

THE UNIVERSITY OF WINNIPEG

RETIREMENT GUIDE

For Defined Benefit Plan Members

This guide provides answers to questions most frequently asked by University employees preparing for retirement.

1. HOW MUCH NOTICE SHOULD I GIVE OF MY INTENT TO RETIRE?

UWFA - Six months notice is encouraged.

UWFA-COLLEGIATE - Five months written notice.

AESES, IUOE, and EXCLUDED - As much notice as is possible to assist the department with planning, but 10 working days is the minimum and three months is considered ideal to ensure there are no delays with the implementation of monthly pension payments.

TERM employees should refer to their employment agreement for any specific reference to a notice period.

NOTE - The notice period needed to allow your pension entitlement to be calculated and set up for payment is about three months. In the event that a shorter notice period than three months is provided, the commencement date of your pension payments may potentially be delayed.

2. WHO SHOULD I NOTIFY OF MY INTENT TO RETIRE?

UWFA - area Dean/Vice President (Students)/University Librarian, as appropriate.

UWFA-Collegiate - Dean

AESES, IUOE, EXCLUDED, TERM – Supervisor

A copy of the retirement notice should also be provided to Human Resources.

3. WHAT IS THE NORMAL PENSION COMMENCEMENT DATE UNDER THE PENSION PLAN?

First of the month following or coincident with attainment of age 65.

NOTE: The Normal Pension Commencement Date, is prescribed by pension legislation and is the date as of which a plan member is entitled to receive a pension that is not reduced for early retirement, irrespective of the length of service he/she may have.

4. WHAT IS THE EARLIEST DATE ON WHICH I CAN RETIRE EARLY?

Early retirement can take place at any time in the 10-year period preceding the Normal Pension Commencement Date.

5. WILL MY PENSION BE REDUCED FOR EARLY RETIREMENT?

Your pension will not be reduced for early retirement if you are at least 61 years of age AND your age and service add up to at least 85, at the time of retirement. If you do not meet the age and service requirements (both must be met), your pension will be reduced by .25% for each month by which your early retirement date precedes the date on which you would have been entitled to unreduced pension had your employment continued.

For example, if you will attain age 61 on August 15, 2020 and at that time will have at least 24 years of service, then effective September 1, 2020 you would be entitled to retire with unreduced pension. If

you decide to retire on September 1, 2019, your pension would be reduced by 3% (.25% for each month between September 1, 2019 and September 1, 2020).

6. WHEN DO I HAVE TO DECIDE HOW I WANT MY PENSION TO BE PAID?

Approximately one month prior to your scheduled date of retirement an appointment will be set up for the purpose of signing your pension election forms. At that time, you will be asked to declare how you wish to have your pension paid. If you will be unavailable to sign your pension forms during this time frame, it is important that you notify the Pension Administrator well in advance so that arrangements may be made to have the forms available at a more convenient time.

The form of pension payment you choose is the most important decision you will have to make in relation to the financial aspects of your retirement.

The decision concerning how your pension will be paid has long-term implications and CANNOT be changed after payments commence. For this reason, you should start reviewing your options long before retirement, consulting with a financial planning professional if necessary. Your appointment with the Pension Administrator is for the purpose of signing the required forms and obtaining information relative to your pension payments. The decision how you wish to have your pension paid should be made well in advance of this appointment and when you sign the election forms you should be comfortable that you are making a choice that is appropriate for you, and your spouse, if applicable.

7. WHAT IS THE USUAL FORM OF PENSION PAYMENT THAT EMPLOYEES CHOOSE?

There is no “typical” choice of pension payment as this decision is highly individual, based on personal circumstances. In choosing the form of pension payment that is most appropriate for your circumstances you should consider many factors including, but not limited to, the following:

- Marital Status;
- Individual(s) dependent upon you for support;
- Post-retirement employment plans;
- Spouse’s pension from his/her employer;
- Other sources of income (government retirement benefits, investments, inheritance, former employer’s pension plan, etc.);
- Assets (house, cottage, etc.);
- Longevity in your family;
- Your and your spouse’s health.

8. WHAT TAX CREDITS CAN I CLAIM AFTER I RETIRE?

All individuals who are in receipt of regular pension payments are entitled to the basic tax credit (\$1,000 provincial tax credit and \$2,000 federal tax credit). When you reach age 65, you may be entitled to an age-related tax credit, as long as your net retirement income is below the applicable threshold. Other credits may apply and you need to review the tax credit forms carefully at the time you retire, and periodically thereafter.

NOTE - If you will be receiving pension income from more than one source and/or will be engaging in post-retirement employment (at the University of Winnipeg or elsewhere) you need to ensure that you are claiming all tax credits ONLY ONCE. Claiming your tax credits against more than one source of income, will result in an incorrect amount of tax being withheld and you may end up owing a significant amount of income tax at the end of the year.

9. WHEN CAN I EXPECT MY FIRST PENSION PAYMENT?

Monthly pension payments are payable in advance, on the 1st day of each month. For example, if you are retiring effective August 31, your first pension payment will be due on the first of September. Where the first day of the month is not a regular banking day, your pension payment will be paid on the next available regular banking day.

