

RECEIVE LESS MONEY... BUT FOR A LONGER TIME!

“Making room for the next generation...”

This phrase, heard everywhere, reflects a new reality. According to the statistics at the Régie des rentes du Québec, Quebecers stop working at an increasingly earlier age. Currently, three quarters of new Québec Pension Plan (QPP) beneficiaries are under 65 years of age and one third of them are only 60. Remember that a contributor is entitled to a retirement pension as soon as he or she turns 60.

Receiving a QPP retirement pension before you turn 65 means a reduction in your monthly amount. Thus, your pension will be reduced by 0,5% for each month between the month of your first payment and the month of your 65th birthday. For example, if you receive your pension as of your 60th birthday, the amount of the benefit that would have been paid to you at age 65 will be reduced by 30% (that is, 0,5% x 12 months x 5 years).

QUESTION : *Given this reduction, which will affect the amount of my payments for the rest of my life, is it advantageous to draw my QPP pension before age 65?*

Calculations show that it's a gamble.

A person who is entitled to the maximum annual pension of 8 842 \$ at age 65 would receive only 6 189 \$ at age 60. If this person lives until 80 years of age, he or she will receive a total of only 123 780 \$ as opposed to 132 625 \$ if he or she waits until age 65. These amounts, based on 1997 rates, are given for information purposes only and do not take into account annual indexation.

**A retirement pension:
an application is required!**

In 1997, talking about retirement leads to contradictory reactions. Some see heaven, others see hell but sensible people get out their calculators before reacting. Having a good life after retirement depends to a great extent on one's income.

INDIVIDUALIZED UNIVERSALITY

Eligibility for a QPP retirement pension is no mystery. Any person who has made contributions for at least one year is entitled to a retirement pension at age 65. But don't expect to hit the jackpot if you have only contributed to the Plan for a few years.

If, however, you have made maximum contributions for 85% of the years in your contributory period (which is generally from age 18 until you start receiving a pension), you will receive a full retirement pension. The maximum retirement pension payable at age 65 changes each year; in 1997 it is 8 842 \$.

The amount of a retirement pension is equal to 25% of the average monthly earnings on which you have contributed. If you are worried about the effect of any very low earnings that you have for certain years, remember that the Régie can exclude certain months in which your earnings were low or nil, such as periods of unemployment or part-time work.

Above all, don't forget that the key to receiving a QPP benefit is to apply for it. Application forms are available at the Régie des rentes du Québec, the offices of Communication-Québec and at caisses Desjardins.

QUÉBEC PENSION PLAN BENEFITS - 1997

RETIREMENT PENSION

Maximum monthly retirement pension (age 65): 736,81 \$

DISABILITY PENSION

Flat benefit: 330,46 \$

Maximum monthly disability pension: 883,07 \$

ORPHAN'S PENSION AND PENSION FOR A DISABLED PERSON'S CHILD

Monthly amount: 52,90 \$

SURVIVING SPOUSE'S PENSION MAXIMUM MONTHLY BENEFIT

Beneficiary under age 45

• without dependent children and not disabled: 360,94 \$

• with dependent children and not disabled: 583,14 \$

• disabled with or without dependent children: 606,76 \$

Beneficiary between 45 and 54: 606,76 \$

Beneficiary between 55 and 65: 675,89 \$

Beneficiary is over 65: 442,09 \$

DEATH BENEFIT

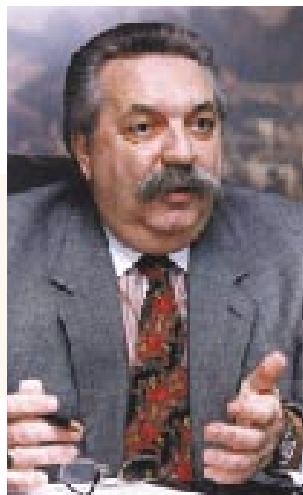
Maximum amount: 3 580,00 \$

Benefits indexed by 1,5% on 1 January 1997.

