-type: none"> <li>Estate value is equal to the principal remaining in the account. The estate value can pass without tax withholding to a surviving spouse. Where a non-spouse beneficiary(ies) has been designated, the capital becomes taxable to the estate.</li> </ul>
<ul style="list-style-type: none"> <li>None</li> </ul>	<b>Investment Control</b>	<ul style="list-style-type: none"> <li>You have to choose your investments (with some possible fund restrictions) and decide from which funds your payments are withdrawn</li> <li>You will need to monitor your investments and rebalance your allocations on an ongoing basis</li> </ul>
<ul style="list-style-type: none"> <li>Once you have purchased an annuity there are no further decisions. The payment amount is fixed at the time of purchase. You cannot change your mind later, the decision is irrevocable.</li> </ul>	<b>Decision Making</b>	<ul style="list-style-type: none"> <li>On-going payment and investment decisions are required at least annually.</li> <li>You are responsible for providing investment directions on both your accumulated funds and the payment withdrawals.</li> <li>You can elect to purchase an annuity with the principal remaining in your account at any time.</li> </ul>
<ul style="list-style-type: none"> <li>Over time your annuity payment will lose purchasing power since the payment is not adjusted for inflation unless an indexed annuity is purchased.</li> </ul>	<b>Inflation</b>	<ul style="list-style-type: none"> <li>Dependent upon investment decisions, market performance and your rate of withdrawal, your account <i>may</i> earn at a rate of return above inflation allowing for an increased payment to preserve purchasing power.</li> </ul>
<ul style="list-style-type: none"> <li>Annuity payment amounts are higher when interest rates are high at the time of purchase.</li> </ul>	<b>Risks</b>	<ul style="list-style-type: none"> <li>Your payments are not guaranteed. You may live longer than your savings.</li> <li>Payment amounts will vary year to year, up and down.</li> <li>You may lose principal as a result of investment decisions, market performance, or income needs.</li> </ul>

## 2011 Retirement Income Fund Payment Levels

To calculate the annual minimum or maximum: multiply the account value by the percentage shown for your age or spouse's age (if elected) at January 1 for the year of payment.

**For example:** \$300,000 New LIF, member is 64, spouse is 62 (minimum)

Minimum = \$300,000 multiplied by 3.57 divided by 100 = \$10,710

Maximum = \$300,000 multiplied by 7.25513 divided by 100 = \$21,765

Age at Jan 1	MINIMUM New LIF or RRIF (Your Age or Your Spouse's Age if Elected)	MAXIMUM New LIF (Your Age)
54	2.78%	6.45234%
55	2.86%	6.50697%
56	2.94%	6.56589%
57	3.03%	6.62952%
58	3.13%	6.69833%
59	3.23%	6.77285%
60	3.33%	6.85367%
61	3.45%	6.94147%
62	3.57%	7.03703%
63	3.70%	7.14124%
64	3.85%	7.25513%
65	4.00%	7.37988%
66	4.17%	7.51689%
67	4.35%	7.66778%
68	4.55%	7.83449%
69	4.76%	8.01930%
70	5.00%	8.22496%
71	7.38%	8.45480%
72	7.48%	8.71288%
73	7.59%	9.00423%
74	7.71%	9.33511%
75	7.85%	9.71347%
76	7.99%	10.14952%
77	8.15%	10.65661%
78	8.33%	11.25255%
79	8.53%	11.96160%
80	8.75%	12.81773%
81	8.99%	13.87002%
82	9.27%	15.19207%
83	9.58%	16.89953%
84	9.93%	19.18515%
85	10.33%	22.39589%
86	10.79%	27.22561%
87	11.33%	35.29388%
88	11.96%	51.45631%
89	12.71%	100.00000%
90	13.62%	100.00000%
91	14.73%	100.00000%
92	16.12%	100.00000%
93	17.92%	100.00000%
94 plus	20.00%	100.00000%

## TAX PLANNING

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Whether you opt for an annuity, retirement income fund or lump sum payment, your retirement income is subject to income tax. The actual amount of income tax paid at year-end will be based on your income from all sources. Depending upon your total taxable income, you may be required to pay tax when you file your tax return.

**Withdrawals or payments made from a registered account are taxable income in the year received.**

### Withholding tax

The amount of withholding tax will vary depending upon the type of payment you receive.

