



Questions and Answers

Adapting the Pension Plan to Québec's new realities

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General questions

Is it true that there will be a public consultation on the Québec Pension Plan?

Yes. In 1998, the government adopted new mechanisms to monitor the Plan. It must now hold a public consultation every six years to study the situation and, if necessary, review certain elements of the Plan.



What exactly is a public consultation?

It is a method adopted by the government to allow citizens to express their points of view on changes being considered to a program, in this case the Québec Pension Plan.



Why does the Régie des rentes du Québec hold a public consultation?

In fact, it is not the Régie that holds a public consultation, but rather the Québec government. The Régie has received a mandate to explain to the public the new context in which the Plan evolves to ensure that everyone clearly understands why some adjustments are necessary. The Régie has also received a mandate to sound out public opinion, by means of a survey, on the proposed changes.



Who can participate in a public consultation?

All citizens, as well as any organization interested in this issue.



How can I participate?

You can express your views by submitting a brief no later than 6 February 2004 to the Clerk of the Committee on Social Affairs at the National Assembly. A general consultation on the proposals will begin on 24 February 2004.



Have all the decisions already been made?

No. The proposed changes will be discussed during the public consultation.



What happened until now with regard to the public consultation?

The minister responsible for the Québec Pension Plan tabled a working paper in the National Assembly on 23 October 2003. The Régie des Rentes du Québec has conducted an information campaign and a survey of the population's opinion on the proposed changes. Until 6 February 2004 individuals and organizations who wish to express their views can submit a brief to the Clerk of the Committee on Social Affairs at the National Assembly in anticipation of the parliamentary committee hearings that will begin on February 24 2004.



What are the next steps in the public consultation process?

The results of the survey concerning the proposals will be compiled and a report will be prepared for the parliamentary committee that will hold public hearings beginning on 24 February 2004. At the hearings before the Committee on Social Affairs, interested individuals and organizations who have submitted a brief may be invited to be heard and to present their comments on the proposed changes.



What will happen after the public consultation?

The proposed changes to the Québec Pension Plan that are finally put forward by the government will be contained in a bill that will have to be passed by the National Assembly.



Why are changes to the Act respecting the Québec Pension Plan necessary?

Since the Plan began in 1966, there have been important social changes. The population is aging. The labour force is very different from what it was in the mid-1960s. Families have also changed.

The government is proposing these modifications to adapt the Plan to these new realities.



Briefly, what areas are affected by the proposed changes to the Plan?

The calculation of the retirement pension, the financial protection provided following a death, and the way disability is treated before and after age 60.



Why change the Plan again when there was already a reform in 1998?

In 1998, the reform was primarily concerned with the Plan's funding, that is, the increase in the contribution rate. The current discussion is about certain adjustments which are necessary to adapt the Plan to observed social changes and thus ensure that the Plan effectively meets the needs of the population.



After the public consultation, will the Québec government be legally able to modify the rules of the Québec Pension Plan and change future Plan benefits?

Yes. The government is responsible for ensuring that the Plan is adapted to the realities of Québec workers. After the views of the public are heard and the results of the parliamentary committee are known, the National Assembly may amend the *Act respecting the Québec Pension Plan*.



Are the changes necessary because the Plan has funding problems?

The reform of 1998 made it certain that the Plan will be able to pay today's pensions as well as tomorrow's. The future of the Plan is assured, but it is still necessary to stay vigilant.



Will the Plan continue to be self-financing?

Yes. It will continue to be self-financing through the contributions of workers and employers.



If the proposed changes are accepted, will the contribution rate increase?

No. These changes will have the effect of adapting the Plan to the new realities without changing the contribution rate of 9,9%.



Will the proposed changes make it easier to understand the Plan?

Yes. One of the specific objectives of the proposals is to simplify the Plan to make it easier to understand.



Are some benefits being reduced to absorb Québec's budget deficit?

No. The Québec Pension Plan fund is completely independent and separate from the province's consolidated revenue fund. Contributions to the Plan by workers and employers are used to pay the current year's benefits and to maintain a reserve. The reserve generates investment income that is added to contributions as necessary to pay the Plan's benefits and administration costs.



Are the proposed changes directed at particular groups?

No.



For the last several months I have been at home taking care of my young child; will the measure concerning a person who takes care of a child under age 7 be maintained?

Yes, it will be maintained. It is an effective measure that avoids penalizing, once they have retired, individuals who spent less time in the labour force because they were taking care of young children.



If the proposed changes are accepted, will I pay more contributions on my wages?

No. The contribution rate will remain the same, that is, 9,9%, paid in equal parts by the worker and the employer. Self-employed workers pay both parts.



When will the accepted changes come into effect?

For the moment, they are just proposals. A parliamentary committee will hold hearings beginning on 24 February 2004 to discuss the proposed changes. Subsequently, the accepted changes will be contained in a bill that will have to be presented to the National Assembly for passage.



Retirement pension

I am presently retired. Will the proposed changes affect the amount of my pension?

