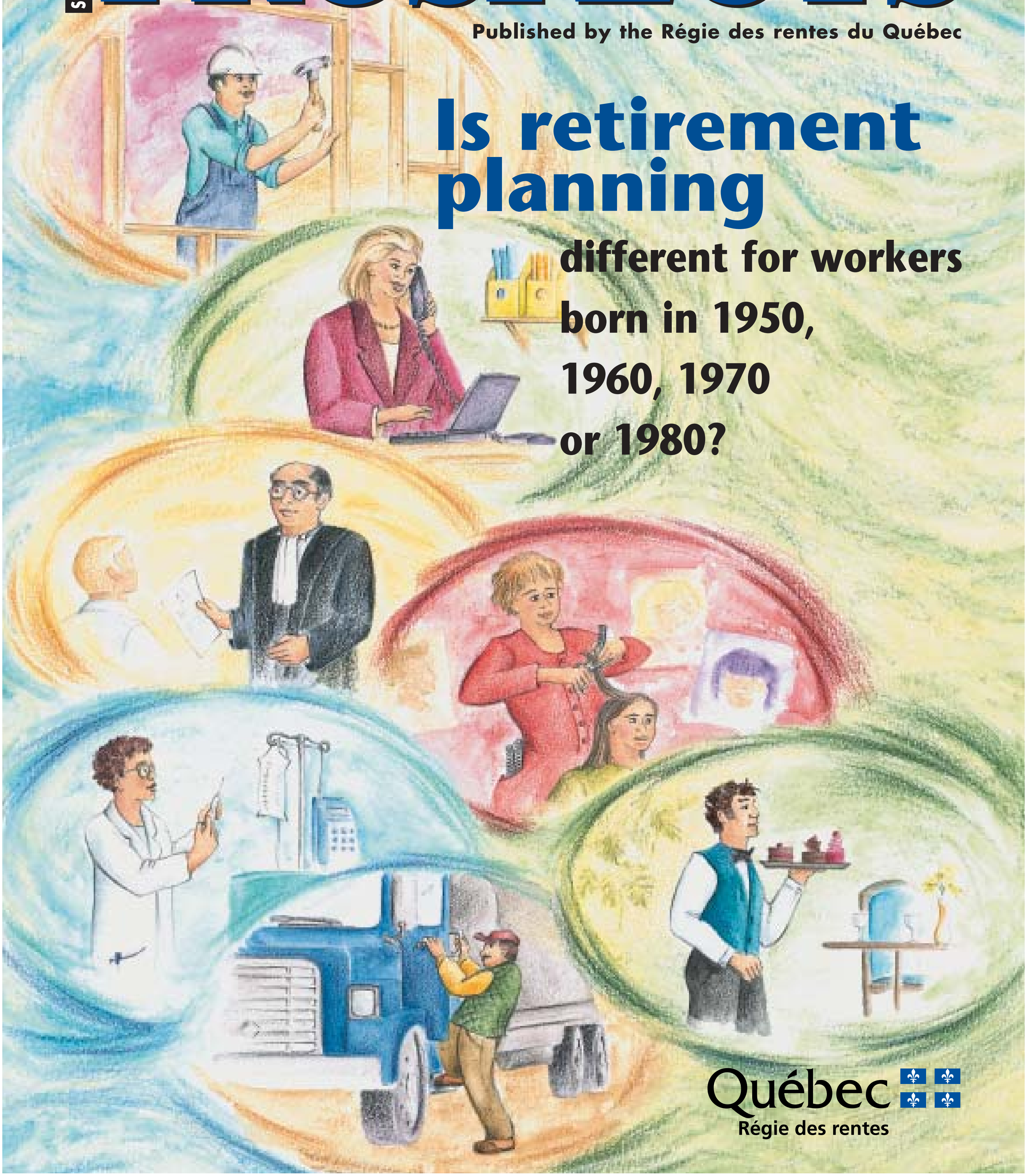
September 2001

PROSPECTS

Published by the Régie des rentes du Québec

Is retirement planning different for workers born in 1950, 1960, 1970 or 1980?



Québec
Régie des rentes

RETIREMENT PLANNING

Does it make a difference whether you were born in *1950, 1960, 1970 or 1980?*

Whether you are a baby-boomer, a child of the sixties or seventies or a new worker of the third millennium, we are all in the same boat when it comes to retirement planning. And the name of the vessel is savings.

Whatever the economic booms, recessions and recoveries that have marked the generations over the past fifty years, the logic of preparing for retirement is the same in 2001 as it was in 1970. It is based on 3 sources of income that will make sure you are comfortable during your retirement years: 1. the federal Old Age Security Pension (OASP), 2. the Québec Pension Plan (QPP) and 3. supplemental pension plans, RRSPs and other savings.

Basic principles, but no wall-to-wall solutions

A three-tiered plan for your retirement building is good for all generations of Quebeckers. However, what has changed over the years is the cost-benefit equation for retirement, and we all have to take that into account. For the Québec Pension Plan in particular, one of the biggest changes is the increase in contributions as a result of an aging population.