If you receive **annuity payments**, you will complete tax forms, and income tax will be withheld based on the personal tax credits you claim.

If you receive **registered retirement income fund payments (RRIF or New LIF)**, income tax is withheld on the payment amount that exceeds the annual minimum. The rate of withholding tax is determined by the amount of the excess payment according to the chart (below). Please note that in the first year established, the minimum payment is zero, thus withholding tax applies to the entire payment. Similarly, the entire amount of **lump sum cash payments** is subject to withholding tax.

If you will receive income from various sources, you may wish to request a higher rate of withholding tax on your payments in consideration of your total taxable income.

### Pension Income Splitting

You have the option to split retirement income with your spouse. This may be of advantage to you if your taxable income is higher than your spouse's taxable income. For individuals aged 65 years and over, eligible retirement income includes registered retirement income funds (RRIF and New LIF), annuities and RRSP annuity payments. For individuals under age 65 years, only lifetime pension annuity payments can be split.

The election to split income will happen when you file your tax return for the previous tax year. Both spouses must agree to the income split. Any refund of tax as a result of pension income splitting will be processed when you file your tax return. You cannot elect to lower the amount of withholding tax on your retirement income below the required amount described in the preceding section "Withholding Tax".

### Withholding Tax Rates

Payment Amount	Withholding Tax Rate* Ontario	Withholding Tax Rate* Quebec
Less than \$5,000	10%	21%
\$5,001 - \$15,000	20%	26%
\$15,000 and more	30%	31%

## **Tax advantages – Legacy Donations**

Which retirement income option(s) are right for you, will depend on many factors including your intentions with respect to providing income to a surviving spouse, children and/or charities after your death. A legacy gift is made with careful planning and consideration of your personal and family needs, and is tailored to fit your financial situation. Legacy gifts provide significant tax advantages, meaning you can support your charity of choice while realizing tax savings that benefit you and your family.

By naming a charitable organization as a beneficiary of your retirement plans, or making a bequest to a charity in your Will, your estate will receive a charitable donation tax credit that offsets taxes owed. This credit can save your estate a considerable amount of tax particularly if you have large holdings of appreciated assets that will be deemed to have been sold at your death.

For more information on how charitable giving can maximize your estate plan, please feel free to contact in confidence:

**Jane Edwards**  
**Alumni & Development Officer,**  
**Gift Planning**

The University of Western Ontario  
Alumni Relations & Development  
Westminster Hall, Suite 160  
London, ON N6A 3K7  
Ph: 519 661-2111 ext. 88829  
Fax: 519-661-3948  
email: jane.edwards@uwo.ca

## GOVERNMENT PROGRAMS

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### Canada Pension Plan

#### *Eligibility*

You may be eligible for a Canada Pension Plan (CPP) retirement pension. Your CPP pension depends on how much and for how long you and your employer(s) contributed to the plan. If you contributed in most years between the ages of 18 and 65 and earned about the average Canadian wage (in 2011, \$48,300), at 65 you would receive a CPP pension of about \$960 per month.

You may apply to start your CPP pension as early as age 60, subject to a reduction of 0.5 percent for each month earlier than age 65. For example, if you have contributed at the maximum level and you elect to receive CPP at age 60, your CPP pension would be reduced by 30% (in 2011, your CPP would be \$672 per month). This reduction is permanent; your pension will not be increased at age 65. \*Note: upcoming changes in the Canada Pension Plan will cause changes in this calculation. See the section *Changes to the Canada Pension Plan*.

Each January, your CPP pension is increased to reflect any increase in the cost of living as measured by the Consumer Price Index.

#### *Estimate*

You can request a quote of your CPP pension online or by contacting Service Canada.

#### *Taxation of Benefits*

CPP pension income is taxable income.

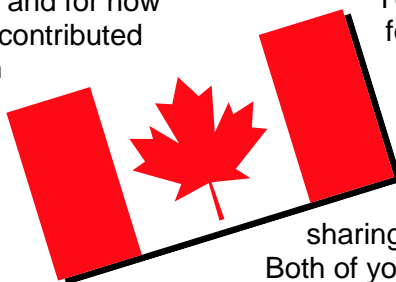
You will need to complete a tax form and return it to Service Canada to request that income tax be withheld from your monthly payment.