Interview with **MR. CLAUDE LEGAULT,**

President and General Manager of the Régie des rentes du Québec

COMBINING FAIRNESS, SOLIDARITY AND RESPONSABILITY



Clément Allard

Mr. Claude Legault, President and General Manager of the Régie des rentes du Québec, asks contributors to the Québec Pension Plan to fulfill their role as Plan shareholders. Contributors should base their retirement planning on, among other things, what they have already accumulated, using their Statements of Participation in the Plan for this purpose.

Worry? No. Be informed, understand and plan? Yes.

PROSPECTS: *Mr. Legault, can you assure all Quebecers that there will still be money in the Québec Pension Plan's fund when they retire?*

CLAUDE LEGAULT: Of course I can. It is a misunderstanding of the way in which the Plan works that makes many Quebecers fearful. As long as the Plan has contributors, benefits will be paid. Furthermore, a reform of the Plan that is now being prepared will adapt the Plan's financial workings to new demographic realities and will mean that much more money will be available. It will also be important to review the Plan's funding in the light of the growing number of retirees, which is rising more rapidly than the number of contributors.

P. What does the reform involve?

C. L. The reform project proposes several means to maintain the principles of fairness, solidarity and responsibility, which have been foremost since the Plan's inception. Among other things, we must ensure that the contribution rate rapidly becomes the same for the various generations of Quebecers. Once reached, a rate of 10% (split equally between workers and employers) will be maintained for a very long time.

We must pay for the full value of the Plan. We now have a retirement plan whose normal premium, based on actuarial analyses, should correspond to 10% of our pensionable employment earnings (up to a current maximum of 35 000 \$). But until now, we have paid only 6% of that amount. The Québec government has decided to rapidly take steps to correct the situation so as to avoid an eventual, excessive contribution rate of 14%.

P. When will the reform come into effect?

C. L. We expect it to be put into operation on 1 January 1998. The first step was the tabling of a working paper on the reform by Ms. Louise Harel, Minister of State for Employment and Solidarity. After that, about 40 persons and groups took part in parliamentary committee hearings that were held last fall. A broad consensus was reached on the

objectives and principles of the reform. The comments and recommendations are now being studied.

Later, there will be meetings of finance ministers from across Canada because the Canada Pension Plan (the equivalent in other provinces of the Québec Pension Plan) is also under review. The goal is to harmonize the two plans as much as possible so that manpower mobility will not be adversely affected.

In the meantime, on 1 January 1997, the contribution rate of the Québec Pension Plan rose from 5.6% to 6%, which is a step in the right direction, that is, toward the true cost of the Plan.

P. Why do you emphasize so much the responsibility that Plan contributors have?

C. L. Because each and every contributor must understand that the Québec Pension Plan is not intended to cover all the financial needs of retirees. It is a foundation. We estimate that the retirement pension paid under the Plan should replace about 25% of a worker's average career earnings. If we agree that a reasonable retirement income should be equivalent to 70% of previous employment income, we see that there is a large gap to be filled, that is, about 45% of employment income. Therefore, we suggest that Quebecers use their Statements of Participation in the Plan in determining the combination of retirement savings tools that they need. Such tools could certainly include company plans (supplemental pension plans and group RRSPs) but also individual RRSPs and other forms of savings.

P. Is each person's need to ensure his or her own financial security the only reason for obtaining a Statement of Participation in the Plan?

C. L. No. In addition to allowing a contributor to do his or her own calculations, the statement confirms with certainty that all contributions made have been recorded under his or her name and, sometimes, it reveals omissions and errors that should be corrected.

SHOULD WE FEAR THE QUÉBEC PENSION PLAN REFORM?

NO. The proposed reform includes preserving the Plan's main features:

- an income replacement rate of 25%;
- a normal retirement age of 65;
- the indexation of retirement pensions;
- the possibility of excluding 15% of the months or years in which earnings are low or nil. This means higher pension payments because the average of the remaining employment earnings is higher.