The current work world puts us all in a position of having to be more responsible as individuals for preparing our retirement. An increasing number of people are now and will in future be self-employed or contract workers with few fringe benefits.

While many economic and social characteristics change over the years, the variety of different life paths remains the same. There is no more a wall-to-wall solution now than there ever was for preparing for retirement. Whatever our age, we are all vulnerable to divorce, widowhood, illness, disability, responsibility for children or handicapped persons and unemployment. These events and factors, which may affect us at different stages in our lives, have an impact on our needs, our ability to put money aside and our retirement income. We have to take time to think about it.

Family album

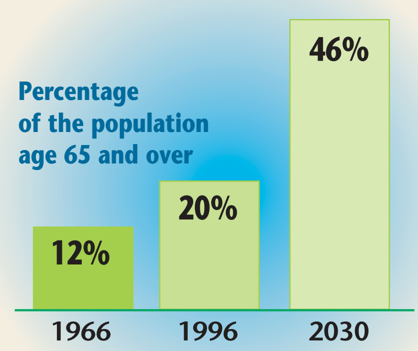
The seven profiles sketched out on pages 4 to 10 present life paths that have been influenced by different decades and personal events. In them, we may recognize people like ourselves. The baby-boomer who thought that her retirement was untouchable, the wise construction worker, the spendthrift lawyer or the enlightened self-employed worker may be you.

These different portraits give us food for thought and useful suggestions for retirement planning. There are two major lessons: it is never too early to begin retirement planning and it is never too late to improve on it. Consistent saving is the key to success.

Changes in the Québec Pension Plan
A MATTER OF EQUITY

In 1966, when the Québec Pension Plan was created, the contribution rate was 3,6% of a worker's salary; 1,8% was paid by the contributor and 1,8% by the employer. At that time, Québec had 1 retiree for every 8 workers. But in the following decades, there was a considerable drop in the birth rate and an increase in life expectancy. Analysts predicted that if the trend continued, the pension reserve would run out by 2006. In 1997, the Québec government reviewed Plan funding with a view to fairness between generations and the long-term viability of the system. A new contribution rate was introduced that will reach 9,9% in 2003.

Although the number of retirees will increase in Québec until about 2030, the rate of employment income replacement under the Québec Pension Plan will remain at 25% for the maximum pensionable earnings, which is 38 300 $ in 2001.



Should I retire at age 65, 60 or 55?

You dream of retiring at age 55, but you are not sure whether it is realistic. Your dream may be easier to achieve than you think, if you have stuck to your savings objectives, that is, "if saving has been part of your lifestyle from early on and you have clearly defined what your financial needs at retirement will be," says Claude Maheu, an analyst in the Service de l'évaluation at the Régie des rentes du Québec.

Generally speaking, you need about 70% of your employment income to have a comfortable retirement. Given that, if you begin saving at age 30 and have an annual salary of 40 000 $, you will have 70% of your employment income at age 55 if you set aside 18% of your income every year. "That's a lot, says Mr. Maheu. That percentage is twice the average annual retirement savings rate of Quebeckers, which is about 9%."

Some people will accept a lower retirement income to make their dream easier to reach, for example, by planning for an income replacement rate of 50% or 55% of their salary, the analyst explains. In that case, with the same initial income of 40 000 $, the annual retirement savings rate needed to reach your goal would be about 11%. These figures are based on a 6% rate of return, an inflation rate of 2,5% and an annual salary increase of 3%.

Estimating your financial needs for retirement is a very personal issue, Mr. Maheu explains. "For some households or individuals, 50% or 60% of their former income is sufficient, while other people need more than 70%. It all depends on your spending habits and the changes you may make in your budget after retirement, for example, in expenses related to mortgages, education, leisure activities and debt repayment."

Defining your financial needs for retirement

Draw up an approximate budget based on your current net income and adjust it to the realities that will change as you grow older and stop working.

Expenses	Eliminated	Decreased	Stable	Increased
Social and recreational activities				✔
Food		✔		
Contributions to a supplemental pension plan	✔			
Contributions to the Québec Pension Plan	✔			
Professional dues	✔			
Union dues	✔			
Vehicle maintenance			✔	
Transportation costs		✔		
Travel costs				✔
Income tax		✔		
Housing			✔	
Employment insurance premiums	✔			
RRSPs	✔			
Health care				✔
Clothing		✔		

Estimating your retirement income

Calculate the benefits you expect to receive from public plans (Québec Pension Plan, federal Old Age Security Plan) and the income from RRSPs and from your supplemental pension plan and other savings, as the case may be.

