Régie des rentes du Québec

Supplemental Pension Plans

Understanding Your Pension Plan

Québec

The Régie des rentes du Québec

Recipient of the 2001
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This publication does not have force of law. In cases of conflicting interpretation, the *Supplemental Pension Plans Act* and its regulations prevail over the contents of this publication.

This document is also available for downloading on the Régie's Internet site: www.rrq.qc.ca.

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Introduction

To enjoy quality of life during retirement, financial security is without a doubt a must. A supplemental pension plan is a key component in preparing for retirement. It provides a pension which, combined with the basic benefits paid under the public plans (retirement pension of the Québec Pension Plan, Old Age Security pension, etc.), will help you to maintain your standard of living during retirement.

A better understanding of your supplemental pension plan will allow you to make better plans for this important step of your life.

If you are a pension plan member, a beneficiary or a worker who is eligible to participate in a plan, this booklet will help you. It contains information about the operation of your plan, as well as the minimum benefits guaranteed by the *Supplemental Pension Plans Act* (SPP Act).

From retirement planning to its realization, the SPP Act:

- provides to members and beneficiaries benefits that are better adapted to today's situation;
- grants all the workers the right to the employer's share as soon as they join the plan;
- supervises the funding of pension plans to guarantee their financial commitments towards members and beneficiaries;
- ensures that information is made available to members and beneficiaries;
- ensures greater openness in the administration of pension plans.

Does the SPP Act apply to your pension plan?

Only those plans to which the employer pays periodic contributions are subject to the SPP Act. A group registered retirement savings plan (group RRSP), for example, is not governed by the SPP Act, since the employer does not pay any direct contributions into it.

The SPP Act *applies to*:

- pension plans set up by employers in the private, municipal and parapublic sectors, whose activities are under provincial jurisdiction. These plans are registered with the Régie des rentes du Québec;
- pension plans of such employers that are registered in another Canadian province, if the work is done in Québec. (See the list of the pension plan supervisory agencies on the Régie's Web Site).

The SPP Act *does not apply to*:

- plans for employees in the provincial and federal public sectors;
- plans of private or parapublic companies whose activities fall under federal jurisdiction, for example, banks as well as air transportation and telecommunications companies.

Important clarification

The SPP Act does not require employers to set up a pension plan. As a rule, plans are set up by employers on a voluntary basis, or further to an agreement with their employees.

Mandate of the Régie des rentes du Québec

To ensure that pension plans are administered and operated in accordance with the SPP Act. For this purpose, the Régie carries out:

Prevention activities, specifically:

- it provides information to members, beneficiaries and plan administrators;
- it publishes information documents.

Supervision activities, having to do in particular with:

- the financial aspects of plans (for example, the annual information return, investments and the plan's actuarial valuation);
- the protection of the members' and beneficiaries' rights (for example, the examination of statements of benefits, the registration of the plan text and any amendments to it);
- openness in the administration of plans (for example, holding an annual meeting and the composition of the pension committee).

The Régie also has the duty to **encourage** financial planning for retirement.

What is a pension plan?

A pension plan is a written contract under which the employer alone or the employer and the employees are required to pay contributions to fund the benefits promised and the refunds authorized under the *Supplemental Pension Plans Act*.

The employer and employee contributions as well as the income resulting therefrom must be deposited in a pension fund. This fund, which is used to pay benefits and refunds, is property that is separate from that of the employer. The fund is referred to as a "patrimony trust", and the sums in the fund — member contributions, employer contributions and interest — are protected in the event of the employer's bankruptcy.

The amounts recorded in your account under the plan are exempt from seizure and cannot be assigned; for instance, they cannot be used as collateral. Only in exceptional cases can part of the sums be assigned to your spouse or be seized, for example, for non-payment of support.

Contributions

- The contributions that the employer is required to pay are called **employer contributions**.
- Those that you are required to pay are called **member contributions**; they are ordinarily deducted directly from your pay.
- Your plan can also allow you to make additional contributions even though your employer does not; these are called **additional voluntary contributions**.

When the employer alone pays contributions into the plan, the plan is said to be “non-contributory”. If the members also pays contributions, the plan is called a “contributory plan”.

Can you be a member of your company's pension plan?

A supplemental pension plan can cover all employees in a company or just certain categories. If you are in a category of workers who are covered, you are entitled to participate in the plan if, during the preceding year:

- you worked at least 700 hours for the company;

or

- your gross annual income was at least equal to 35% of the maximum pensionable earnings (MPE) defined under the Québec Pension Plan.

Example

In 2003, the MPE is 39 900 $. If, during the year, you earn at least 13 965 $, or 35% of the MPE, you can participate in your company's pension plan as of 2004.

When do you have to start participating in the plan?

