

2006

When you
retire



On-line services using



- Statement of Participation in the Québec Pension Plan;
- CompuPension, a tool for simulating retirement income;
- Application for a Retirement Pension;
- Change of address;
- Direct deposit;
- Forms and publications.

www.rrq.gouv.qc.ca

Some of the services, such as the Statement of Participation, CompuPension and the Application for a Retirement Pension require access to your personal file at the Régie. Therefore, in order to protect your personal information, we will ask you to confirm your identity using an identification code.

This publication does not have force of law.

In cases of conflicting interpretation, the *Act respecting the Québec Pension Plan* and its regulations prevail over the contents of this publication.

A large print version and a Braille version are also available. To order a copy, call the Régie at 1 800 463-5185.

To obtain an audiocassette, contact the Magnétothèque at 1 800 361-0635.

All the Régie's services are free of charge.

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The Québec Pension Plan

in brief

The Québec Pension Plan is a compulsory public insurance plan. Its purpose is to provide workers and their families with basic financial protection in the event of retirement, death or disability.

The Plan is financed by contributions from workers and employers. These contributions are managed by the Caisse de dépôt et placement du Québec. The Québec Pension Plan is administered by the Régie des rentes du Québec.

If you have worked in Québec at some time since 1 January 1966, when the Québec Pension Plan began, you have probably contributed to it. If you contributed for the number of years required, you could be entitled to one or more of the following benefits, if an application is made:

Retirement pension;

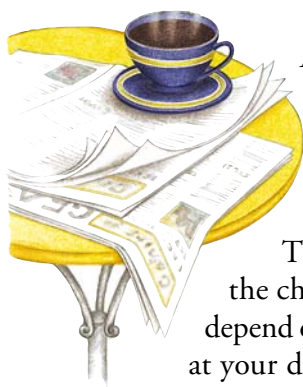
Survivors' benefits (death benefit, surviving spouse's pension, orphan's pension);

Disability benefits (disability pension, pension for a disabled person's child).

There are booklets on each of the situations that could give entitlement to the various types of pensions. You can download or order them from the Régie's Web site (www.rrq.gouv.qc.ca) or call one of the numbers shown on the back of this booklet.



Retirement pension



Are you thinking about retiring? Then it may be time to take stock of the income you will have after you stop working.

The decision to retire and the choice of when to do so may depend on the income you will have at your disposal.

If you have contributed to the Québec Pension Plan, the income you can count on includes a retirement pension payable under the Plan, the amount of which represents 25% of the average earnings subject to contribution during your contributory period. This period begins at age 18 and ends when you retire. The retirement pension provides a basic retirement income.

As much as possible, it must be complemented by other sources of income. In this booklet, we briefly describe other sources of retirement income: the federal Old Age Security program, supplemental pension plans (company pension plans) and registered retirement savings plans (RRSPs).



Entitlement to a retirement pension

You can receive a retirement pension as early as age 60 if you:

- have contributed to the Québec Pension Plan for at least one year;
- have stopped working or are considered to have stopped working, or if you are an employee and have reached an agreement with your employer to reduce your salary by at least 20% for the purpose of retirement.



The Régie considers you to have stopped working:

- if your estimated employment earnings for the 12 months following the one in which you begin receiving your pension will not be greater than 10 525 \$ in 2006;
- if you are on pre-retirement leave, even if you are still on your employer's payroll. Persons are on pre-retirement leave if, for example, they use up their allotted vacation or sick leave before their official retirement.

You are not considered to have stopped working if you are on sick leave with salary insurance, unless the insurance is less than 10 525 \$ in 2006.



Once you have reached age 65, you can receive your retirement pension even if you are still working.

Important!

If you stop working before age 65 for health reasons, you could be entitled to a disability pension, which is higher than a retirement pension. However, when you reach age 65, your disability pension will automatically be converted into a retirement pension. (See our booklet *In the Event of Disability*.)



Are you receiving an indemnity from another agency?

You cannot apply for a retirement pension before 65 years of age if:

- you are receiving an unreduced income replacement indemnity from the Commission de la santé et de la sécurité du travail (CSST); or
- you are entitled to an indemnity from the Société de l'assurance automobile du Québec (SAAQ) and the Régie has deemed you to be disabled for the same disability.

If you are receiving or expect to receive a pension or benefit from a public agency or from a private organization (insurance company), you should ask the agency or organization whether the amounts to which you are entitled will decrease if you begin receiving a pension or benefit from the Régie des rentes du Québec.