Annual average employment income*	QPP**	OASP***	GIS***	Annual total	Income replacement rate before tax
15 000 $	3 750 $	5 239 $	4 351 $	13 340 $	89%
20 000 $	5 000 $	5 239 $	3 726 $	13 965 $	70%
25 000 $	6 250 $	5 239 $	3 101 $	14 590 $	58%
30 000 $	7 500 $	5 239 $	2 476 $	15 215 $	51%
35 000 $	8 750 $	5 239 $	1 851 $	15 840 $	45%
40 000 $	9 300 $	5 239 $	1 576 $	16 115 $	40%
45 000 $	9 300 $	5 239 $	1 576 $	16 115 $	36%
50 000 $	9 300 $	5 239 $	1 576 $	16 115 $	32%

* *Average income in today's dollars, increasing annually at the same rate as the maximum pensionable earnings under the Québec Pension Plan.*
** *Retirement pension beginning at age 65 in 2001 (the annual maximum is 9 300 $).*
*** *Annual amounts based on the amounts payable from July to September 2001. The guaranteed income supplement (GIS) is exempt from income tax. The amount of the GIS payable is calculated as though the person had no other income than the OASP and a retirement pension under the QPP.*

CONSTRUCTION WORKER BORN IN 1950

Great oaks from little acorns grow

Simon has worked all his life on construction. In 1972, like many other people, he gave in to the temptation to go to James Bay where he spent five years on a mega-construction site.

"Those years were crazy, very very lucrative, but I didn't save much, says the carpenter. I spent my money as I earned it. Fortunately, my employers were smarter than I was, he adds. I am going to be able to stop working soon, but only because of the contributions made to the complementary social benefits plan in the construction industry and to the Québec Pension Plan."

In Simon's field of work, periods of employment are like a roller-coaster. There are large-scale construction projects and seasonal jobs… followed by long months of unemployment. Simon has been through it all. "At age 30, thanks to my wife Sylvie's wisdom, I understood that in my field of work, you have to put money aside. But it certainly didn't come naturally!"

When the construction industry was doing well, Simon's income was quite high. "Some summers, I earned 40 000 $ working like a maniac. But the rest of the year, we lived off a few small contracts and unemployment benefits." Beginning in 1980, Simon and Sylvie deposited whatever they could save into RRSPs, in some years as much as 3 100 $. They dreamt of spending their retirement years in Florida.

However, life turned in another direction. Sylvie died at 48 years of age, in 1998. Since she had worked for nearly 30 years as a salesperson in a store, she had not participated in any pension plan, but she had contributed to the Québec Pension Plan. Her contributions were interrupted for only 6 years when her children were small.

Sylvie's death was very difficult for Simon. He was advised to make some life changes and to gradually reduce his work hours. When he consulted an accountant to examine his financial situation, he was pleasantly surprised. With the surviving spouse's pension that he received, he could take early retirement at age 55 under his supplemental pension plan, as he met the requirements for doing so.

Simon's retirement at age 55 in 2005

Income in:	2005	2010	2015
OASP	0	0	7 400 $
QPP (surviving spouse's and retirement pensions)	6 700 $	9 100 $	10 300 $
Supplemental pension plan	12 800 $	13 900 $	15 200 $
RRSP	5 000 $	5 000 $	5 000 $
Total	24 500 $	28 000 $	37 900 $
Income in today's $	22 200 $	22 400 $	26 800 $

Conclusion

"Obviously, this unexpected security cannot console me for the sorrow of losing Sylvie so early," Simon concludes. "But at least I can give my passions for organic gardening and ham radio free rein without jeopardizing my comfort."

YOUR LOW-INCOME YEARS

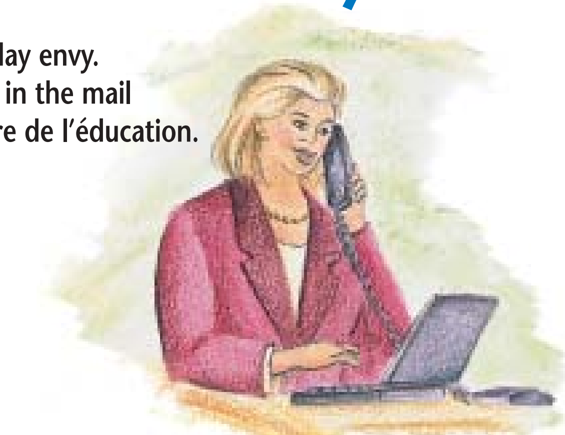
Did you stop working while you had young children? Were you unemployed or earning very little for certain periods?

The way the Québec Pension Plan calculates your benefits is to your advantage. The months during which you received a family allowance or Child Tax Benefit for a child under age 7 can be excluded from your overall earnings. In addition, 15% of the lowest-earning months in your contributory period are also excluded.

SOCIOLOGIST, BORN IN 1950

Unforeseen circumstances, even for baby-boomers

Brigitte is part of a generation that young people today envy. At 25 years of age, her diploma had not even arrived in the mail before she was asked to join the team at the Ministère de l'éducation.



"My hippie looks, my long gypsy skirt and my clogs didn't seem to bother my first employers," laughs Brigitte.

In her first year at the ministry of education, Brigitte earned 9 400 $.

Security by accident

In 1975, when Brigitte began working in the public service, it was the system that prepared for her old age. Right from the start, her employer deducted 5,3% of her salary and made contributions to the Government and Public Employees Retirement Plan. When Brigitte begins receiving a retirement pension, the employer's contributions will account for 50% of her pension. Without really seeing the usefulness of doing so, Brigitte was accumulating retirement benefits. An additional 4,64 $ in contributions to the Québec Pension Plan was deducted from her pay cheque.