No. Individuals already receiving a retirement pension will not be affected by the new measures. Your pension will continue to be paid as it is now. The changes will only affect the pensions of future retirees.



I am presently receiving my pension while continuing to work. Will I be affected by the proposals?

No. Individuals already receiving a retirement pension will not be affected by the new measures. Your pension will continue to be paid as it is now. The changes will only affect the pensions of future retirees.



If the proposed changes are accepted, will I be eligible for my retirement pension before age 60?

No. As is the case now, you must wait until age 60 to apply for your retirement pension. The only difference is that you will be able to apply for it even if you have not stopped working.



Will the proposals change anything in the details of my participation or in the estimate of benefits appearing on my Statement of Participation?

Your Statement of Participation informs you of the details of your participation in the Québec Pension Plan. In the Statement, you will also find an **estimate** of the benefits which you could receive. This estimate is based on current provisions. If the proposed changes are adopted, the estimated amount of your benefits could, in fact, be different.



I would like to retire in several years. Will I be affected by the proposals?

It is possible that you will be affected. It depends on when you retire and when the accepted proposals come into effect.



I will turn 60 in several years, and I would like to take phased retirement. Will the proposals affect me?

Everything depends on your situation. One thing is certain-the proposed changes will allow you more liberty in choosing, as of age 60, the way you retire and the time when you apply for your pension.



I would like to retire as late as possible. Will the proposals affect me?

The proposed changes would make it more attractive to work after the age of eligibility for retirement (60 years), if you wished to do so. If you retire after age 65, there is a good chance that the proposals would be advantageous to you.



Will I be able to work and apply for my retirement pension?

Yes. If the proposal is accepted, you will be able to apply for your pension at any time that suits you, as of age 60, even if you continue to work.



Must I contribute if I apply for my retirement pension while continuing to work?

Yes, as is the case now. But if the proposal is accepted, the additional contributions will systematically increase your retirement pension until the maximum amount is reached (814 \$ at age 65 in 2004).



I want to continue working until age 65. Should I apply for my retirement pension at age 60?

The new provisions would allow you to apply to draw your pension and continue to work. Receiving the pension at age 60 is mainly for people who want to reduce their work hours. Generally, it is not advantageous for a person who continues to work full-time to take his or her retirement pension. If you begin receiving your pension at age 60, it will be reduced by 30% to take into account the fact that you will receive it for a longer time. By continuing to work, your continued contributions will increase your pension (up to the maximum payable under the Plan), but the 30% reduction will continue until you die. Thus, at age 65, when you definitively quit working, you will continue to receive a reduced pension.



Under the proposed changes, if I wait until after age 65 to take my retirement pension, will the pension be higher?

Yes. As is already the case, the amount of your pension will vary, depending on whether payment begins before or after age 65. What will change if the proposals are adopted is that the normal pension will be increased by 0,7% a month for each month of postponement (8,4% a year), instead of only 0,5%, as is the case now, until age 70.



What will be the amount of the pension for which I am eligible?

Everything depends on your age when you retire. In general, the changes, if they are accepted, will have the effect of slightly reducing the pension of an individual who retires at age 60 and increasing the pension of someone who retires after age 62.



Will the retirement age change?

No. The normal age of retirement will remain fixed at 65 years and you will be able to apply for your pension as of age 60, as is the case now. The only difference is that you will be able to apply for it before age 65 even if you have not stopped working.



Disability pension

I am presently disabled and I receive a pension. Will the amount of my pension change?

No. Individuals already receiving a disability pension will not be affected by the new measures. Your pension will continue to be paid as it is now. The changes will only affect the disability pensions of future beneficiaries.



My child presently receives a pension for a disabled person's child. Will he continue to receive this pension?

Yes, your child will receive this pension until age 18.



I am under age 60, I am considered disabled and I have applied for a pension from the Régie. Am I affected by the proposals?

No. Your pension application presently under study is examined on the basis of criteria currently in effect. You will be eligible if you have made sufficient contributions to the Plan and if you are declared disabled by the Régie. Your child under age 18 could receive a pension for a disabled person's child.



If I become disabled some day, will I be eligible for a disability pension?

Yes. The Québec Pension Plan will continue to provide protection in the event of a severe and permanent disability to workers under age 65.



Will my child be eligible for a pension for a disabled person's child?

There are two possibilities with regard to this question:

- increase the pension for a disabled person's child to the level of the orphan's pension, that is, 193 \$ a month, or
- abolish the pension for a disabled person's child after increasing the amount of the disability pension.

The proposal accepted will depend on the discussions during the parliamentary committee's hearings.



If the proposals are accepted, will the disability pension for persons aged 60 to 64 be modified?

Yes. There will no longer be one way to consider disability before age 60 and another after age 60. To be eligible for a disability pension, an individual must be unable to do **any type of work**. Workers aged 60 to 64 who can no longer perform their **usual work** will be eligible for an early retirement pension in the same way as other workers.