For example, a retirement pension may be considered to be income for the purposes of calculating employment insurance benefits. Nevertheless, in some cases, it is advantageous to receive a pension even if employment insurance benefits are reduced.

To receive a retirement pension, you have to apply for it!

One of the RégieNet services we offer is the on-line application for a retirement pension. Using the personalized service, it is now even easier to apply for your pension. You can also download the form from our Web site or obtain it from one of our service centres, from Communication-Québec, at most banks and caisses and from the office of your member of the National Assembly. You should apply for your pension without delay since pensions cannot generally be paid retroactively.



Our commitments

In its *Service Statement*, the Régie has made a commitment to reply to applications for a retirement pension within a maximum of 60 days. We meet this commitment in 95% of cases. In fact, in 3 out of 4 cases, it takes the Régie 30 days to process an application. For information about our other commitments and our results, see the *Service Statement* on our Web site.

To be sure that your retirement pension starts on the date you want to begin receiving it, we suggest that you file your application between 1 and 3 months before that date.



The amount of a retirement pension

Your pension is calculated on the basis of the employment earnings recorded under your name since 1966, the year in which the Plan started. The amount also varies according to your age when you begin receiving your pension.

Between the ages of 60 and 65

If you begin receiving your retirement pension between 60 and 65 years of age, the pension amount will be less than what you would have received if you had waited until age 65. Your pension is reduced by 6% for each year preceding your 65th birthday (0,5% a month), up to a maximum reduction of 30%. This reduction applies for as long as the pension is paid.

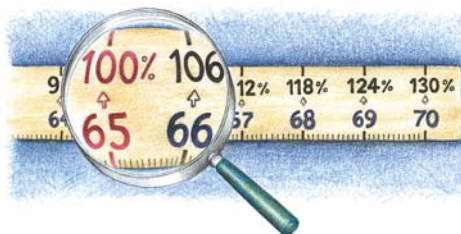


For example, the Régie calculates that Andrew will be entitled to a retirement pension of 750 \$ a month at age 65. Andrew prefers not to wait and applies for his pension at age 62. Since there are 3 years left before his 65th birthday, his pension will be reduced by 18%, that is, 3 years times 6%. As a result, it will be 615 \$ a month instead of 750 \$.

After age 65

On the other hand, if you begin receiving your retirement pension after your 65th birthday, the amount will be greater than what you would have received if you began receiving your pension at age 65. The pension amount will be increased by 6% for each year (0,5% a month) between your 65th birthday and the time when payment of your pension begins.

If you apply for a retirement pension after age 70, it cannot be increased by more than 30%.



Calculating with your needs in mind

The Régie excludes a certain number of months in which your earnings were low or nil from the period during which you could contribute to the Québec Pension Plan. This has the effect of raising your average monthly earnings, thus increasing the amount of your pension. The months that can be excluded are:

- starting in 1966, the months for which you received a Québec family benefit or a Canada Child Tax Benefit in your own name for a child under the age of 7 or the months during which you were eligible for such benefits but none were payable;
- the months during which you received a disability pension under the Québec Pension Plan or Canada Pension Plan;



- the months during which you received an unreduced income replacement indemnity from the Commission de la santé et de la sécurité du travail (CSST) for more than 24 consecutive months;
- the months in which your earnings were lowest, up to 15% of your contributory period.

Payment starting date

Before age 65, a retirement pension can be paid to you only as of the later of the following months: the month following your 60th birthday, the month following the one in which the Régie receives your application, the month after you stopped working or the month following the date you are considered to have stopped working.

After age 65, a retirement pension can be paid to you as of the month following the one in which the Régie receives your application.



Pensions are indexed

Retirement pensions are indexed every January to reflect increases in the cost of living.

Retroactive payments

After age 65, if you have stopped working and you have not yet applied for your retirement pension, it can be paid retroactively as of the date you stopped working (but not before age 65) instead of being increased by 6% per year (0,5% per month).

For example, Mark stopped working in May 2001 when he was 65 years of age. In July 2003, he decides to apply for a retirement pension. He is entitled to 2 years of retroactive pension payments.



After age 70, you can obtain a retroactive pension even if you have not stopped working.

How can you contest a decision rendered by the Régie?

You can ask the Régie to review all decisions it renders with respect to pensions or benefits. However, you must file an application within 12 months of the date of the decision sent by the Régie. You can obtain the application form on our Web site or by contacting the Régie. You must provide any documents in support of your application for review.

The Régie will inform you in writing of its new decision. If you do not agree with the decision, you have 60 days to appeal it to the Administrative Tribunal of Québec.