At 40 years of age, in 1990, Brigitte was earning 45 000 $ a year. She had 2 teenagers, 14 and 15 years old, and a husband, Paul, who suddenly decided to leave her.

The rules governing the partition of earnings crushed her dream of quitting her job at age 55. Paul earned less than Brigitte during their years of marriage, he did not pay into any pension plan and never bought any RRSPs. "I discovered that I had to share my pension plans and that in spite of my career in the government, my future was not very bright,"she recalls. "I realized that instead of accumulating 1 100 $ a month in the RREGOP, I had only 550 $ a month left, and that my pension under the QPP would drop from 675 $ to 500 $ a month at age 60."

After her divorce in 1990, Brigitte took action to turn the situation around, making the maximum contributions for which she was eligible to an RRSP. By contributing about 2 900 $ a year for 11 years, Brigitte has accumulated 43 400 $ in her RRSP portfolio.

Brigitte's retirement at age 55, in 2005.

Income in:	2005	2010	2015
OASP	0	0	7 400 $
QPP	0	6 000 $	6 800 $
RREGOP	26 000 $	26 700 $	16 900 $ *
RRSP	16 000 $	0	0
TOTAL	42 000 $	32 700 $	31 000 $
INCOME IN TODAY'S $	38 000 $	26 000 $	22 000 $
INCOME REPLACEMENT RATE	54%	46%	44%

** Pension reduced because the 2 pension plans are coordinated.*

Conclusion

Brigitte believes that realistically, she will have to wait until 60 years of age to stop working. In 1990, she calculated that she would need at least 42 000 $ a year (55 000 $ in today's dollars) to maintain her standard of living after retirement. To increase her employment income replacement rate from 54% to 70%, Brigitte will have to save an additional 2 700 $ a year.

WHEN PENSIONABLE EARNINGS ARE PARTITIONED

SEPARATION OR DIVORCE

After a divorce or legal separation, the Régie des rentes du Québec carries out partition of the earnings on which both former spouses made contributions to the Québec Pension Plan, if they have not explicitly renounced partition. The income recorded under their names for all the years of marriage are added up and divided equally between them. Those earnings will then be used to calculate the amount of their benefits when they become eligible for a pension.

DE FACTO SPOUSES, SAME-SEX SPOUSES

The same procedure applies to de facto spouses if they have lived together for at least 3 years or if they have a child. The application for partition must be signed by both spouses. The same is true of same-sex spouses.

ANTICIPATING THE EFFECTS OF PARTITION

Before renouncing partition of the earnings recorded under the Québec Pension Plan, spouses can find out what the effects would be by applying to the Régie des rentes du Québec for a simulation of partition.

TECHNICIAN, BORN IN 1960

Generation X

Gisèle is a technician in urban forestry. The youngest of a family of 8 children, she is from the generation that discovered the perils of pollution and uncontrolled economic development at the same time as the oil crisis.

When she was choosing a career, the Quiet Revolution had begun losing speed and many university graduates were disenchanted. “We were very tempted to choose freedom over security,” says Gisèle, who chose to study forestry at a Cegep.

When she finished her program, in May 1978, Gisèle was hired by Jardind’Ville and was paid an honest salary of 1 500 $ a month, but with some years cut in half by seasonal unemployment. And of course, no company pension plan. From 1978 to 1990, her salary increased, but the only retirement savings she was making were to the Québec Pension Plan. Gisèle, who lived alone, did not feel she could afford to put money into an RRSP.

In 1990, Gisèle was invited to join an engineering consulting firm specialized in landscaping green spaces. As a project manager, her income increased significantly. She was earning 32 000 $ a year and best of all, had no more periods of seasonal unemployment! However, she still did not have a supplemental pension plan.

In 1995, Gisèle inherited 25 000 $ from her mother and she invested it in an old house that she began restoring. All was well until the winter of 2000 when her back problems forced her to give up her restoration project and sell her house for 40 000 $.

Gisèle, who lives alone, will earn 38 000 $ in 2001. Aware of the urgency of planning for retirement, she has decided to get an overview of her prospects for retirement and to review her retirement planning. Gisèle has just found out that she could put the profit from the sale of her house into an RRSP and take advantage of her unused deductions.

Gisèle’s retirement at age 65, in 2025

Income in:	2025
OASP	9 500 $
QPP	18 000 $
RRSP pension	14 500 $
TOTAL	42 000 $
INCOME IN TODAY’S $	23 200 $
INCOME REPLACEMENT RATE	54%

Conclusion

Faced with the prospect of a retirement income of barely 42 000 $ at age 65, that is, 23 200 $ in today’s dollars, Gisèle has decided to save 7% of her salary each year. By investing 2 700 $ a year from now on, she will increase her income replacement rate from 54% to 70%.