10. HOW WILL I RECEIVE MY PENSION PAYMENTS?

Your pension payments will be paid by the University of Winnipeg Trusteed Pension Plan Custodian, CIBC Mellon, by way of monthly direct deposits. A statement will be sent to you by CIBC Mellon at the commencement of payments and when the payment amount changes.

CIBC Mellon will also send you your annual T4A statement.

Changes in your banking information must be reported to CIBC Mellon through the University of Winnipeg Pension Administrator. A copy of a cheque is required for any banking change.

11. WILL MY PENSION PAYMENTS BE INCREASED AFTER I RETIRE?

After your pension has commenced it will be increased to offset the effects of inflation to the extent possible. The amount of the increase is dependent on the investment performance of the pension Fund and is limited to the increase in the Consumer Price Index (CPI) over the same period. If the pension Fund earns a return in excess of 6% per annum (calculated as a moving Geometric Average of the last four years of Market Value returns, net of administrative expenses and investment fees*), and there is an increase in the CPI during the same period, your pension will be increased by the difference between the rate of return on the fund and 6%, capped by the increase in the CPI. If the return on the Fund is less than 6% in a particular year, there will be no increase.

For example, if the Pension Fund earns 8% (on a Geometric Average basis) and the CPI goes up by 1.5% during the same period, the available excess of 2% is capped by the CPI increase of 1.5%, therefore a cost of living adjustment of 1.5% would be paid. Conversely, if the Pension Fund earns 7% and the CPI goes up by 2% during the same period, the available excess return of 1% is paid as a cost of living adjustment.

Cost of living adjustments are payable July 1, and relate to the prior calendar year. If you retire September 1, and there is a cost of living adjustment payable on July 1 of the following year, you will receive 4/12 of the adjustment since you were in receipt of pension payments during 4 months of the year to which the adjustment relates. Thereafter, you would be entitled to any full adjustment that may be payable.

If the return on the pension Fund in one year is not high enough to cover the full increase in the Consumer Price Index, and in a subsequent calendar year the available increase is limited by the CPI increase, the Board of Trustees may provide that the increase in the subsequent year be modified to include part or all of the shortfall in the preceding year's increase.

**The Geometric Average calculation for the purpose of cost of living adjustments is effective for calculations from January 1, 2011. Prior to 2011, cost of living adjustments were calculated using a "smoothed" actuarial value of four years of net fund returns.*

History of general cost of living adjustments over the last several years:

July 1, 2022	No increase
July 1, 2021	No increase
July 1, 2020	0.89%
July 1, 2019	No increase
July 1, 2018	1.87%
July 1, 2017	1.5%
July 1, 2016	1.61%
July 1, 2015	1.2%
July 1, 2014	1.24%
July 1, 2013	0.83%
July 1, 2009-12	No increase
July 1, 2008	2.38%
July 1, 2007	1.65%
July 1, 2006	0.53%
July 1, 2005	1.1%
July 1, 2004	2.01%
July 1, 2002-03	No increase
July 1, 2001	3.22%
July 1, 2000	2.59%

12. CAN I TRANSFER MY FULL PENSION ENTITLEMENT FROM THE PLAN?

Under the current terms of the University of Winnipeg Trusteed Pension Plan and Manitoba Pension legislation, you may transfer the Commuted Value of your pension entitlement from the Pension Plan to a LIRA (Locked In Retirement Account), or a LIF (Life Income Fund). The transfer would occur at retirement, as long as it takes place prior to the end of the calendar year in which you attain age 71.

There is an important factor that you should be aware of in relation to the Commuted Value transfer.

The Canadian Institute of Actuaries (CIA) prescribes the guidelines for the calculation of commuted values. The prescribed calculation method is based on a two-step variable interest rate that changes monthly, and also takes into account mortality factors.

A Commuted Value that is projected to a future retirement date is only an estimate, and depending on the interest factors in effect at time of retirement, the actual Commuted Value could be higher or lower than the projected amount. If at the time of retirement interest rates are higher than the rates that were used to calculate the projection, the Commuted Value could be SUBSTANTIALLY lower than the projected amount. As a result, caution is urged when using an estimated Commuted Value for retirement planning.

Transferring the Commuted Value means that you are also transferring the risk of providing yourself with retirement income and therefore, it is a decision that should not be made lightly. To determine if a transfer of the Commuted Value is the appropriate choice for you, the University of Winnipeg and the Board of Trustees strongly encourages any individual contemplating commuting their pension entitlement to consult with an independent financial planner and to also consider obtaining legal advice. If you decide to commute your pension entitlement you will be giving up any claim with respect to the University of Winnipeg Trusteed Pension Plan and you will be asked to sign a waiver form to that effect.

13. WHEN SHOULD I APPLY FOR MY GOVERNMENT BENEFITS?

You should apply for your Canada Pension Plan retirement benefits six months in advance of the date on which you wish the payments to commence. To qualify for the commencement of CPP retirement benefits you must be at least age 60. If you are under age 65 at the time your CPP payments commence your CPP pension will be reduced, and if you are over age 65 at the time your CPP payments commence your CPP pension will be increased. To apply for your CPP pension, or to get more information on the CPP, call Service Canada at 1-800-277-9914 or go to: <http://www.servicecanada.gc.ca/en/sc/cpp/retirement/canadapension.shtml>.

