

Frequently Asked Retirement Questions

PENSION:

Will my University of Guelph pension be my only source of income following retirement?

Retirement income may also be available from other sources. For example: 1) government plans eg. Canada Pension Plan, Old Age Security (based on individual eligibility) and 2) personal savings eg. RRSP, other savings/investments.

Is the University Pension Plan a defined contribution or a defined benefit plan?

The University of Guelph pension plan is a defined benefit pension plan. The pension benefit is determined by a formula based on earnings and years of pension credited service.

How can I find out what my pension will be?

To get an estimate of your pension, the online pension calculator is available on the [Human Resources webpage](#). Use the link called 'My Retirement Pension Portal - Employees' that can be found in the bottom left area called Frequently Used Links

What earnings are not included to determine pensionable earnings?

Earnings such as overtime, shift premiums, honoraria and bonuses are not included in pensionable earnings.

When can I retire?

The earliest you can retire is 10 years from the normal retirement date of age 65. If you retire early, your pension will be subject to a 3% reduction for each year that you retire prior to age 65 or prior to the date when you attain the early retirement factor applicable to your employee group (whichever produces the highest pension).

Do I have to retire at age 65?

Mandatory retirement ended in 2006. This means that you can work beyond age 65. If you continue to work beyond age 69, you must start to collect your pension in December of the year in which you turn 69.

When retiring, how much notice should I provide?

Normally, the sooner the better. This will enable your department to start planning for the future. In order for Human Resources to process the appropriate documentation for your retirement, 7 to 8 weeks notice is required.

What are my options at retirement?

At the time of your retirement, you will have the choice of taking an immediate monthly pension or taking the commuted value of your pension. The amount of your monthly pension is determined by your average earnings over your best 36 continuous months of employment and your years of pension credited service. There is a maximum pension benefit limit set by the Income Tax Act.

If you have a spouse at the time of retirement, you will receive a monthly pension with a 60% continuation option to your spouse unless a spousal waiver is filed with the University. This means that if, for example, your monthly pension is \$1,500, and you should predecease your spouse, then \$900 per month (60% of \$1,500) would continue to your spouse after your death. At retirement, you can choose to take your monthly pension with a 75% or 100% continuation option to your spouse. If you choose the higher 75% or 100% option to have more money going to your spouse after your death, your monthly pension is reduced accordingly.

An employee with no spouse at retirement will receive a guaranteed lifetime pension with a 60 month payment guarantee. If you die prior to 60 pension payments being made, the remaining payments will be made to your beneficiary. At retirement, you can choose a 120 or 180 month payment guarantee. If you choose a longer guarantee period, your monthly pension is reduced accordingly.

The commuted value of your pension is an immediate lump sum payment estimated to be equal in value to a series of future payments -the actuarial present value of the benefit to which an employee is entitled. The payment of the commuted value is subject to the Income Tax Act and must be transferred into a locked-in retirement fund. You are not eligible to receive University of Guelph retiree benefits (extended health and dental) if you choose to take the commuted value.

How and when do I receive my pension?

CIBC Mellon will deposit your monthly pension payment, less income tax and any other applicable deductions, to your bank account on the last business day of each month.

Will my pension ever increase?

The University pension plans indexation formula is the Consumer Price Index (CPI) less 2%, to a maximum of 6%. For example, in a calendar year where the CPI is 3%, your monthly pension will increase by 1% (3%-2%) in September of the following year.

CANADA PENSION PLAN:

When should I apply for Canada Pension Plan (CPP)?

An application for CPP should be completed and submitted 6 months prior to the date on which you wish to begin receiving benefits. You can start receiving CPP once you turn age 60. From 2012 to 2016, the Government will gradually increase the early pension reduction from 6% per year to 7.2% per year for each year you start to collect CPP prior to age 65.

How does CPP affect my University of Guelph pension?

The University of Guelph pension does not change when you begin to receive CPP.

OLD AGE SECURITY:

When should I apply for Old Age Security (OAS)?

An application for OAS should be completed and submitted 6 months prior to your 65th birthday. OAS is an income- tested assistance program. Retirees with income greater than \$69,562 annually can expect to have some or all of their OAS benefits clawed back when filing their personal income tax returns.

BENEFITS:

What post-retirement benefits are available? Eligibility for post-retirement Health and Dental benefits depends on the requirements outlined in the [employee agreement](#) for your employee group and your level of coverage prior to retirement. You must start a pension immediately after your employment ends in order to be eligible for these post retirement benefits.

Questions or comments can be directed to:

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