THE IMPORTANCE OF RRSPs

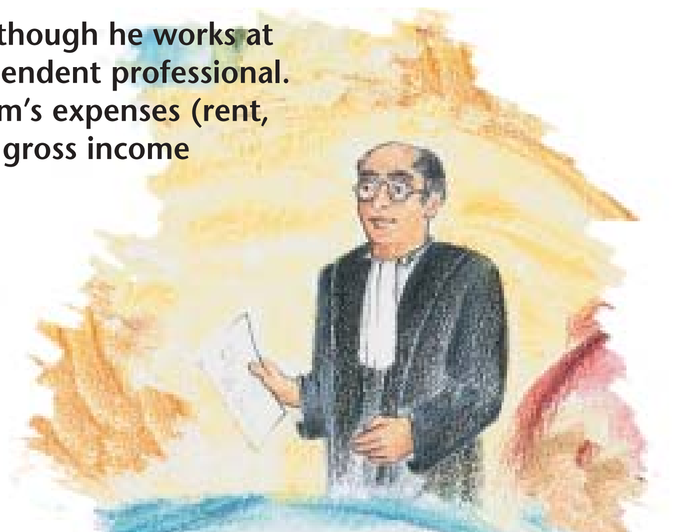
RRSPs should be part of any financial planning for retirement. They are especially important for people who do not participate in a supplemental pension plan.

There are 2 main advantages to them. Up to a limit set by law (18% of earnings, for a maximum of 13 500 $), annual contributions are entirely deductible from your taxable income. And what is more, the interest, dividends and capital gains accumulate without being subject to income tax.

LAWYER, BORN IN 1960

High income = comfortable retirement?

Frédéric Rivéri is a well-known lawyer. Although he works at a legal firm, his status is that of an independent professional. In 2000, after he paid his share of the firm's expenses (rent, administration, secretarial fees, etc.), his gross income was 120 000 $.



Every week, his picture is in the newspaper. His cases always get a lot of media attention. He lives expensively. He goes well beyond his credit limits. Every year he invests in high-risk sectors. He often makes profits, but sometimes he loses a lot of money. Frédéric is a fighter and seems convinced that his high income will guarantee him a gold-plated retirement. But there is nothing less certain.

Last year, one of his colleagues died suddenly at 55 years of age. Six months later, his widow, Aline, had to go back to work to make ends meet. "I can't afford not to," she told Frédéric, who was amazed. "Richard had never looked carefully at the numbers."

The seeds of doubt were sown. Bare survival? Is that what he would be faced with in 15 years time? Would his wife Françoise, 10 years younger than he, find herself in need, like Aline?

While preparing a case, his mind was filled with images that have nothing to do with it. First, the eyes of his financial planner when he decided five years earlier to invest over 60% of his assets in stocks in developing countries. Then, the pile of credit card statements he receives each month.

He made an urgent appointment with a financial planner. He arrived with his latest income tax returns, his investment and credit statements and his statement of participation in the Québec Pension Plan. A balance sheet was drawn up. Assets: 500 000 $ in investments, three-quarters of which are high-risk, 150 000 $ in the legal firm and a home assessed at 250 000 $. Liabilities: 200 000 $ mortgage on the house and 150 000 $ on vehicles and various credit cards. Net assets: 550 000 $.

"What are my retirement prospects?" he asked his financial planner. "Well, you have to take the necessary steps right now," he answered, that is:

- Pay off your debts as quickly as possible;
- Diversify your portfolio;
- Set up a reserve fund for unexpected circumstances;
- Contribute the maximum amount to an RRSP each year and take advantage of the unused contributions you are allowed to make.

Frédéric's retirement at age 65, in 2025

Income in:	2025
OASP	9 500 $
QPP	18 000 $
RRSP AND OTHER INVESTMENTS	112 000 $
TOTAL	139 500 $
INCOME IN TODAY'S $	77 000 $
INCOME REPLACEMENT RATE	57%

Conclusion

"Sometimes things happen that open up your eyes," states Frédéric. "The death of someone close to you is one of those things." It will be practically impossible for Frédéric to retire at age 55 with 70% of his former income. To do so, he would have to invest 25% of his employment income in addition to buying RRSPs.

SELF-EMPLOYED WORKER, BORN IN 1970

Wind in her sails, feet on the ground

Rolande was born in Haiti and arrived in Québec when she was 2 years old to join her uncle, a professor of literature. When she was small, she wrote to her mother, who had stayed in Port-au-Prince to describe her first figure eights on skates, to talk to her about her favorite TV programs and to tell her she loved her.

She put aside her pen the day she switched to the keyboard on her first computer. It was 1985. A few years later at university, she gravitated naturally towards journalism. However, although her professors believed that journalism could only be practiced as an employee in a news organization, she knew well that that was not for her. Encouraged at a young age to develop a critical mind, she had understood the message: "Create your own job if you want to do what you love, in your own way."

After her B.A., in 1994, she turned directly to freelance journalism. First, she covered a story on Haiti, which she sold to a magazine for 500 $. Then, more and more requests kept coming, to the point that by 1997, after deducting professional dues, she was earning 30 000 $. In early 1998, after she had calculated her expenses and income tax, she found she had a 5 000 $ surplus. "Great! Another trip to Haiti? No, I have to plan for the future. Plan for motherhood without any paid maternity leave. Plan in case of illness, without any paid sick leave. Plan for the possibility of unemployment without any employment insurance benefits."