There may be a tax benefit in sharing CPP income with a spouse. Both of you must be age 60 or older, and at least one of you must have been a contributor to CPP. You must apply to share your pension. Application forms are available from Service Canada.

#### *Applying for Benefits*

Service Canada recommends that you apply for CPP Retirement Pension up to six months before your retirement date. You can apply online or complete an application form and return it to Service Canada. For more information on your eligibility for Canada Pension Plan retirement pension or to obtain application forms, please contact Service Canada directly.

**Note:** If you have a paid appointment with the University AND are receiving Canada Pension Plan benefits, please provide Human Resources with a copy of your "CPP Notice of Entitlement" to ensure that CPP premiums are not deducted from your salary.



#### **Service Canada**

120 Queen's Avenue  
London, Ontario, N6A 4S7  
1-800-277-9914

(have your Social Insurance Number ready)  
<http://www.servicecanada.gc.ca>

### *Changes to the Canada Pension Plan*

The Government is gradually introducing changes to the Canada Pension Plan from 2011 to 2016.

These changes include:

- The monthly CPP pension amount will increase by a larger percentage if you take it after age 65
- The monthly CPP pension amount will decrease by a larger percentage if you take it before age 65
- If you are under age 65 and you work while receiving your CPP pension, you and your employer will have to make CPP contributions. These contributions will increase your CPP retirement benefits
- If you are age 65 to 70 and you work while receiving your CPP pension, you can choose to make CPP contributions. These contributions will increase your CPP retirement benefit.
- You will be able to begin receiving your CPP retirement pension as early as age 60 without any work interruption.

**Please refer to the Service Canada website for updates on these changes and the effective dates.**

**<http://www.servicecanada.gc.ca/eng/isp/pub/factsheets/posttrben.shtml>**

## Old Age Security

### *Eligibility*

You may be eligible for Old Age Security (OAS) pension at age 65. Your OAS pension depends on how long you have lived in Canada. For example, in 2011, if you lived in Canada from the age of 18, at 65 you would receive about \$524 per month.

Your OAS pension will be reduced if your annual taxable income exceeds a limit (in 2011, \$67,668). Your OAS is reduced by 15 cents for every dollar of taxable income above this limit. For example, in 2011, if your taxable income is \$109,607 or more, your OAS pension will be reduced to nil.

Each quarter your OAS pension is increased to reflect any increase in the cost of living as measured by the Consumer Price Index.

OAS pension income is taxable income. You will need to complete a tax form and return it to Service Canada to request that income tax be withheld from your monthly payment.

### *Applying for Benefits*

You should apply for OAS up to six months before your 65<sup>th</sup> birthday. To apply you must complete an application form and return it to Service Canada along with other required documentation. Application kits can be printed from the Service Canada website or requested by phone (see prior page for Service Canada contact information).

## Other Benefits for Low-Income Seniors

The **Guaranteed Income Supplement** provides additional money, on top of the Old Age Security pension, to low-income seniors living in Canada. In general, to be eligible for the GIS benefit, you must be receiving the Old Age Security pension and meet certain income requirements (in 2010, single income less than \$15,888 or combined family income less than \$38,112).

The **Allowance** provides money for low-income seniors (in 2011, combined income less than \$29,376) who are 60 to 64 years old and whose spouse receives or is entitled to receive the Old Age Security pension and the Guaranteed Income Supplement.

If you think you may be eligible for either the Guaranteed Income Supplement or the Allowance please contact Service Canada directly (see prior page for Service Canada contact information)

## Ontario Drug Benefit Program

Ontario residents aged 65 years and older with valid Ontario Health Insurance (OHIP) may be eligible for drug coverage under the Ontario Drug Benefit (ODB) Program.

If you are eligible for this coverage and Post Retirement Benefits from Western please note that the ODB Program will be the first payor.

### *Contact:*

**Ontario Ministry of  
Health and Long-Term Care**  
1-888-405-0405

Email:  
seniors.copayment@resolvecorporation.com

<http://www.health.gov.on.ca>

## POST-RETIREMENT BENEFITS

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### Extended Health, Vision Care & Dental coverage

Upon retirement, you and your eligible dependents may be eligible for post-retirement benefits. These post-retirement benefits may include **Extended Health, Vision Care & Dental coverage** and are subject to the collective agreement/association policy in place at the time of your retirement. For information on post-retirement benefits including eligibility rules, consult your collective agreement or association policy, your Benefit Plans booklet on the HR website or contact the Human Resources Communication Centre at ext. 82194.