The Statement of Participation: complete information about your benefits under the Québec Pension Plan


The Statement will indicate:

- the monthly amount of the retirement pension to which you will be entitled at age 60 and at age 65 if you stop contributing to the Plan now;
- the amount of the retirement pension that you will receive at age 60 or 65 if you continue to contribute at the same rate as you have during the last few years;
and if you have made sufficient contributions:
- the disability benefits that could be payable;
- the amount of the surviving spouse's pension and other benefits to which your family could be entitled.

It is important to ensure that all the employment earnings on which you have contributed to the Plan are recorded in your file.

The Régie automatically sends you a Statement of Participation every 4 years.

However, you can:

- consult the statement on our Web site at:
www.rrq.gouv.qc.ca;
-  **Statement**
of Participation
- or complete the application form for a statement of participation on our Web site and send it to us by Internet; or
- telephone the Régie at one of the numbers shown on the back of this booklet; or
- obtain a form at one of our client service centres, at Communication-Québec or from the office of your member of the National Assembly.

Other facts you need to know

Phased retirement

If you are a salaried worker age 55 or over but under 70, you can consider phased retirement.

Phased retirement allows you to reduce your work hours without reducing the amount of the pension you will eventually receive under the Québec Pension Plan. You and your employer must sign an agreement in which you agree to continue paying contributions to the Plan as if your salary had not been reduced.

Your pension is taxable

Your retirement pension paid under the Québec Pension Plan is subject to income tax and must be added to your yearly income on your income tax return.

If you prefer to have income tax deducted at source, simply inform the Régie of the amount you would like to have deducted.

You can either:

- complete the application form for income tax deductions available on our Web site and send it to us by Internet; or
- contact the Régie.



Important!

Under certain conditions, a retirement pension can be shared between spouses. What is the advantage? Your income tax may be reduced. If both spouses contributed to the Plan, they must both be receiving a retirement pension. A single pension can be divided if one of the spouses did not contribute to the Plan, but they do both have to be at least age 60. Note that the pension is not necessarily divided equally. It depends on how long you have been spouses.

Pension sharing is also available to de facto (common-law) spouses.

You can obtain the application form for pension sharing on our Internet site or by calling the Régie.

Going back to work?

What happens if you are receiving a retirement pension and you decide to go back to work? You will continue to receive your pension without any reduction. However, you must contribute to the Plan, regardless of your age, provided you earn more than the basic exemption. The exemption is 3 500 \$, which is the minimum you must earn to be eligible to contribute to the Plan.



In the event of separation

Following a divorce, legal separation, civil annulment of marriage, dissolution of civil union or annulment of civil union, the Régie is automatically informed. It carries out partition of the employment earnings on which former spouses contributed to the



Québec Pension Plan, **unless they have specifically renounced partition**. It is possible for de facto spouses to obtain partition of earnings.

The Régie des rentes du Québec recognizes married spouses, spouses in a civil union and de facto spouses, whether opposite sex or same-sex.

For more information, see our Web site as well as our folder *If You Separate*.

Important!

To find out if partition of earnings under the Québec Pension Plan would be advantageous, you can apply for a simulation of partition. You will find the application for a simulation of partition on our Web site. It's fast and free of charge.



Direct deposit

Retirement pensions are paid monthly by cheque or by direct deposit.

If you live in Québec, elsewhere in Canada or in any one of 27 other countries, you can take advantage of this service. See the list of countries in which you can receive direct deposit on our Web site.



Your other sources of income

The Québec Pension Plan provides a basic retirement income, along with the federal government's Old Age Security program. Those sources of income from public plans must be complemented by private sources of income. The 2 main ones are supplemental pension plans (also known as private plans or company pension plans) and registered retirement savings plans (RRSPs).

Canadian government programs

Apply for your Old Age Security pension!

At age 65, you will probably be entitled to an Old Age Security pension. It is paid to all Canadians age 65 and over who have lived in the country for a certain number of years. The Old Age Security program also offers a Guaranteed Income Supplement, an Allowance and an Allowance for the survivor.

For more information on the Old Age Security program, call Social Development Canada at 1 800 277-9914 (toll-free) or see their Web site at www.sdc.gc.ca.

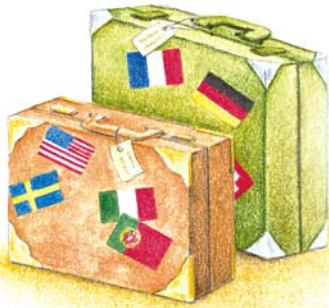


If you participated in the Canada Pension Plan

If you work elsewhere in Canada, you contribute to the Canada Pension Plan. The Régie takes into account contributions made to both plans in determining entitlement to benefits and in calculating the amounts to be paid.