If **membership in the plan is compulsory**, you must become a member as of 1 January of the calendar year that follows the one in which you met one of the two eligibility requirements mentioned above, or before, if the plan allows.

If **membership in the plan is optional**, you can ask to become a member at any time during the calendar year that follows the year in which you met one of the two eligibility requirements set out above.

Who should you contact to get information about your pension plan?

If your pension plan is registered with the Régie des rentes du Québec, it must be administered by a pension committee.

The pension committee (see Appendix) is the best place to go to get information about your plan. It must make sure that the contract and the various applicable pieces of legislation, including the *Supplemental Pension Plans Act*, are complied with. As a rule, a person in the employer's human resources department answers the members' and beneficiaries' inquiries. The name and address of this resource person must appear on your annual statement of benefits.

If you are a member of a pension plan registered in another Canadian province, contact your employer or one of its representatives to get information. If you participate in a simplified pension plan (see page 13), contact the financial institution that administers the plan.

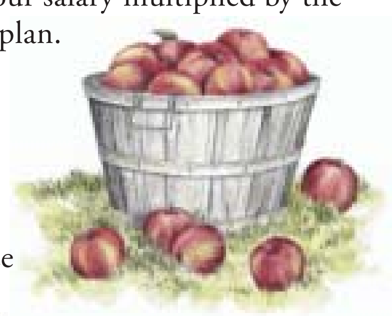
What type of pension plan do you have?

Some of the rules under the *Supplemental Pension Plans Act* depend on the type of pension plan to which you belong. It is therefore essential that you know the type of plan of which you are a member so that you can learn about your rights.

There are two main types of supplemental pension plans: defined contribution plans (which sometimes are in the form of a simplified pension plan) and defined benefit plans.

Defined benefit plan

This plan guarantees you a predetermined pension amount. In general, the amount corresponds to a percentage of your salary multiplied by the number of years of service recognized by the plan. Various formulas can be used to calculate the pension promised at retirement. The formula chosen by the plan must be clearly indicated in the pension plan booklet. That document is a summary of what your plan offers. A copy of it must be given to you before or once you become a plan member.



Example

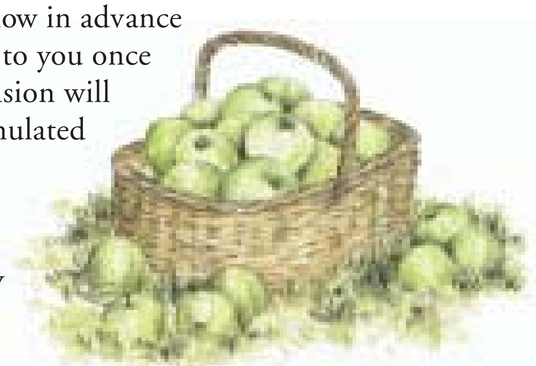
> Your salary is 40 000 $ and you have 25 years of service. Your plan provides for a pension of 2% of your pensionable salary for each year of credited service: your annual pension will be 20 000 $ (40 000 $ x 2% x 25).

In this type of plan, an actuary periodically evaluates the sums that must be paid into the pension fund by the employer alone or, in the case of a contributory plan, by the employer and the members, to pay the benefits promised.

The pension plan is also required under certain circumstances to pay you additional pension benefits in the form of a pension or refund (see definition of “excess employee contributions” and “additional pension” in the glossary). To obtain further information concerning the calculation of your pension, contact your plan’s administrator.

Defined contribution plan

In this type of plan, you do not know in advance what pension amount will be paid to you once you retire. Like an RRSP, your pension will depend on the total amount accumulated in your account (member and employer contributions plus interest) and the annuity purchase rate when you purchase an annuity with your accumulated benefits.



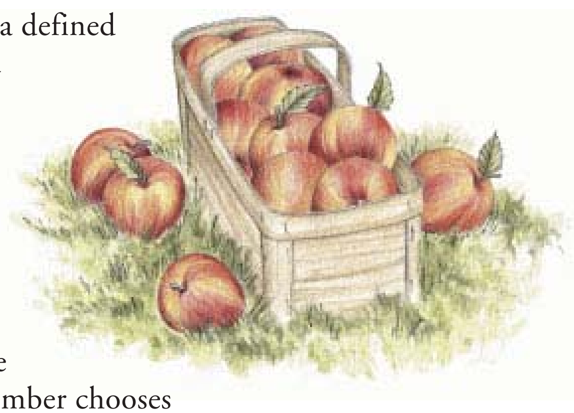
The employer’s contribution (and yours, if applicable) is predetermined. For example, your employer may have promised to pay a contribution equal to 5% of your salary.

The pension committee (see Appendix) decides the investments, unless the plan provides that the members decide the investment of their contributions, or their contributions and those of the employer.

