

Régie des rentes du Québec

2006

The Québec Pension Plan

*A Plan
Made for You*



Québec 

The Québec Pension Plan is a compulsory, public insurance plan that has been in operation since 1966. **It provides basic financial protection in the event of retirement, disability or death.** The Plan is funded by contributions made by workers and employers.

Who contributes to the Québec Pension Plan?

All workers aged 18 and over must contribute to the Plan whenever their annual employment earnings are more than 3 500 \$. Since 2003, the contribution rate has been 9,9% of total pensionable earnings.

- If you are an employee, you pay half (4,95%). Your employer pays the other half.
- If you are self-employed, you pay the entire amount.

The contributions are collected as payroll deductions by Revenu Québec and are remitted to the Régie. Each year, your employment earnings and contributions to the Québec Pension Plan are entered under your name in the Régie's Record of Contributors.

The maximum employment earnings on which you can contribute are adjusted each year. If your earnings are more than that maximum, you do not contribute on the overage. To find out each year's maximum pensionable earnings, refer to the table Pensionable Employment Earnings under the Québec Pension Plan.

If you are now working or have ever worked elsewhere in Canada, your employment earnings are recorded under the Canada Pension Plan. Those earnings will be taken into account for the calculation of your pensions under the Québec Pension Plan.

Important!

Each pension to which you are entitled will be calculated on the basis of the employment earnings entered under your name during your contributory period and on your age when you begin receiving a pension.

How long is a contributory period under the Québec Pension Plan?

Your contributory period begins on your 18th birthday or on 1 January 1966 if you were already 18 or over on that date. It ends on one of the following dates:

- the month preceding the beginning of payment of your retirement pension;
or
- the month of your 70th birthday;
or
- the month in which you die.



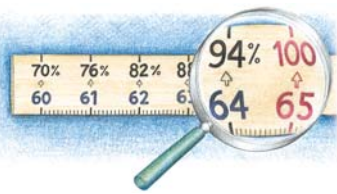
A retirement pension is the Plan's main benefit

To receive a retirement pension under the Québec Pension Plan, you must have contributed for at least one year. **Your pension will be equal to 25% of the average employment earnings on which you made contributions.**

At age 65, the normal retirement age, you can apply for your retirement pension even if you have not stopped working. It is possible to receive a retirement pension as early as age 60, under the following conditions:

- you have stopped working;
- or
- you are considered to have stopped working. The Régie considers that you have stopped working if, in the first 12 months after payment of your pension begins, your estimated employment income will not exceed 10 525 \$ (in 2006);
- or
- you are an employee and have reached an agreement with your employer to reduce your salary by at least 20% with a view to retirement.

If you begin receiving your retirement pension between the ages of 60 and 65, the amount will be lower than if you had waited until age 65. Your pension will be reduced by 0,5% a month (6% a year) for each month before your 65th birthday. The maximum reduction would be 30% if you applied for your pension at age 60.



However, if you begin receiving your pension after your 65th birthday, the amount will be higher. The increase will be 0,5% a month (6% a year) for each month between your 65th birthday and the date on which payment of your pension begins (up to 30% at age 70). If you apply for your pension after reaching age 70, the increase will be 30%.

To maintain your standard of living after retiring, you will need other sources of income

Where will the additional income come from? The answer is easy. Imagine a three-storey house.

- **The first floor:** the Old Age Security pension that you will receive on request as of age 65.
- **The second floor:** the Québec Pension Plan.
- **The third floor:** your supplemental pension plans (employer pension funds) and personal savings (especially RRSPs).



To find out more about the system of financial security after retirement as well as financial planning for retirement, visit our Web site at www.rrq.gouv.qc.ca

Is phased retirement for you?

If you are an employee aged 55 or over, you may want to think about taking phased retirement. You can reduce your work hours and continue to contribute to the Québec Pension Plan as if your salary had not been reduced so that your eventual retirement pension will not be decreased. However, you and your employer must agree to such an arrangement. To find out more, visit the Régie's Web site or contact us.

The Québec Pension Plan is also protection in the event of disability or death

If you become disabled

If as a result of a change in your state of health, you are no longer able to work, the Québec Pension Plan may pay you and your dependent children under age 18 a pension. However, you must have contributed sufficiently to the Plan, be under age 65 and have a disability that the Régie considers to be serious and permanent.