Right away Rolande met with a financial adviser at her banking institution. She invested 2 500 $ in an RRSP for 1997 and the rest for the current year. Since she filed her first income tax return, she has been making her required contributions to the Québec Pension Plan.

CONTRIBUTIONS BY SELF-EMPLOYED WORKERS

Self-employed workers must pay the entire contribution to the Québec Pension Plan by themselves, that is, the employer's and the employee's portions. In 2001, the rate is 8,6% and the maximum contribution for self-employed workers is 2 993 $ for pensionable earnings of 38 300 $. The basic exemption is 3 500 $, so the maximum earnings on which a worker can contribute is 34 800 $. When workers file their income tax return, they are entitled to a tax credit for half of their contributions and a tax deduction for the other half.

Expecting a baby

In 2001, Rolande is expecting a baby and she needs to make new financial plans. She knows that during her pregnancy and the first 2 years of the baby's life, her income will decrease. But she lives simply and she believes that she can get by on about 18 000 $ in income. To do so, she will continue to make 2 or 3 contributions a month to magazines.

While her baby is small, of course she will not be saving for retirement! But the years go by so quickly. Rolande plans to go back to full-time work with an income of about 35 000 $ a year. She wonders how she will be able to make sure that she will have a decent income for the last decades of her life. So she draws up an overview of her retirement years and some prospects for them.

Rolande's retirement at age 65, in 2035

Income in:	2035
OASP	12 000 $
QPP	19 700 $
RRSPs	10 500 $
TOTAL	42 200 $
Income in today's $	18 200 $
Income replacement rate	49%

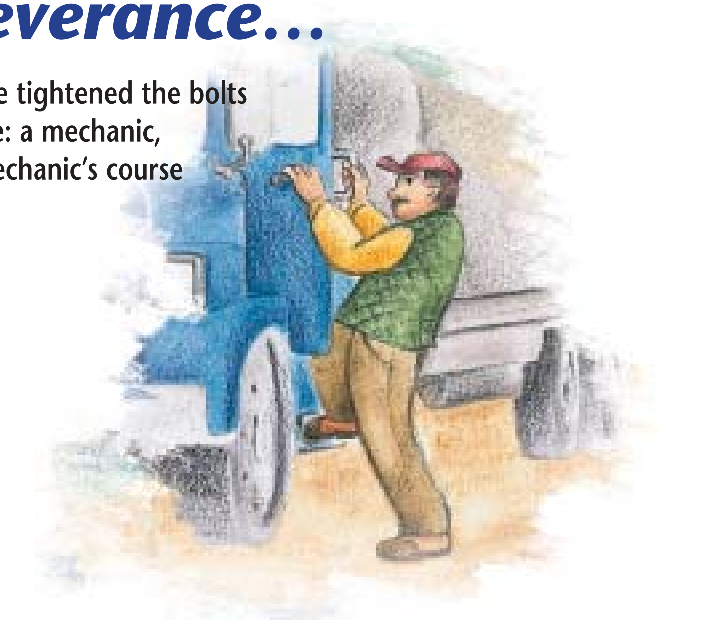
Conclusion

Rolande realizes that it is not realistic to retire at age 55 because she would have to save nearly 300 000 $, an enormous amount of money for her. She also realizes that when it comes to planning, although freedom is not necessarily synonymous with insecurity, lack of foresight always is.

MECHANIC, BORN IN 1970

Hard work and perseverance…

When William was only 2 and a half years old, he tightened the bolts on his stroller by himself. Guess what he became: a mechanic, of course. At 15 years old, he registered for a mechanic's course in high school.



At 17 years of age, in 1987, William got his first job as a mechanic's assistant in a garage that did work on trucks. His salary was 14 000 $. Six years later, in 1993, the small municipality of Westville offered him a job maintaining its vehicles. His salary increased to 20 000 $ and he became a municipal employee. He had a supplemental pension plan to which he and his employer each contributed 3,1% of his salary. Those amounts will accumulate in an account until he retires. Each year, beginning in 1993, he invests 600 $ in an RRSP. "From doing mechanical work," William says, "I have learned the power of small gears that turn larger ones; the planner at my bank did not need to convince me that I had to begin contributing to an RRSP at 23 years of age."

In 2001, the young mechanic got married and he and his wife Lara decided to buy a house. With no available savings other than his RRSPs, he used the 6 000 $ he had accumulated in them as a down payment on a mortgage under the Home Buyers' Plan (HBP).

Walter, William's father, was very concerned about his son who had not pursued his education and whose wife wanted to stay at home to raise several children. "As long as he works, they'll be OK," he thought, "but how will they plan for a reasonable retirement?" Walter finally asked his son, who answered, "With my adviser, I have calculated that in 29 years, when I retire, I will have 48 000 $ a year to live on. And my house will be worth 200 000 $ in today's dollars," William explained. "Look at this table!"

The budget drawn up by William's financial adviser proposes that he retire at age 60 with a temporary pension from a life income fund (LIF). The amounts accumulated in a supplemental pension plan can be transferred into an LIF. During the first 5 years of retirement, William's and Lara's incomes will come mainly from personal savings, whereas at 65 years of age, public plans will take over.