If you are living in Québec and have contributed to both plans, you must apply for your pension to the Régie. If you live elsewhere in Canada, call Social Development Canada at 1 800 277-9914 (toll-free). If you are living outside Canada, you retain all of the rights you accumulated under both plans, and you can file your application for a pension with the plan that applied in your last province of residence.





If you have worked outside Canada

If you have worked in another country, even if it was only for a few months, you may be entitled to a retirement pension from that country.

If Québec has a social security agreement with that country, we can help you look into this.

Please note that receiving a pension from another country in no way reduces the amount of a pension under the Québec Pension Plan. However, pensions from another country may be reduced if you are receiving a pension under the Québec Pension Plan.

For further information about social security agreements, see our Web site or call one of the following numbers:

Montréal region: 514 866-7332, extension 7801

Toll-free: 1 800 565-7878, extension 7801

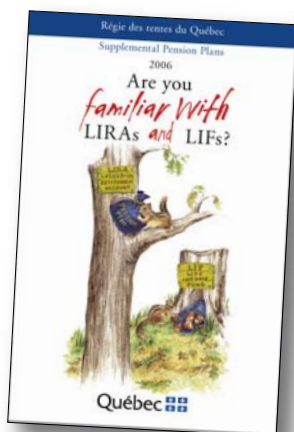


Private plans

There are several sorts of private retirement savings plans: supplemental pension plans, also called company pension plans; individual registered retirement savings plans (RRSPs); group RRSPs for workers in the same company or association as well as deferred profit sharing plans (DPSPs). We can also add to the list locked-in retirement accounts (LIRAs), to which benefits accumulated under supplemental plans can be transferred.

For more information about LIRAs, see our Web site or our booklet called *Are you familiar with LIRAs and LIFs?* For supplemental plans, you can contact your plan administrator or the person in charge of your company's fringe benefits.

Here we will focus on supplemental pension plans and RRSPs.





Have you participated in a supplemental pension plan?

If you have participated in a supplemental pension plan (company pension plan), it is important to know what it has to offer. Some plans are obligated to send you a statement of your benefits at least once a year.

The statement indicates whether you meet the requirements to be entitled to a pension and informs you of the contributions recorded in your account with interest. In certain cases, the statement also gives you an estimate of the pension amount that could be paid to you and tells you if your plan is integrated.

If your plan does not provide for such a statement to be sent, you can request information from your plan administrator concerning your benefits.



Is your supplemental pension plan integrated?

If you participate in a private pension plan with your employer, it is important to know whether the pension that you will receive is integrated, that is, whether it is calculated taking into account the amounts that you receive from a public pension plan such as the Québec Pension Plan. This will prevent you from overestimating the amount that your supplemental pension plan will pay you, and you can more accurately assess the income to which you will be entitled when you retire.

Please note that retirement pensions paid under the Québec Pension Plan are never reduced for that reason.

Have you chosen phased retirement?

Check with your pension plan administrator to find out if your supplemental pension plan is subject to the *Supplemental Pension Plans Act*. If it is, and if you make an agreement with your employer to reduce your work hours, your supplemental pension plan can pay you a benefit to compensate for your lost employment income. To be entitled to phased retirement, you must be less than 10 years away from the normal retirement age provided for by your plan (generally age 65).

The benefit is paid out of the amounts accumulated under your name in your supplemental plan. Note that benefits received before your official retirement will result in a reduction of the benefits paid to you at retirement. Ask your supplemental pension plan administrator before making your decision.





Do you prefer to take early retirement?

If your plan is subject to the *Supplemental Pension Plans Act* and you are thinking about retiring before the normal retirement age under your supplemental pension plan, you can apply for a temporary pension from your plan while you are waiting for your pensions from public plans.

A temporary pension can reach 40% of the maximum earnings on which you can contribute to the *Québec Pension Plan*, that is, 16 840 \$ in 2006.

The temporary pension can be paid until age 65. It is a way of increasing your retirement income until you can start receiving an Old Age Security pension and your retirement pension under the *Québec Pension Plan*. A temporary pension could be paid if:

- you are less than 10 years away from the normal retirement age provided for under your supplemental pension plan (generally age 65); or
- you are more than 10 years away from normal retirement age, if your plan provides for this possibility;
- you are not already receiving a temporary pension from any other pension plan or an annuity purchased from an insurer with amounts that came from a private pension plan.

You must also meet other conditions.

Important!