In general, the plan does not actually pay a pension. To receive a retirement income, you will use the amount accumulated in your account to purchase a life annuity from an insurance company or you will transfer the amount to a life income fund (LIF).

If you stop participating in the plan, but do not wish to receive a retirement income immediately, you can leave the amounts accumulated in the plan or transfer them to a locked-in retirement account (LIRA), or to your new employer's pension plan, if that plan accepts transfers. (To find out more about LIRAs and LIFs, consult the booklet *Are you familiar with LIRAs and LIFs?)*

Simplified pension plan



A simplified pension plan is a defined contribution plan set up and administered by a financial institution, and in which an employer can participate. Since the financial institution issues the statements and produces all the necessary documents, the employer's administrative duties are minimal. Each member chooses the investments to be made with his or her member contributions and the employer contributions recorded in his or her account.

When are you entitled to a pension?

Since 1 January 2001, once you have stopped being an active member of a plan, you are entitled to a pension. This right applies to all the amounts accumulated, regardless of the reason why you have stopped being a member of your pension plan: resignation, dismissal or any other reason do not make you lose your entitlement to a pension. The pension to which you are entitled includes the employer's share.

If you stopped being a plan member before 1 January 2001:

- For periods of employment between 1 January 1990 and 31 December 2000, you are entitled to a pension if you were an active member for at least two years.
- For periods of employment before 1 January 1990, you are entitled to a pension if you are 45 years of age and have:
  - ten years of continuous service with the employer;
  - ten years of membership in the plan.

Your plan may however give you entitlement to a pension before you meet these requirements.

To what type of pension are you entitled?

Your pension depends on your age and the age that is considered the normal retirement age by your pension plan. Consequently, to find out to what type of pension you are entitled, you must know what the normal retirement age is under your plan. In most plans, it is 65. However, some plans have a normal retirement age that is lower than 65. Check your plan summary!

In a defined contribution plan, the annuity you purchase from an insurance company can be paid to you immediately or later, as you wish. However, in the event of your death, your pension must provide for the rules explained on page 18.

You stop being a plan member before you have reached normal retirement age

- If you are more than ten years from normal retirement age, you will be entitled to a **deferred pension**.

Example

> The normal retirement age under your plan is set at 65. You stop being a member at age 48. You will be entitled to a pension as of age 55, that is, until you are within ten years of the normal retirement age under your plan.

- If you are within ten years of the normal retirement age, you can apply for an **early pension**.

Example

> The normal retirement age under your plan is 65. If you stop working at age 55, you can request payment of an early pension immediately or at any time until you reach the age for a normal pension.

Reduction of a deferred pension and an early pension

The plan had promised you a certain amount at normal retirement age. If you request payment of your pension earlier than expected, it will be paid for more years and the amount may be reduced accordingly. The plan text must specify this reduction.

Your pension plan must also offer you the possibility to convert your normal pension to obtain a **temporary pension**. This pension will allow you to increase your retirement income until age 65, or before, depending on your choice.

The temporary pension can reach 40% of the maximum pensionable earnings (MPE) for the year in which you begin receiving your pension. When the additional income stops being paid to you, the regular pension paid under your plan will be reduced accordingly. However, the decrease will be made up, in part, by the public plans.

Example

In 2003, the MPE under the Québec Pension Plan is 39 900 $. You are 58 years of age and are entitled to an annual pension of 25 000 $ from your pension plan. In addition, you request payment of a temporary pension of 15 960 $ (or 40% of 39 900 $) until your 65th birthday. Your pension of 25 000 $ will then be reduced to 17 184 $. (The pension reduction is calculated by the pension plan's administrator or actuary). Until you turn 65, you will be paid an annual income of 33 144 $ (15 960 $ + 17 184 $) by your pension plan. As of age 65, your plan will pay you a life pension of 17 184 $, and you will probably also begin receiving a retirement pension under the Québec Pension Plan as well as the Old Age Security pension.

Your plan can also offer you an additional pension, also called a **bridging benefit**. The bridging benefit is an additional benefit that does not affect the pension amount payable to you for life by the plan. It is ordinarily paid until you are eligible for the benefits payable by the public plans. The terms and conditions of payment provided in the plan can vary from one plan to the next.

You retire at the normal retirement age provided by the plan

You are entitled to a **normal retirement pension** according to the conditions set out in the plan. The plan can also offer you various options; they are presented on pages 21 to 23.

You continue working for the same employer after normal retirement age

You are entitled to a **postponed pension**. Payment of your pension will then be delayed until you stop working for the employer or until you turn 69. However, even if you continue working for your employer, you can reach an agreement with the employer to immediately receive all or part of your pension.

On the other hand, if your earnings decrease permanently because, for example, you have reduced your work hours, you can ask that part of your pension be paid immediately in order to make up for your loss in income.