What would be the amount of the pension for which I would be eligible if I became disabled?

The disability pension is composed of a fixed portion and a variable portion that depends on the contributions that a worker has paid into the Plan. Since 1 January 2004, the fixed portion is 382 \$ a month. It is proposed to raise it to 462 \$ a month, that is, to the same level as the Old Age Security

pension from the federal government. The variable portion of the disability pension would be equal to your retirement pension.



Under the proposed changes, when is a person considered "disabled"?

A person is considered "disabled" if he or she has a severe and permanent disability which makes the person unable to do **any** kind of gainful work.



Pensions and benefits for survivors

I am presently receiving a surviving spouse's pension; will the proposed changes affect the amount of my pension?

No. Individuals already receiving a surviving spouse's pension will not be affected by the new measures. Your pension will continue to be paid as it is. The changes will only affect the surviving spouse's pensions of future beneficiaries.



My child is presently receiving an orphan's pension; will he continue to receive this pension?

Yes, your child will receive this pension until age 18.



I just applied for a surviving spouse's pension; am I still eligible for it?

Your pension application presently under study is examined on the basis of criteria currently in effect. You will be eligible for the pension if your spouse made sufficient contributions to the Plan and if you are the person recognized as the surviving spouse.



If I become a widow or widower one day, will I be eligible for a pension?

Yes. If the death of your spouse occurs **before you retire**, you could receive a pension higher than the current pension, but only for three years. Furthermore, for each of the years you lived together, 60% of the earnings recorded under your deceased spouse's name for the Québec Pension Plan would be transferred to you. If you are **retired** when your spouse dies, you could receive 60% of the retirement pension of your spouse.



Will my child be eligible for an orphan's pension?

If the proposals are accepted, the child of a deceased person will be eligible for an orphan's pension until age 18. The pension will increase from 61 \$ to 193 \$ a month.



Will the death benefit of 2 500 \$ still be paid?

Yes.



I am presently in a de facto (common law) union; when my spouse dies, in what way could the proposals affect me?

If they are accepted, the proposed changes will affect de facto spouses (same sex or opposite sex) and married spouses in the same way. If the death of your spouse occurs before you retire, you could receive a pension higher than the current pension, but only for three years. Furthermore, for each of the years you lived together, 60% of the earnings recorded under your deceased spouse's name for the Québec Pension Plan will be transferred to you. If you are retired when your spouse dies, you could receive 60% of the retirement pension of your spouse.



If the proposals are adopted, what protection will there be for a person who is not retired and who becomes a surviving spouse?

He or she will receive a temporary pension for three years but it will be higher than the pension now paid. Furthermore, for each of the years the spouses lived together, 60% of the earnings recorded under the deceased spouse's name for the Québec Pension Plan will be transferred to the surviving spouse. Transition measures are planned so that people who are now aged 50 and over will be entitled to a pension for life in the event of a spouse's death.



What does the term "years lived together" mean?

It is the period during which an opposite-sex or same-sex couple were married spouses, civil union spouses, or live together as de facto (common law) spouses.



What is the purpose of the earnings transfer that would be made when a surviving spouse becomes entitled to a temporary pension?

The earnings transferred to the surviving spouse would allow him or her to be given credit for a portion of the deceased contributor's pensionable earnings. The transfer could increase the surviving spouse's own retirement pension. It could also give entitlement to a disability pension to a person who is unable to work because of his or her state of health.



Currently, who qualifies as a surviving spouse?

A surviving spouse is the person who on the day of death:

- was married to the deceased contributor, and they were not legally separated;
- was the civil union spouse of the deceased contributor;
- was living in a conjugal relationship with the deceased contributor (provided the deceased was not married to another person or was legally separated) for at least three years or only one year if a child was born or is to be born of their union, if the couple had jointly adopted a child or if one of them had adopted a child of the other.



Will the amount of the pension for which I am eligible depend on my age?

Currently, the pension payable to a surviving spouse varies depending on whether he or she is under age 65 or age 65 or over. If the proposals are accepted, the pension payable will vary depending on whether or not you are retired when your spouse dies.



To go further

Where can I obtain additional information?

The proposed changes to the Québec Pension Plan are explained in the working paper entitled *Adapting the Pension Plan to Québec's New Realities*. This document also presents, in greater detail, the context and the realities behind the proposals. You can [find it](#) on our Internet site. You will also find the [special supplement](#) that was included in most daily newspapers on 25 October 2003, a [slide presentation](#) that briefly explains the proposed changes as well as an [impact study](#) on the effects the changes will have on the Plan.



How can I express my opinion on the proposed changes?

Until 6 February 2004, you can submit a written statement to the Clerk of the Committee on Social Affairs at the National Assembly for the public hearings that will begin on 24 February 2004. Every brief will be studied and the parliamentary committee will invite some individuals and organizations to appear and discuss the proposed changes.

I completed the survey. What was the deadline for sending it to the Régie?

The deadline was Friday, 28 November 2003.