For more information about supplemental pension plans, consult our Web site. Among other things, you will find contact information to reach your pension plan administrator and a tool to calculate the amount that you can withdraw from your life income fund (LIFs).

Have you invested in RRSPs?

You can invest in registered retirement savings plans (RRSPs) until 31 December of the year of your 69th birthday. If your spouse has not yet reached age 69, you can invest in his or her RRSPs. RRSPs can generate income in 3 different ways.

1. Withdraw the money invested

You can cash in your RRSP at any time, but if you do so, you may have to pay a significant amount in income tax.

2. Purchase an annuity

You can choose between 2 types of annuities:

- A life annuity

A life annuity is an amount that is paid periodically, for example, each month, for the rest of your life.

- An annuity certain (fixed-term annuity)

An annuity certain is paid during a pre-set period that can extend through age 90.





The amount paid from either a life annuity or an annuity certain will of course depend on how much you have in your RRSP. The amount is also based on other factors, such as the beneficiary's life expectancy, the expected rate of return and the age at which the annuity begins being paid.

Like other income, life annuities and annuities certain are subject to income tax.

3. Convert RRSPs into RRIFs

Instead of withdrawing the money invested in an RRSP or purchasing an annuity, you can convert your RRSPs into registered retirement income funds (RRIFs). The deadline is 31 December of the year of your 69th birthday.

However, you will have to draw a minimum annual income representing a percentage that is set each year according to taxation rules. For example, at age 70, it is 5% and at age 75, the rate becomes 7,85%. No maximum annual income is set.

Again, like other income, the income you draw from an RRIF is subject to income tax.

After your death

Find out more about transferring savings products (such as RRSPs, RRIFs, LIRAs, LIFs, etc.) to your estate. You can consult your financial institution, a financial planner, Revenu Québec and the Canada Revenue Agency. In addition, get the booklet entitled *What to Do in the Event of Death* on our Web site at www.rrq.gouv.qc.ca or contact the Régie.



The Régie des rentes du Québec protects confidential information

The Régie des rentes du Québec obtains personal information from citizens, government departments and public agencies. We protect that information and makes sure that it is used by **duly authorized** personnel in carrying out their duties.

However, the Régie can transmit the information to certain government departments and public agencies in accordance with written agreements, approved by the Commission d'accès à l'information du Québec. Those departments and agencies are:

- the Canada Pension Plan;
- the Registrar of Civil Status;
- the ministère de l'Emploi et de la Solidarité sociale;
- the Régie de l'assurance maladie du Québec (RAMQ);
- Revenu Québec;
- the Société de l'assurance automobile du Québec (SAAQ);
- the Commission de la santé et de la sécurité du travail (CSST).

The Régie also provides information about certain pension plans to the 3 following agencies:

- the Commission administrative des régimes de retraite et d'assurances (CARRA);
- the Commission de la construction du Québec (CCQ);
- the Conseil du trésor.

Your satisfaction is our priority!



Service Statement

The Régie des rentes du Québec has made commitments to provide the public with 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 Web site, at our client service centres or from 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 will treat your complaints and comments completely independently. 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.

You can contact the Services Commissioner by Internet or by mail. You can also call the Régie (see the back cover of this brochure).



Maximum amounts of benefits

Type of benefit	Beneficiary's age	Rate payable	Maximum monthly amount 2006
Retirement pension	60	70%	591,21 \$
	61	76%	641,88 \$
	62	82%	692,56 \$
	63	88%	743,23 \$
	64	94%	793,91 \$
	65	100%	844,58 \$
	66	106%	895,25 \$
	67	112%	945,93 \$
	68	118%	996,60 \$
	69	124%	1 047,28 \$
Disability pension	70 or over	130%	1 097,95 \$
	under 65		1 031,02 \$
Pension for a disabled person's child	under 18		63,65 \$
Surviving spouse's pension (for the widow or widower)	under 45		
	- no dependents		418,54 \$
	- with dependent children		685,86 \$
	- disabled		714,30 \$
	between 45 and 54		714,30 \$
Orphan's pension	between 55 and 64		716,31 \$
	65 or over		506,75 \$
	under 18		63,65 \$
Death benefit			Single payment 2 500 \$



How to reach us

For more information about the Québec Pension Plan and the system for financial security after retirement, contact the Régie:

By Internet

www.rrq.gouv.qc.ca



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

By mail

Régie des rentes du Québec

Case postale 5200

Québec (Québec) G1K 7S9

In person

At one of our client service centres.

We suggest that you call us before coming to the office. In most cases, you can obtain the information you need by telephone.