You and your employer can continue contributing to the plan after you have reached normal retirement age, if provided for in the plan. These contributions will give you entitlement to an additional pension when you retire or, at the latest, when you reach age 69.

If you are participating in a defined benefit plan, the amount of your retirement pension will be higher because it starts being paid later. However, its total value remains the same, as it will be paid to you over a shorter period of time.

You become disabled

Supplemental pension plans are not required to pay a disability pension. However, if your plan pays a disability pension, its value must be at least equal to the value of the benefits to which you would have been entitled if you had not become disabled.

You die before payment of your pension begins

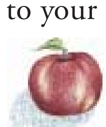
The *Supplemental Pension Plans Act* requires the plan to pay a death benefit to your spouse. If you do not have a spouse, or if your spouse has renounced his or her rights, the benefit will be paid to your beneficiary or, failing that, to your heirs.

The death benefit is paid in a lump sum. Its value must be at least equal to the value of the benefits you accumulated in the plan at the time of your death. If the benefit is paid to your spouse, the plan can provide that it will be paid in the form of a pension.

You die while being paid a pension by the plan

Your spouse is entitled to a pension representing 60% of the pension amount that was paid to you, unless he or she has renounced the right to the pension or has agreed to receive a lower amount. This pension is called a “joint and survivor pension” and is payable for life.

Unless your plan prescribes otherwise, your pension, because it is a joint and survivor pension, will be reduced to take into account the pension that may have to be paid to your spouse.



Example

> You are entitled to a monthly pension of 1 000 $. Because it is a joint and survivor pension, it is reduced to 925 $ a month. If you die, your spouse will be paid 60% of this amount, or 555 $ a month. If your spouse dies before you, your pension payments will still be 925 $ a month.

Some plans assume the costs of the joint and survivor pension. If you are a member of such a plan, you will be paid 1 000 $ a month. After your death, your spouse will be paid 600 $ a month, or 60% of your pension.

The joint and survivor pension principle applies to the temporary pension and the bridging benefit for the period during which they would have been paid to you.

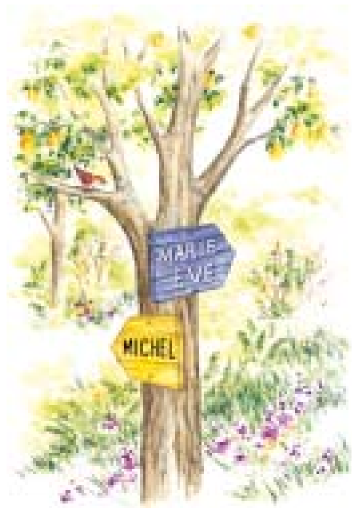
Example

> You are paid a pension of 2 000 $ a month and, up to age 65, a bridging benefit of 400 $ a month. If you die at 62, your spouse will be paid 60% of this amount, that is, 1 200 $ a month for life and 240 $ a month until the day on which you would have turned 65.

Your spouse may at any time renounce in writing the right to the pension. He or she must then send the pension committee a statement indicating your names and address, the plan's name, the number assigned to it by the Régie des rentes du Québec and the employer's name. Finally, your spouse must indicate whether he or she renounces all benefits or only the benefit to which he or she is entitled if you die before a pension starts being paid to you, or only the joint and survivor pension. Your spouse can also revoke the renunciation at any time before your death or, as the case may be, before your pension begins to be paid.

The pension amount or entitlement to a survivor's pension will not be affected if your spouse remarries, contracts a civil union or lives in a conjugal relationship with another person.

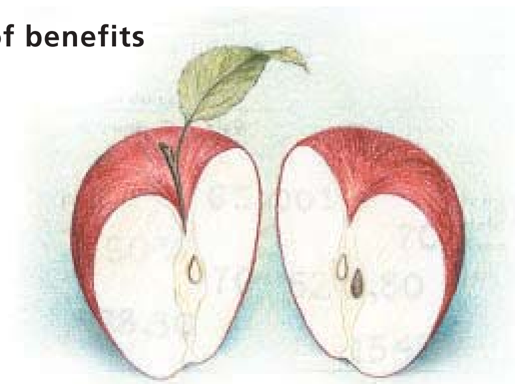
In the event of a breakdown



In the event of divorce, legal separation, annulment of marriage, dissolution or annulment of a civil union or, in the case of de facto (common law) spouses, cessation of the conjugal relationship, your spouse is no longer entitled to the death benefit or the joint and survivor pension.

If the breakdown occurs after you have retired, you can ask that your pension amount be restored and that the pension to which you would have been entitled if you did not have a spouse be paid to you. The pension reduction applicable to a joint and survivor pension will therefore be cancelled. You can also ask the plan administrator to maintain the right of your former spouse to his or her pension, in spite of your breakdown.

Partition of benefits



The benefits that you accumulated in the pension plan can be partitioned, as these benefits are subject to the partition of family patrimony or the dissolution of the matrimonial regime.