Another reason for retirement planning

UNIVERSALITY OF FEDERAL BENEFITS TO END

Beginning in 2001, the federal government's Old Age Security pension and Guaranteed Income Supplement will be replaced by a Seniors Benefit that will be aimed solely at people in need. You or your spouse may not be entitled to it. Plan accordingly when you make your calculations.



APPLY FOR YOUR STATEMENT AND USE IT AS A P

You are between 40 and 50 years of age. The prospect of retirement raises a number of questions in your mind, such as:

- Is it reasonable for me to think about retiring at age 55?
- How much RRSP income will I need when I am no longer working?
- How much should I be investing each year?
- How can I ensure that my spouse will have a decent income after I die?

A good way to get a clearer picture of your situation is to apply for your Statement of Participation in the Québec Pension Plan. It is a personalized document that gives a breakdown of the employment earnings on which you made contributions to the Plan and an estimate of the benefits that could be paid to you and your family.

WHAT IS THE PURPOSE OF THE STATEMENT OF PARTICIPATION?

It provides information, of course, but it is particularly useful to individuals for their financial planning. In order to properly plan for your retirement and to make the right decisions, you must have clear facts and figures. That is what the Régie des rentes du Québec can give you.

In concrete terms, the Statement of Participation gives you an estimate of the monthly pension that you would receive at age 65 if you continue to contribute to the Plan on earnings comparable to those already recorded under your name. It also shows you the disability benefits and survivors' benefits that would be payable based on the contributions recorded to date under your name. While obviously of crucial importance to people in their fifties, the Statement of Participation can be extremely useful to younger people, too.

Thinking about retirement does not make you grow older. On the contrary, it is uncertainty and unpleasant surprises that can give you grey hair. So, whatever your age may be, it is in your interest to apply for your Statement of Participation in the Québec Pension Plan.

Estimate of B		
Date issued		
Social insurance number		
Date of birth		
Retirement		
Age 6		
Accumulated amount		
Projected amount		
Accumulat		
The accumulated amount is the monthly pension that you v now recorded under your name, if you stop contributing to		
Projecte		
The projected amount is an estimate of the pension that contribute to the Plan until retirement at a rate correspon your name.		
Disabili		
Disability pension		
844 \$		
Survivo		
Surviving		
If your spouse were entitled to a surviving spouse's p receive. The amount, which varies according to age pension or a disability pension. You should also note when most people become entitled to an Old Age Secu		
Under 45		
Not disabled, no children	Not disabled, with children	Disabled, w or without children
341 \$	563 \$	587 \$
Death benefit (lump-sum payment)		
3 580 \$		

*This is an example of an actual case. The c
the Québec Pension Plan for the period fro*

STATEMENT OF PARTICIPATION PLANNING TOOL

Benefits
 : 5 January 1997
 : 5 October 1948

Pension
 : 448 \$
 : 685 \$

Amount
 you would receive at the age indicated, based only the earnings
 the Plan.

Amount
 you would receive at the age indicated if you continue to
 ding to the average of the earnings already recorded under

Spouse's Benefits
 Pension for a disabled person's child (until age 18)
 52,90 \$

Orphan's Benefits
 Orphan's pension (until age 18)
 52,90 \$

	45 to 54	55 to 64	65 or over
with at a			
	587 \$	656 \$	411 \$

Amounts shown are based on a person's participation in
 m 1966 to 1996, as shown on page 6.

Clément Allard



A personal account KNOWING THE FACTS ALLOWS YOU TO PLAN

“Hearing retirement discussed so often in my professional circle made me realize that I was perhaps not so far away from it myself. I also realized that I had no idea to what I was entitled as a result of having contributed for over 20 years to the Québec Pension Plan.

Fortunately, my personal Statement of Participation remedied the situation, and I now use it as a financial planning tool for retirement.”

Pierre Jobin, 46
 Middle manager, Data processing, Université Laval

QUÉBEC PENSION PLAN RETIREMENT PENSION

How much can I expect to receive?