#### *Manulife Card*

After your retirement, you will receive a new MANULIFE FINANCIAL card which will reflect your retiree status. Your new card will arrive in the mail within a few weeks of your retirement. Please wait for the new card before submitting claims after your retirement date. Any old cards you may have had prior to your retirement should be discarded as they will no longer be valid.

#### *Ontario Drug Benefit Program*

Please review the ODB comments on page 18.

#### *Future Changes*

Please note that any Government health benefits which are reduced or eliminated will not be covered by the University post-retirement benefits. For example, deductibles and dispensing fees applicable to the Ontario Drug Benefit Program for individuals age 65 and over are not covered by the University benefits.

#### *Out of Country Travel Medical Coverage*

Eligible retired members who are Out-of-Canada residents will continue some health and dental benefits. Please contact the Human Resources Communication Centre at ext. 82194 for the most recent information on Out-of-Canada resident status.

### Life Insurance Coverage

Upon retirement, your Life Insurance coverage ceases. You may be eligible for a Retirement Death Benefit *equal to the lesser of*: 50% of the Basic Life Insurance in place immediately prior to your retirement or \$15,000. You will be required to complete a RETIREMENT DEATH BENEFIT APPLICATION indicating your beneficiary. Please note that you will receive an annual tax information slip as a portion of the premiums paid by the University are considered a taxable benefit.

You have the option to convert the remainder of your life insurance up to a maximum of \$200,000 to a private policy without providing medical evidence of good health provided you apply for and pay premiums within one calendar month after your retirement date. If you wish to convert your life insurance, please contact the Human Resources Communication Centre at ext. 82194 before you retire.

## UNIVERSITY FACILITIES, SERVICES and OTHER BENEFITS

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### University Retirement Gift

Upon retirement, you may be eligible for a retirement gift. Your gift should be of lasting value and appropriate for you to remember your years at Western. If eligible, you will receive a letter indicating the value of your gift approximately two months prior to your official retirement date. You may have your Department Administrator arrange the purchase of a gift (with your input) or you may purchase the gift yourself and request reimbursement through the Human Resources Communication Centre.



### Recreation Facilities

Your Western ID card allows you to continue to enjoy access to the university recreation facilities. Retirees pay a reduced membership fee for sports and recreation facility use. More information may be obtained from the U.C.C. Administration.

### Library Privileges

Faculty, librarians and archivists who have Emeritus/a status will automatically be set up with ongoing library privileges. Staff members need to advise the Library that they have retired to update the status on their library record.

### Parking Permit

Retired staff, faculty, librarians and archivists can apply to the Parking Office for a complimentary retiree permit which authorizes parking in:

- the Alumni Thompson lot at any time (as space permits);
- any metered parking including the pay and display areas (as space permits); and
- any core or perimeter parking lot (Monday to Friday - 4pm-7am; all day Saturday, Sunday, Statutory Holidays).

Bring your current transponder to the Parking office (Room 4150, Support Services Building) and it will be exchanged for a retiree transponder. If you do not have a current permit, then a deposit will be required on a retiree transponder.

If you have any questions, please contact Western Parking and Visitor Services at 519-661-3973 or [parking@uwo.ca](mailto:parking@uwo.ca).

## OTHER BENEFITS for FACULTY

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### Emeritus/a Status

Retiring academic members will be contacted by the Office of their Dean or University Librarian in the spring immediately before retirement becomes effective with information on acceptance of Emeritus/a status at Convocation. Information on eligibility for, and privileges of, Emeritus/a status can be obtained from the Office of the Dean/University Librarian or the Office of Faculty Relations website [www.uwo.ca/pvp/facultyrelations/index.html](http://www.uwo.ca/pvp/facultyrelations/index.html).



### Retired Academic Group

The Retired Academic Group is a social organization of retired Western faculty members and their spouses, without membership formalities or fees.

The group organises a monthly lecture series during the academic year with diverse guest speakers from retired faculty, active faculty and the community. The lectures are held on the third Friday of each month.