If you are not married and live in a de facto union, you can also ask, after you stop living with your spouse, for a partition of the benefits that you accumulated in your pension plan. In the year that follows the end of the de facto union, you simply send an agreement to that effect to the plan administrator.

Pension to which you and your spouse are entitled

The retirement pension must be a "life pension": it must be paid to you until your death or that of your spouse. The only exceptions concern the temporary pension and the bridging benefit, which stop being paid at age 65.

In addition to being paid for life, the pension may have other characteristics that must be provided for in the pension plan or that can be offered as an option.

Optional forms of pension

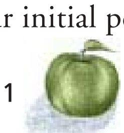
Your plan can offer you various pension options. Thus, you can choose a pension that is best suited to your financial or family situation when you retire. However, since you have to pay for these "extras", the amount of your pension will be adjusted accordingly.

If you have a spouse, a joint and survivor pension that will be paid to him or her after your death will be added to the option, unless your spouse renounces it.

Joint and survivor pension

Instead of the mandatory 60% joint and survivor pension, the plan can allow you to choose a joint and survivor pension at a different rate. However, if this rate is lower than 60%, your spouse must give his or her consent, that is, partially renounce his or her right by means of a written declaration sent to the pension committee (see page 19).

Your plan can also offer you a pension whose amount will decrease after the first death. In such a case, your spouse does not have to renounce the joint and survivor pension. If your spouse dies before you, your pension will be reduced. If you die before your spouse, he or she will be paid a pension at least equal to 60% of your initial pension.



Pension with a guarantee

A pension with a guarantee is a pension or a lump sum paid to your spouse, your beneficiary or your heirs, which covers the period between your death and the expiry of the guarantee. As a rule, the terms offered under the guarantee are five, ten or fifteen years.

Example

> Your pension has a 10-year guarantee and you die three years after you begin receiving it. Your beneficiary will be entitled to a sum that corresponds to the pension payments for the seven years during which your pension was not paid to you.

If your plan does not guarantee your retirement pension for a period of at least ten years, it is required to offer you, as an option, to replace your pension by a pension the payment of which is guaranteed for ten years.

Pension indexation

An indexed pension is a pension that is increased periodically according to an index (for example, the consumer price index) or at a rate (for example, 3% a year). Your pension may include an indexation or your plan can offer indexing as an option.

It is however prohibited to reduce an indexed pension if the index or the rate used is lower than zero.

Example

> The indexation formula in the plan is equal to the consumer price index (CPI) less 3%. What would happen if, one year, the CPI were 2%? Your pension could not be decreased by 1%; for that year, it would remain the same.

Integrated pension

Some plans provide for a pension reduction to take into account the benefits payable by the public plans; the pension is then integrated with the amounts that you will receive from the public plans.

There are several methods of integration. In all cases, your plan administrator must give you detailed information about the reduction of your pension as well as on how it is calculated. This information must appear in the pension plan summary and be given with your statement of cessation of active membership.

Refund in case of disability

If you have a physical or mental disability that reduces your life expectancy and you are no longer an active member of the plan, the plan can allow that the value of your benefits be refunded in a single payment or in a series of payments. You must however apply before your retirement pension starts being paid.

Are you entitled to an additional pension?

In a **defined benefit plan**, you will be entitled to an additional pension originating from:

- the contributions that you transferred from a former plan and that cannot be refunded to you;
- additional voluntary contributions (contributions that were not matched by your employer) which, on your request, have been converted into a pension;
- member contributions with interest that exceed 50% of the value of the pension to which you are entitled (for further information, see the definition of "excess employee contributions" in the glossary);
- contributions, plus interest, that you paid into the plan after the normal retirement age.

In what cases are you entitled to a refund?

The goal of the *Supplemental Pension Plans Act* is to ensure that the money set aside in a supplemental pension plan will be used to pay a retirement income. This is why your benefits are said to be "locked-in". However, you will be entitled to a refund in the following cases:

- Your additional voluntary contributions (contributions that were not matched by the employer), with interest, can be refunded to you, unless they have been converted into an additional pension benefit. You can apply for a refund within 90 days following the date you receive your statement of cessation of active participation and, thereafter, every five years within 90 days following the date on which you stopped being an active member.
- When the value of your benefits is lower than 20% of the maximum pensionable earnings (MPE) for the year in which you stopped being an active member and you are not paid a pension by the plan.

Example

> You stopped participating in the plan in 2003 and the value of your benefits is 5 000 $. As this value is lower than 7 980 $ (or 20 % of the MPE set at 39 900 $ for 2003), you can ask, before payment of your pension begins, for a refund of your benefits. The deadlines are the same as those that apply to additional voluntary contributions.