LIFE INCOME FUNDS (LIFs)

A life income fund is a private registered retirement income fund (RRIF) into which you can transfer the amounts from your supplemental pension plan. It gives you a life income. What is more, since 1 January 1998, you can also draw a temporary income if you meet certain conditions. The income cannot exceed 40% of the maximum pensionable earnings for the year in question, that is, 15 320 $ in 2001. The amounts deposited are subject to income tax.

William's retirement at age 60, in 2030

Income in:	2030	2035	
		WILLIAM	LARA
OASP	0	12 000 $	12 000 $
GIS	0	5 800 $	5 800 $
QPP	9 700 $	11 000 $	0
LIF			
- Temporary income	14 800 $	0	0
- Life income	6 500 $	6 500 $	0
RRSP	17 000 $	0	0
TOTAL	48 000 $	35 300 $	17 800 $
FAMILY INCOME		53 100 $	
INCOME IN TODAY'S $	23 500 $	22 900 $	
INCOME REPLACEMENT RATE	80%	89%	

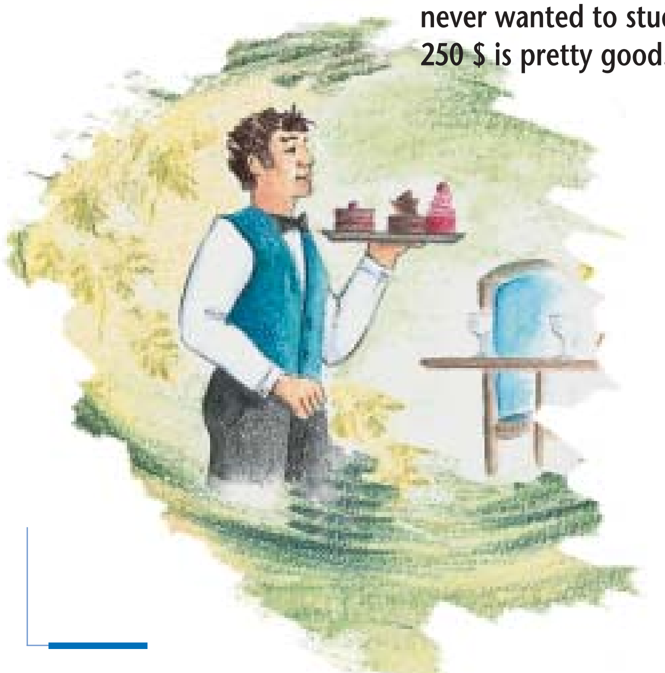
Conclusion

"But you'll have more than I will!" Walter exclaims when he sees his son's projections. Walter is now focusing his energy on his daughter, who is a rather extravagant professional.

WAITER, BORN IN 1980

What's on the retirement menu?

Samuel has been working in bars and restaurants since he was 16. He enjoys working with the public, the nightlife and his job as a waiter, which he considers relatively well-paid. "Considering that I never wanted to study," he says, "I find that a weekend when I earn 250 $ is pretty good."



The life of a café waiter has certain features that Samuel knows well. "First of all, to obtain a higher income and to break the monotony that we hate, we change jobs often. Secondly, there is a party culture in this line of work and our budgets have to provide for going out a lot. Finally, wages are relatively low and much of our income comes from tips."

Because of the nature of the job, wisdom and foresight are needed. Yes, even café waiters grow old some day. How can Samuel spend his career waiting in restaurants without neglecting retirement preparation? In the restaurant business there are neither pension plans nor group RRSPs, so he has to see to it himself. Currently, he is earning 40 000 $ a year, including tips. He invests 1 500 $ a year in RRSPs.

Samuel does not know whether he will need 50%, 60%, 70% or 80% of his income after retirement. However, he does want to know the savings rate he will need depending on whether he retires at age 60 or 65 according to different employment income replacement rates following retirement. The table below provides some information in that regard. For example, he will have to save 3,7% of his income every year in addition to what he is already putting into RRSPs to maintain a standard of living equal to 60% of his earnings.

Additional savings needed according to his income

	Retirement at age 60	Retirement at age 65
Projected income replacement rate	Savings rate	Savings rate
50%	2%	0%
60%	3,7%	1,2%
70%	5,5%	2,5%
80%	7,2%	3,8%

Conclusion

Some jobs will always exist. Serving tables in restaurants is one of them. The fact that they are associated with a lack of job security often hides the savings potential of very high-earning periods. Then, more than at any other time, retirement planning requires steadfastness.

When should you retire?

AT AGE 55

EARLY OR PHASED RETIREMENT

Salaried workers living in Québec can take advantage of measures that can help them reduce their work hours or retire early. Various means, established in collaboration with the employer, make it possible to maintain a sufficient income level and to continue participating in a pension plan.

AT AGE 60

REDUCED PENSION PLAN (QPP)

You can also receive your retirement pension at age 60, but the amount will be lower than if you waited until normal retirement age, at 65. It is reduced by 1/2% for each month remaining before your 65th birthday, but by no more than 30%. The maximum amount is 542 $ a month in 2001.