In 1997, the maximum retirement pension paid at age 65 under the Québec Pension Plan is 8 842 \$ a year. On average, the retirement pension that a person over 65 receives under the Québec Pension Plan represents about 20% of his or her total retirement income.

The 20% figure is only a rough indication. In many cases, such as when the maximum pension is paid, the proportion of a retired person's income provided by the Québec Pension Plan retirement pension will be more than 20%. However, the percentage will be lower if you have comparatively more retirement income from other sources (a private pension plan, investments, etc.) or if you have contributed relatively less to the Plan.

Since each individual case is different, you should not draw any conclusions until you get your own Statement of Participation. At the Régie des rentes du Québec, there is no such thing as a typical profile of a retired person; there are three million contributors, each with a different contribution history.

THE STATEMENT OF PARTICIPATION IN THE QUÉBEC PENSION PLAN

A CLOSER LOOK AT THE ROAD TO RETIREMENT

What a nice surprise! That summer job at Expo 67 paid less than 700 \$ but it gave me a year of contribution to the Québec Pension Plan. Now I realize the true value of the few dollars in contributions I so grudgingly handed over at the time.

Getting your Statement of Participation will not only bring back memories of your youth; it will also help you understand the public retirement savings plan and the advantages of government-managed financial planning and of personal financial planning. Take a look!

Understanding your contribution history

The Québec Pension Plan started on 1 January 1966. All workers between 18 and 70 years of age are required to contribute to the Plan, whether they are employees or self-employed.

You worked in another Canadian province? No problem. Your earnings are recorded under the Canada Pension Plan but the Régie will take them into account. The same rule applies if you have served in the Royal Canadian Mounted Police or the Armed Forces while posted in Québec.

The amounts shown for the last three years could change. The Régie has not necessarily received the final figures from the Québec Ministère du revenu or the Canada Pension Plan.

STATEMENT OF YOUR EARNINGS

EMPLOYMENT EARNINGS				
Year	Québec Pension Plan	Canada Pension Plan	Total	Note
1966	0 \$	0 \$	0 \$	1
1967	711 \$	0 \$	711 \$	2
1968	0 \$	0 \$	0 \$	3
1969	1 014 \$	0 \$	1 014 \$	2
1970	3 124 \$	0 \$	3 124 \$	2
1971	5 400 \$	0 \$	5 400 \$	
1972	5 500 \$	0 \$	5 500 \$	
1973	1 604 \$	0 \$	1 604 \$	2
1974	6 600 \$	0 \$	6 600 \$	
1975	2 040 \$	0 \$	2 040 \$	2
1976	6 781 \$	0 \$	6 781 \$	
1977	9 300 \$	0 \$	9 300 \$	
1978	10 400 \$	0 \$	10 400 \$	
1979	11 700 \$	0 \$	11 700 \$	
1980	13 100 \$	0 \$	13 100 \$	
1981	14 700 \$	0 \$	14 700 \$	
1982	16 500 \$	0 \$	16 500 \$	
1983	18 500 \$	0 \$	18 500 \$	
1984	20 800 \$	0 \$	20 800 \$	
1985	23 400 \$	0 \$	23 400 \$	
1986	25 800 \$	0 \$	25 800 \$	
1987	25 900 \$	0 \$	25 900 \$	
1988	26 500 \$	0 \$	26 500 \$	
1989	27 700 \$	0 \$	27 700 \$	
1990	28 900 \$	0 \$	28 900 \$	
1991	30 500 \$	0 \$	30 500 \$	
1992	32 200 \$	0 \$	32 200 \$	
1993	33 400 \$	0 \$	33 400 \$	4
1994	34 400 \$	0 \$	34 400 \$	4
1995	34 900 \$	0 \$	34 900 \$	4
1996	35 400 \$	0 \$	35 400 \$	4

Here is an example of a statement of earnings in the Québec Pension Plan included in a Statement of Participation. These earnings could give entitlement to the benefits shown under "Estimate of Benefits" on pages 4 and 5.