The pension committee can also, at any time, refund your benefits if they are lower than 20% of the MPE. It must notify you in writing that it will send you a refund unless it receives your instructions within 30 days from the time the notice is sent. You can then ask that these amounts be transferred into an RRSP and consequently, defer payment of taxes on these amounts.

- You have not resided in Canada for at least two years, you are no longer an active member of the plan and have stopped working for your employer. Regardless of the value of your benefits, and even if your pension payments have begun, you can ask for a refund.
- You have a physical or mental disability that reduces your life expectancy. Your plan can offer you a refund in a single payment or in a series of payments (see page 23).
- In a **defined benefit plan**, the value of your benefits exceeds the sum that can be transferred tax-free to another plan. The pension committee must refund the excess amount in a single payment either to you or to your beneficiary.
- In a **defined contribution plan**, the amount of the contributions is greater than the limits under the tax laws. The excess amounts must be refunded to you.
- In a **defined benefit plan**, the additional benefit is greater than the limits allowed under the tax laws. The excess amount must be refunded to you. (For further information, see the definition of "additional pension" in the glossary.)

Under what conditions can you transfer your benefits?

You can usually exercise your right to transfer when you cease active membership in the plan. You can transfer your benefits to:

- your new employer's pension plan if it accepts transfers;
- a deferred or immediate life annuity purchased from an insurer;
- a locked-in retirement account (LIRA);
- a life income fund (LIF).

For further information concerning LIRAs and LIFs, see the booklet *Are you familiar with LIRAs and LIFs*?

In the case of an RRSP, you can transfer only the amounts that your plan can refund to you, that is, your additional voluntary contributions and the value of your benefits when it is lower than 20% of the maximum pensionable earnings under the Québec Pension Plan.

Defined benefit plan

If you stop participating within ten years of normal retirement age (for example, at age 55 if the normal retirement age is 65), the *Supplemental Pension Plans Act* does not grant you a right to transfer. However, your plan may offer you this right.

If you are more than ten years away from the normal retirement age, you can apply for a transfer:

- within 90 days following the date you receive your statement of cessation of active membership;
- thereafter, every five years, within 90 days of the anniversary of the date your active membership in the plan ceased;
- one final time, in the 90 days following the date on which you will be ten years away from the normal retirement age under your plan.

Example

> You stopped participating in the plan at age 42 and the normal retirement age under the plan is 65. You are first entitled to make a transfer in the 90 days following receipt of your statement of cessation of active membership in the plan. You will again have the opportunity to make a transfer at age 47, at age 52 and one final time, at age 55.

Defined contribution plan

In a defined contribution plan, you are entitled to make a transfer regardless of the age at which you cease to be an active member. If you are more than ten years away from the normal retirement age, that is, under age 55 if the normal retirement age is 65, you can transfer your benefits within the same deadlines as in the case of a defined benefit plan. However, if you are within ten years of normal retirement age, you can transfer your benefits at any time. If the normal retirement age is 65, you can therefore transfer your benefits as soon as you turn 55 or at any time thereafter.

The plan is terminated

Termination of the plan requires a final settlement of your benefits. Termination can occur if the company is sold or simply if the employer decides to stop offering the plan. Regardless of the reason, the *Supplemental Pension Plans Act* (SPP Act) has rules that are aimed at informing you of your rights and obligations and that help protect your rights.

When the employer decides to terminate the plan of which you are a member or a beneficiary, he must send you a written notice within 30 days following the termination. The termination process under the SPP Act will then apply.

If your pension plan has surplus assets, that is, if amounts remain after payment of the promised benefits, the SPP Act provides for a process to determine to whom the surplus assets will be paid. The employer must make a proposal to all the members and the beneficiaries. In case of refusal on their part, the issue must be settled by arbitration. The SPP Act has special provisions for plans set up under a collective agreement (union contract).

Your company is sold

The *Supplemental Pension Plans Act* (SPP Act) does not require the new employer to continue to offer the pension plan. Any obligations assumed by the new employer will depend on the commitments set out in the purchase agreement or the rules that apply to the maintenance of the collective agreements in effect.

Many scenarios are possible: the pension plan could be terminated; the new employer could continue to offer it or merge it with his own plan. In all cases, the SPP Act has rules to protect the rights of the members and the beneficiaries.

You will be informed within a reasonable period of the decisions made by the employer. If the plan continues or if the purchaser merges it with an existing plan, the pension committee must notify you in writing of the proposed change. If the pension plan is terminated, your employer or the pension committee will inform you.

In all cases, if you think that the delays are too long, you can communicate with the plan's contact person, whose name, address and telephone number are indicated on your annual statement, or you can contact the Régie des rentes du Québec.

Your right to information

The *Supplemental Pension Plans Act* has specific rules regarding the minimum information that, at certain times, must be given to eligible workers, active and non-active members and to beneficiaries. The right to information allows you to follow any changes in your benefits, the financial health of the pension plan and any amendments that have been made to it. The main information to which you are entitled is the following.