AT AGE 65

NORMAL RETIREMENT AGE (QPP)

The maximum monthly amount of a retirement pension under the Québec Pension Plan is 775 $ in 2001. Payments vary according to the number of years of contributions and the earnings recorded under the Québec Pension Plan.

AFTER AGE 65

INCREASED RETIREMENT PENSION (QPP)

If you begin receiving your retirement pension after your 65th birthday, the amount will be increased by 1/2% for each month between your 65th birthday and the first payment of your retirement pension. However, your retirement pension will not be increased by more than 30%, that is, if you retire later than age 70. The maximum amount is 1 007 $ a month in 2001.

Suggestion

Make sure that you have control over your financial situation now and that you have a good idea of your retirement needs. The Régie des rentes du Québec has a Guide to Financial Planning for Retirement to help you in your planning. To obtain a copy, see the back cover of this publication for the address and telephone number.

HOW TO REACH US

For questions concerning the Québec Pension Plan you can telephone the Régie des rentes du Québec at one of the following numbers:

Québec region	(418) 643-5185
Montréal region	(514) 873-2433
Toll-free	1 800 463-5185
Service for the hearing impaired (TDD/TTY users)	1 800 603-3540

By Internet http://www.rrq.gouv.qc.ca

By mail Régie des rentes du Québec
Case postale 5200
Québec (Québec) G1K 7S9

In person

- At one of our temporary offices in 60 towns in Québec. The Régie's visits are announced in the local newspapers.
- At one of our client services centres. The addresses are in the blue pages of your telephone directory.

Centres are in the following cities:

Chicoutimi
Drummondville
Hull
Montréal
Rimouski
Rouyn-Noranda
Sainte-Foy
Sherbrooke
Trois-Rivières

Québec
Régie des rentes

PROSPECTS

is published twice a year by the Direction des communications of the Régie des rentes du Québec.

Éditor
Claude Grégoire
Sylvie Lebreux
(Régie des rentes du Québec)

Coordination
Odette Dionne

Writers
Élaine Hémond
Claude Maheu

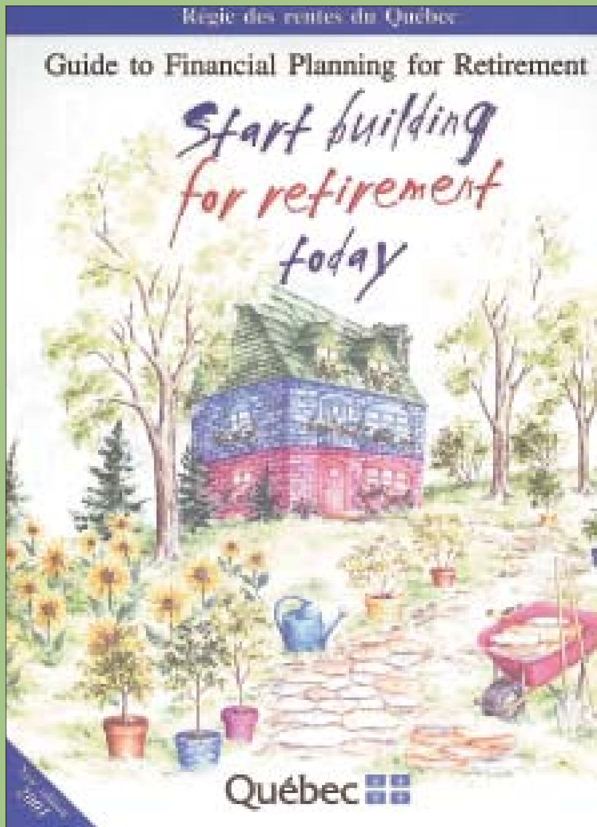
Translators
Mary Richardson,
Laura Sadowsky

Graphic design
Yvan Perron

Illustrations
Claire Gagnon

Printing
Imprimerie Canada

PROSPECTS
Direction des communications Régie des rentes du Québec
Case postale 5200 Québec G1K 7S9



To get your **free copy**

To order a copy of the Guide, simply contact the Régie by telephone, Internet or mail. You can also download a copy from our web site.

By telephone

Québec region	(418) 641-2129
Montréal region	(514) 861-7491
Toll-free	1 888 698-6788

By Internet

In French:
http://www.rrq.gouv.qc.ca/fr/doc/publ.htm
In English:
http://www.rrq.gouv.qc.ca/an/doc/publ.htm

By mail

Régie des rentes du Québec
Case postale 5200
Québec (Québec) G1K 7S9

Name

Address

City Postal code

French ○ English ○

Fill out this coupon and return it to the address shown above.

age 20

age 30

age 40 ...

Too young to be thinking about retirement?

It's never too soon to start thinking about it!

But there are so many issues to consider, you may say.

Where should I start?

How much retirement income will the Québec Pension Plan give me?

Should I invest more in RRSPs?

You will find the answers to these questions and more in a guide called

Retirement: Think about it Now!

Québec
Régie des rentes