For more information including schedule and location details, please visit their website at [www.uworag.com](http://www.uworag.com) or contact Human Resources at 661-2111 ext. 82194.

### E-mail Privileges for Academic Staff

Retired academic members who have Emeritus/a status may continue to enjoy access to free university **e-mail services**. For more information, please contact Information Technology Services at extension 83800 or visit their website at [www.uwo.ca/its/index.html](http://www.uwo.ca/its/index.html)

## CONTACT INFORMATION

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Human Resource Services  
Room 5100, Support Services Building  
519-661-2111 ext. 82194  
[www.uwo.ca/hr](http://www.uwo.ca/hr)

Pension Consultants:

Bekki Ollson 519-661-2111 extension 84745  
Cara Bourdeau 519-661-2111 extension 85566

Post-retirement Benefit Inquiries: 519-661-2194 or ext. 82194

## PRIVACY STATEMENT

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The University of Western Ontario is committed to the protection of personal information that is held by the University.

Personal information refers to any information that identifies a specific individual. It includes, but is not restricted to, basic data such as name, address, gender, age and marital status, as well as health information, education, employment history and financial data. Business contact information of an employee (business address, telephone number and title) is not considered personal information.

The collection, use and disclosure of certain personal information are essential for accurate administration of pension plan and retirement benefits. Human Resources collects personal information including date of birth, social insurance number, marital status, earnings, beneficiary designation, bank accounts and investment decisions, and uses this information to determine retirement plan entitlements. The information that Human Resources collects is stored electronically, with server access password protected, and in paper form, with files secured in the Human Resources office.

This personal information may be disclosed to one or more external service providers, including but not limited to: Manulife, Northern Trust, ACS Buck Consultants and Towers Perrin. Your name and home address is also disclosed to the United Way of London and Middlesex County in order to support Western's United Way fundraising campaign.

All information disclosed to the aforementioned third parties is protected through confidentiality agreements that restrict the uses of the information and require security safeguards.

You have the right to withhold this personal information and/or request that it not be disclosed to third parties. If you object to the use and disclosure of your personal information or if you have any questions or concerns regarding the collection, use, disclosure and/or maintenance of this information, please contact Human Resources at [hr-communication@uwo.ca](mailto:hr-communication@uwo.ca) or 519-661-2194. Unless notified in writing, the University of Western Ontario will use your personal information in order to administer your compensation and Group Benefit Plans.

## RETIREMENT CHECKLIST

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At least 2 years prior to retirement

- Met with Pension Consultant
- Met with personal financial advisor (if applicable)
- Attended the full-day Financial & Pre-Retirement Planning Workshop (can attend once only). Register at [www.uwo.ca/hr](http://www.uwo.ca/hr)
- Obtained a projection of my retirement income
- Confirmed post-retirement benefit eligibility (if applicable)
- Set my retirement date

At least 1 year prior to retirement

- Faculty, Librarian, Archivists: Provided **written** notice of retirement to my Dean, (if eligible for post-retirement benefits, retirement date of June 30 or July 1 required)

6 months prior to retirement

- Met with Pension Consultant, include spouse, if applicable
- Applied for Canada Pension Plan / Old Age Security benefits (if applicable)
- Staff: Provided **written** notice of retirement to my Dean, Budget Unit Head or designate (refer to your collective agreement or policy for period of notice required)
- Provided copy of notice of retirement to Pension Consultant
- Staff: in consultation with department develop a plan for unused vacation
- Faculty, Librarians, Archivists: Advised Dean/University Librarian re: Emeritus/a status and Convocation

2 to 3 months prior to retirement

- Completed forms for retirement income option(s)
- Completed death benefit certificate beneficiary form (if applicable)
- Purchased retirement gift (if eligible) and provided original receipt to Human Resources

1 month prior to retirement

- Applied to Parking Office for retiree parking permit
- Staff: advised library to change status to "retiree" on library record
- Returned keys, etc. to department

1 month after retirement

- Contacted Manulife within 31 days of retirement date to convert life insurance into a private policy (if applicable)
- Received my new benefit card(s) if applicable from Manulife
- Advised pharmacy and dentist of change in benefit group policy #

Ongoing

- Advise Western Human Resources of change of address, if applicable