Pension plan summary

The pension committee must provide you a summary of the pension plan that describes in particular its advantages, the benefits offered, your rights and your obligations. It must be given to you within 90 days following the date on which you become eligible for membership (see page 9), that is, the date on which you started holding a job covered by the pension plan. In the case of a new plan, the summary must be given to you within 90 days following its registration with the Régie des rentes du Québec.

Prior notice of amendments to the plan

Whether you are an active or a non-active member, the pension committee is required to notify you in writing of any planned amendments to the pension plan. Except for certain major amendments (in particular in case of a plan merger, division or conversion), the notice can be published in a daily newspaper that circulates in the communities where at least one-half of the members have their residence. In the case of active members, the notice may be posted in the workplace.

Annual information

Annual meeting

Within six months of the end of the plan's fiscal year, the pension committee must call a meeting to report on its administration. Active and non-active members, beneficiaries and the employer must be called to that meeting. The pension committee must give information about the plan's financial situation and any amendments made to the plan.

The annual meeting is also the opportunity for the group of active members and the group of non-active members and beneficiaries to designate a voting member and a non-voting member to the pension committee.

Annual statement of benefits

Within nine months after the end of the fiscal year, each member and beneficiary must receive an annual statement of his or her benefits and a summary of the amendments made to the plan during the year. In addition, the pension committee must send, within the same period, information about the pension plan retirees' and beneficiaries' association (if one has been formed) to non-active members and beneficiaries.

The annual statement must contain information allowing active and non-active members as well as beneficiaries to follow the evolution of their benefits. This information differs according to the type of plan and your status.

The annual statement has two parts. The first part concerns your benefits and the second, the financial situation of the plan. If you are a member of a defined benefit plan, your statement will indicate, for your information, at least once every three years, the value of the benefits that you would have been entitled to transfer at the end of the fiscal year, as well as the final date on which you will be entitled to exercise this right (see page 27).

Statement of cessation of active membership

Within 60 days after the date on which the pension committee is informed that you have ceased to be an active member, it must provide you with a statement of your benefits. This statement will indicate the nature and value of the benefits to which you are entitled as well as the amount of the refund, where applicable.

If you are an active member and you die, the pension committee must send a statement to the person who is entitled to the death benefit within 60 days of the date on which it was informed of your death. This statement will provide information about the death benefit.

Consultation of the documents pertaining to the pension plan

At least once a year, the members, the beneficiaries and the eligible workers are entitled to consult, free-of-charge, the plan text and certain other documents. The pension committee must make these documents available for consultation within 30 days following a request. It can also send a copy of the document, free-of-charge. The committee is then no longer required to make the documents available for consultation on the premises.

Consultation takes place at the location closest to the applicant's place of residence, either at the pension committee's office or at the employer's place of business designated by the pension committee.

The committee can charge fees to any person who asks to consult the plan text or for a copy of the text more than once a year.

The other documents to which you have access are:

- the investment policy;
- the acts of delegation of powers by the pension committee;
- any general agreement affecting the members' right to transfer;
- the annual information return;
- the financial reports;
- the actuarial valuations;
- the correspondence between the Régie des rentes du Québec and the pension committee, with the exception of correspondence concerning another person.

Your satisfaction is our priority!

Service Statement

The Régie publishes a *Service Statement* to inform the public of the commitments it makes to them: reliable service, simple procedures, courteous and personalized service, adequate information about your rights and responsibilities, efficient management, competent employees and accessible and rapid services. You can obtain a copy of the *Service Statement* on our Internet site, at our client services centres or at the office of your member of the National Assembly.

Services Commissioner

If you believe your situation has not received all the attention it deserves, you can contact the Services Commissioner, who is directly responsible to the President and General Manager of the Régie. Complaints and comments are used to improve our programs and services. The Commissioner has the power to make recommendations to facilitate the resolution of disputes and improve client service. Complaints are kept strictly confidential and there is no need to fear personal repercussions.

To reach the Services Commissioner, simply call the Régie. The information clerk who takes your call will forward your request to the Services Commissioner, who will return your call within two working days. You can also write to the Services Commissioner by mail or through the Internet. (See the back cover of this brochure.) Be sure to provide your telephone number.

Glossary

Active member
A member who accumulates benefits in a plan.

Additional pension benefit
Additional pension or refund paid under a defined benefit plan, where the value of the pension accumulated by a member who stopped being active more than ten years before the normal retirement age is, for work done before 1 January 2001 (or before, if provided for under the plan), lower than the partially indexed minimum pension under the *Supplemental Pension Plans Act*.

Annuity purchase rate
Rate offered in the market for the conversion of a pension capital into a periodic pension amount.