EARNINGS AND CONTRIBUTIONS FROM 1966 TO 1997

Year	Maximum earnings	Basic exemption	Contribution rate
1966	5 000 \$	600 \$	
1967	5 000 \$	600 \$	3,6 %
1968	5 100 \$	600 \$	3,6 %
1969	5 200 \$	600 \$	3,6 %
1970	5 300 \$	600 \$	3,6 %
1971	5 400 \$	600 \$	3,6 %
1972	5 500 \$	600 \$	3,6 %
1973	5 900 \$	700 \$	3,6 %
1974	6 600 \$	700 \$	3,6 %
1975	7 400 \$	700 \$	3,6 %
1976	8 300 \$	800 \$	3,6 %
1977	9 300 \$	900 \$	3,6 %
1978	10 400 \$	1 000 \$	3,6 %
1979	11 700 \$	1 100 \$	3,6 %
1980	13 100 \$	1 300 \$	3,6 %
1981	14 700 \$	1 400 \$	3,6 %
1982	16 500 \$	1 600 \$	3,6 %
1983	18 500 \$	1 800 \$	3,6 %
1984	20 800 \$	2 000 \$	3,6 %
1985	23 400 \$	2 300 \$	3,6 %
1986	25 800 \$	2 500 \$	3,6 %
1987	25 900 \$	2 500 \$	3,6 %
1988	26 500 \$	2 500 \$	3,8 %
1989	27 700 \$	2 600 \$	4,0 %
1990	28 900 \$	2 700 \$	4,2 %
1991	30 500 \$	2 800 \$	4,4 %
1992	32 200 \$	3 000 \$	4,6 %
1993	33 400 \$	3 200 \$	4,8 %
1994	34 400 \$	3 300 \$	5,0 %
1995	34 400 \$	3 400 \$	5,2 %
1996	34 900 \$	3 400 \$	5,4 %
1997	35 400 \$	3 500 \$	5,6 %
	35 800 \$	3 500 \$	6,0 %

You think you may have earned more that year? It is entirely possible. The employment earnings recorded under the Québec Pension Plan for any given year must be greater than a certain minimum and cannot exceed a certain maximum. So, if you earned less than the basic exemption that year, no earnings are recorded. And if you earned more than the maximum pensionable earnings that year, the excess is not recorded either.

This table will help you check your own Statement of Participation.

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WORK OUTSIDE CANADA

If you or your spouse participated in the social security plan of another country, you could be entitled to retirement, disability or survivors' benefits provided for under that plan if it has an agreement with Québec.

Twenty countries have agreements with Québec: Austria, Barbados, Cyprus, Denmark, Dominica, Finland, France, Germany, Greece, Ireland, Italy, Jamaica, Luxembourg, Malta, Norway, Portugal, Saint Lucia, Sweden, Switzerland and the United States of America.

It is important to note that receiving a pension from another country will not reduce the amount of a pension paid under the Québec Pension Plan.

For further information, contact the Direction des ententes de sécurité sociale, ministère des Relations avec les citoyens et de l'Immigration, at 1 800 565-7878 or at (514) 873-5030 in the Montréal region.





Régie des rentes
du Québec

What will be the amount of your retirement pension?

To find out,
apply for your Statement of Participation!

Complete the form below.
Be sure to sign it.

Send the form to:

Régie des rentes du Québec
Service aux cotisants
Case postale 5200
Québec G1K 7S9

**A
WISE
MOVE!**

Québec

PLEASE PRINT

APPLICATION FOR A STATEMENT OF PARTICIPATION IN THE QUÉBEC PENSION PLAN

This is NOT a pension application form.

Social insurance number

Family name as shown on your social insurance card

Date of birth year month day Sex Given name

Family name you now use

Address (number, street, apartment)

City Province

Postal code Language of correspondence

Telephone number at home

Telephone number at work

Contributor's signature Date

BE SURE TO SIGN