If you are age 65 or over at the time of CPP application, you may apply for Old Age Security benefits at the same time. Your OAS benefits will be subject to a “claw back” if your NET income is in excess of a specified amount (claw back starts at \$77,580, with full claw back at \$125,696 in 2019).

14. I AM TAKING EARLY RETIREMENT. SHOULD I APPLY FOR MY CPP BENEFITS NOW OR SHOULD I WAIT UNTIL I REACH AGE 65?

Collecting CPP benefits upon early retirement versus delaying receipt of these benefits until a later date is a personal decision, and if you cannot decide which option is in your best interest, you should consult with a professional financial planner. In making your decision, you may wish to consider the value of the CPP pension payments you will be foregoing due to the delayed payment date versus the increased payments you will receive from a later date.

15. SHOULD I APPLY FOR MY CPP BENEFITS EVEN THOUGH I DO NOT PLAN TO RETIRE?

As of January 1, 2012, you no longer have to have an interruption in your earnings in order to start collecting CPP benefits between the age of 60 and 65, however, you will have to continue to pay into the CPP if you continue working. If you are at least age 65 when you start collecting CPP retirement benefits, you may choose to continue paying into the CPP or cease making further contributions. Collecting CPP benefits while still working is a personal decision and there are many considerations. If you are not sure whether collecting CPP benefits while still working is in your best interest, you should consider consulting with a professional financial adviser.

16. CAN I CHANGE MY BENEFICIARY DESIGNATION AFTER MY PENSION PAYMENTS START?

Yes. You may change your beneficiary designation at any time before or after your pension payments commence. If you need to make a change after retirement notify the Pension Administrator who will provide you with the appropriate change form.

17. WILL MY HEALTH COVERAGE CONTINUE BEYOND MY RETIREMENT DATE?

No. All group benefits coverage, including health coverage (Dental, Extended Health, Vision, etc.), ends at the time of retirement. However, there is a group Retiree Plan available through Blue Cross; further information on the plan may be obtained from Mark Betcher at m.betcher@uwinnipeg.ca. Information on individual health coverage may be obtained directly through Manitoba Blue Cross or another service provider. If you would like to obtain information on the Blue Cross individual plans, please visit the Blue Cross website at <http://www.mb.bluecross.ca>.

18. CAN I CONVERT MY LIFE INSURANCE TO AN INDIVIDUAL POLICY?

If your group term life insurance ceases on or before your Normal Pension Commencement Date, you may convert your group term life insurance coverage, with no medical evidence, to an individual policy

within 31 days of the termination of your group coverage (subject to conversion minimum and maximum). The plans available under the conversion provisions are:

1. One Year Term policy that can be exchanged prior to its expiry date for a life insurance policy as described in 2 or 3 below,
2. A non-convertible term insurance policy that provides level term insurance to age 65, or
3. A term to age 100 policy, that provides lifetime coverage with no forfeiture options.

The rate charged on a converted group policy may be higher than the rate you may be able to obtain on an individual policy that you purchase on your own, due to the “no medical evidence” conversion provisions. If you are in good health at the time of retirement, it may be in your best interest to obtain the services of an insurance broker who can ensure that you are paying the lowest possible rate for life insurance.

19. DO I AND MY DEPENDENTS CONTINUE TO QUALIFY FOR THE TUITION SCHOLARSHIP PROGRAM AFTER I RETIRE?

No. Eligibility for the Tuition Scholarship Program ends upon retirement. However, as eligibility for the Program is determined on the first day of classes, a Tuition Scholarship may be claimed after the date of retirement if eligibility was confirmed at the commencement of the class.

20. WILL I CONTINUE TO ENJOY BASIC UNIVERSITY LIBRARY PRIVILEGES AFTER I RETIRE?

Yes. You may continue to access the resources of the University of Winnipeg Library following retirement, provided that at the time of retirement you send a letter to the University Librarian requesting extension of library privileges.

21. DOES THE UNIVERSITY OFFER FINANCIAL EDUCATION?

Yes. The University offers comprehensive financial planning education seminars, usually in the fall of each year. The seminars are open to all regular employees of the University and are offered through the Human Resources office.

22. IS THERE AN ASSOCIATION FOR UNIVERSITY RETIREES?

Yes. The University of Winnipeg Retirees Association welcomes as members all retired academic and support employees who are eligible to receive benefits from the University of Winnipeg Trusteed Pension Plan. It also welcomes associates who are involved with the University in any way and wish to support it. The UWRA elects two Trustees to sit on the University of Winnipeg Trusteed Pension Plan Board, and if you are in receipt of monthly retirement benefits from the Plan, UWRA is your legal representative on the Board of Trustees.

For information on the University of Winnipeg Retirees Association Inc. please go to <http://www.uwinnipeg.ca/index/hr-uwra>

OTHER QUESTIONS?

Please contact: Mark Betcher, Manager Pay & Benefits
204 786-9890 (m.betcher@uwinnipeg.ca)