Beneficiary
Any person, other than the member, who is entitled to a benefit under a pension plan, that is, any person who is entitled to a benefit at the member's death. As a rule, this person is the member's spouse or the person the member has designated.

Benefit
Amount paid to a person under a pension plan. Benefits comprise the retirement pension, the amounts payable at the death of a member and, ordinarily, any payment other than a refund to the member.

Defined benefit plan
Pension plan under which the normal pension payable is either a set amount, independent of the member's pay, or an amount corresponding to a percentage of the pay.

Defined contribution plan
Pension plan under which employer contributions and, where applicable, member contributions, or the method used for calculating them, are set in advance, and the normal pension is based on the amounts recorded in the member's account.

Eligible worker
Person who is part of a category of workers to which the plan is offered. For example, if the pension plan is intended for management, you are an eligible worker as soon as you become a manager.

Excess employee contributions
Employee contributions, with interest, that have been paid for periods of employment after 1 January 1990 (or before, if the plan so provides) and that cannot be used to finance more than 50% of the value of the pension purchased for that period. Such member contributions, with interest, are excess member contributions. They are used to pay an additional pension under the pension plan.

Life annuity
Pension payable for the lifetime of the member.

Life income fund (LIF)
Particular type of registered retirement income fund (RRIF) to which are transferred amounts coming from a supplemental pension plan or a locked-in retirement account. The difference with an RRIF, which has no ceiling, is that you cannot withdraw more than a maximum amount each year from an LIF. Thus, the amount that can be withdrawn each year must be between these minimum and maximum amounts.

Locked-in benefits
Benefits affected by a provision that make it impossible to withdraw money from the plan or a transfer instrument because these sums must be used to pay a life pension during retirement.

Locked-in retirement account (LIRA)
Particular type of registered retirement savings plan (RRSP) to which are transferred amounts from a supplemental pension plan or a life income fund (LIF). The difference with an RRSP is that the amounts in an LIRA are locked-in, that is, with exceptions, the amounts held in an LIRA cannot be withdrawn. They must be used to procure retirement income though the purchase of a life annuity or the transfer of the amounts to a life income fund (LIF).

Maximum pensionable earnings (MPE)
Upper limit beyond which the employment earnings of a person for a given year are not subject to contributions to the Québec Pension Plan. The MPE for a year is equal to the MPE for the preceding year, multiplied by the ratio that the average, for the twelve-month period ending on June of the preceding year, of weekly salaries and wages in Canada bears to the average set for the preceding two twelve-month periods ending on June 30.

Member
Person who has joined a plan and who has benefits in that plan. The word "member" comprises active and non-active members. A person stops being a member when he or she no longer has any rights under the plan. This is the case, in particular, when the person receives a refund, transfers his or her benefits to another plan, or dies.

Non-active member
A member who has stopped accumulating benefits, ordinarily because he or she stopped working for the employer that is a party to the plan, or has retired. A retiree is therefore a non-active member.

Normal retirement age
Age at which the normal pension is payable under your supplemental pension plan. This age cannot be beyond 65 years. You can stop working whenever you want before or after that age. The normal retirement age simply determines the time as of which you will be entitled to receive your normal pension.

Spouse
Person who is married to, or in a civil union with, the member. A person who has lived in a conjugal relationship with an unmarried member is recognized as a de facto spouse, whether the person is of the opposite sex or the same sex, but the de facto relationship must have lasted for at least three years or, if a child is born of their union, for at least one year.

Appendix

Minimum composition of a pension committee

A pension committee must be composed of at least the following three members, who each have a voting right:

- one member designated by the group of active members at the annual meeting; otherwise, a member must be designated in accordance with the conditions set out in the plan;
- one member designated by the group of non-active members and beneficiaries at the annual meeting; otherwise, a member or a beneficiary must be designated in accordance with the conditions set out in the plan;
- one independent member, who represents neither the employer nor the members and beneficiaries, designated in accordance with the conditions set out in the plan.

At the annual meeting, each group can also designate a non-voting member.

The plan can also provide for the designation of other members. The *Supplemental Pension Plans Act* does not set any rule as to the maximum number of members who can sit on the retirement committee.

If the plan has less than 26 members and beneficiaries, it can provide that it will be administered by the employer or a limited pension committee. At least two voting members must sit on a limited pension committee.

How to reach us

For more information:

- About your supplemental pension plan and your benefits, please contact your pension committee first.
- About the *Supplemental Pension Plans Act* and its application, you can contact the Régie des rentes du Quebec:

By Internet

www.rrq.gouv.qc.ca

By telephone or fax

Telephone: (418) 643-8282
Fax: (418) 643-7421

By mail

Information Officer
Direction des régimes de retraite
Régie des rentes du Québec
Case postale 5200
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Régie des rentes Québec

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