When you die

If you have contributed sufficiently to the Plan, your family can receive:

- a death benefit, in a lump-sum payment of 2 500 \$;
- a surviving spouse's pension, whose amount depends on the age of your spouse;
- an orphan's pension, which will be paid to the person who cares for your child until the child reaches 18 years of age.

Who can qualify as a surviving spouse?

To qualify as the surviving spouse of a deceased contributor and be entitled to a pension, a person must:

- be married or in a civil union with the contributor when he or she dies;
- be the deceased contributor's de facto (common law) spouse, provided the deceased contributor was not married or in a civil union with another person.

The Régie recognizes a person as a de facto spouse if he or she:

- was living in a conjugal relationship with the deceased contributor during the last three years preceding the contributor's death.
or
- was living in a conjugal relationship with the deceased contributor during the last year preceding the contributor's death and a child was born or is to be born of their union or a child had been adopted.

Important!



To receive a pension, an application must be made.

All pensions are indexed annually to increases in the cost of living.

If you separate

Following a divorce, legal separation, civil annulment of marriage or dissolution or annulment of a civil union, the former spouses' employment earnings recorded under the Plan will be



automatically partitioned unless renunciation of partition is noted in the judgment or declaration of dissolution.

The former spouses' employment earnings will be added together and then equally divided between them for each of the years subject to partition. The new employment earnings entered under the Québec Pension Plan may give entitlement to a pension or have an effect on the amount of a pension already being paid.

You and your spouse can agree to renounce partition if you are married or in a civil union. The judgment or joint notarized declaration of dissolution must contain an express mention that you are both renouncing partition of the employment earnings recorded under the Québec Pension Plan.

To find out whether partition would be advantageous, you can apply to the Régie for a simulation of the effects of partition. This is a free service and is available on request.

Important!



Partition can also be carried out for de facto (common law) spouses. However, they must agree to partition and both of them must sign the application.

Pensionable Employment Earnings under the Québec Pension Plan

Year	Minimum employment earnings	Maximum employment earnings
1966	600 \$	5 000 \$
1967	600 \$	5 000 \$
1968	600 \$	5 100 \$
1969	600 \$	5 200 \$
1970	600 \$	5 300 \$
1971	600 \$	5 400 \$
1972	600 \$	5 500 \$
1973	700 \$	5 900 \$
1974	700 \$	6 600 \$
1975	700 \$	7 400 \$
1976	800 \$	8 300 \$
1977	900 \$	9 300 \$
1978	1 000 \$	10 400 \$
1979	1 100 \$	11 700 \$
1980	1 300 \$	13 100 \$
1981	1 400 \$	14 700 \$
1982	1 600 \$	16 500 \$
1983	1 800 \$	18 500 \$
1984	2 000 \$	20 800 \$
1985	2 300 \$	23 400 \$
1986	2 500 \$	25 800 \$
1987	2 500 \$	25 900 \$
1988	2 600 \$	26 500 \$
1989	2 700 \$	27 700 \$
1990	2 800 \$	28 900 \$
1991	3 000 \$	30 500 \$
1992	3 200 \$	32 200 \$
1993	3 300 \$	33 400 \$
1994	3 400 \$	34 400 \$
1995	3 400 \$	34 900 \$
1996	3 500 \$	35 400 \$
1997	3 500 \$	35 800 \$
1998	3 500 \$	36 900 \$
1999	3 500 \$	37 400 \$
2000	3 500 \$	37 600 \$
2001	3 500 \$	38 300 \$
2002	3 500 \$	39 100 \$
2003	3 500 \$	39 900 \$
2004	3 500 \$	40 500 \$
2005	3 500 \$	41 100 \$
2006	3 500 \$	42 100 \$

How to reach us

By Internet

www.rrq.gouv.qc.ca

Use our  **RégieNet**
On-line services

- Statement of Participation in the Québec Pension Plan;
- CompuPension, a tool for simulating retirement income;
- On-line retirement pension application;
- Our forms and publications.

Some services, including a Statement of Participation, CompuPension and the on-line retirement pension application, require information from your personal file at the Régie. To protect your personal information, we will ask you to confirm your identity by means of an identification code.

By telephone

Québec region: 418 643-5185

Montréal region: 514 873-2433

Toll-free: 1 800 463-5185



Service for the hearing impaired
(TDD or TTY required)

1 800 603-3540

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