

PENSION PLAN - ACTION REQUIRED BY CUPFA MEMBERS

On 24 January 2017 University sent you an email regarding the changes to the pension plan and action required by members of the plan. All CUPFA members who are enrolled in the pension plan* should read that email, go to C-space as indicated in the email, avail themselves of all the information, and then hand deliver the requested declaration form to the University.

A summary of key points to consider are below.

Pension contributions will increase starting 1 January 2018 from 4.5% to an estimated 8% of earnings. Since the contributions are deducted from your pre-tax earnings, your after-tax pay would be reduced by significantly less than that percentage amount.

For example, if you are earning \$25,000 per year (teaching about 3 courses) your total pension contribution would be about \$77 per pay period before tax but about \$45 per pay period after tax. These figures are approximate. The exact costs will depend on how many existing plan members choose to contribute to the plan. Your contribution will represent 45% of plan costs. The University will contribute the other 55% . You will see this on your pay stub.

Benefits remain as they were for contributory members, but the non-contributory option will disappear under the new law. That means your benefits will be calculated as 2% of your final average earnings times your years of service. (See our information under Pension on the CUPFA website. www.cupfa.org)

Existing Plan Members* Must Decide by 29 SEPTEMBER 2017

whether you wish to continue to accrue benefits by contributing to the plan.

Pension Plan Members* who do not return the required form in time will automatically and irrevocably become contributing members starting 1 January 2018.

The University has posted on C-space a declaration form which you must return either in person or by registered mail to Human Resources. Information on where to deliver it is on the form. Electronic submissions of the form cannot be accepted.

Whatever your decision, your already-earned benefits will remain in place.

Your choices are as follows:

If you choose to "accrue service" it means you will contribute, and you will accumulate years of service and benefits. Once you choose to "accrue service" your decision is irrevocable. You cannot change your status back to non-accruing in a later year.

If you choose "not accruing service" you will not contribute and you will not accrue years of service or benefits for the period of time that you are not contributing. You will be able to change your status to "accruing service", one time only, effective 1 January of any later year. But you will not be able to "buy back" your missing contributions or years of service after the fact. So your decision to not contribute for a while will reduce your benefits forever.

CUPFA members who newly qualify for the pension plan after 1 January 2018 will have 2 years to decide whether they wish to opt-in or opt-out, but after 2 years will be automatically enrolled as "accruing service" members of the plan.

A summary of the full range of changes to the Pension Plan was emailed to you by the Concordia Pension Committee on 27 January 2017. Email pension2018@concordia.ca and request a copy if you missed it or if you have questions.

Advantages of Contributing to the Pension Plan:

Concordia University will contribute 55% of what is needed for your benefits while employees will contribute 45%. This is more generous than the 50-50 cost sharing formula at other Universities. Your benefits are guaranteed for life as this is a defined benefit plan - an increasingly rare type of pension. In contrast, with an RRSP you must contribute 100% of the required funds for your retirement savings and your future stream of income from those savings are not guaranteed but depend entirely on your own investment choices. Research shows that a defined benefit plan is more beneficial than private RRSPs in providing reliable income in retirement. Pensions also provide greater security than RRSPs in the event of financial distress. Many Canadians are heading into their retirement years with severely inadequate savings.

New University Group RRSP & Group TFSA** Plans for All Employees:**

Whether you are already a member of the plan or have not yet qualified to become a member, you can now contribute to the University's new Group RRSP and Group TFSA plans for all employees. The employer does not contribute funds for you but you can contribute your own money by payroll deduction. The management fees are low and you can set a variety of investment goals within these plans. There is extensive information about this is on C-Space.

A PENSION ORIENTATION MEETING will be held on Thursday 18 May at 4:45 p.m. in H-763. It will be co-hosted by your treasurer, June Riley and Jean Freed of Financial Vision. In the meantime we have an information document about the Pension Plan on the CUPFA website (www.cupfa.org). It is simple to read and will tell you exactly how the pension plan works.

We cannot give you personal financial advice, but if you have questions about how the pension plan works or the changes coming to the plan please direct inquiries to jrcupfa@gmail.com. Alternatively you can direct inquiries to the university at: pension2018@concordia.ca

**If you are not sure whether you are a member of the plan, contributing or non-contributing, look at your pay stub. If there are two entries for pension contributions - one from you and one from the employer, then you are a contributory member of the plan. If there is only one entry showing a pension contribution from the employer, then you are a non-contributory member of the plan. If there is no indication of a deduction for pension on your pay stub then you are not a member of the pension plan. To become a member of the pension plan Quebec law requires that you earn, in a calendar year, the equivalent of about three 3-credit courses. Once you qualify for the pension plan you remain qualified even if your work load drops in later years. So if you have not yet qualified you should try, if you can possibly manage it, to get 3 courses in a calendar year.*

**** RRSP = Registered Retirement Savings Plan. TFSA = Tax Free Savings Account.**

In either type of account your interest and profits are tax free. Your local bank can provide you with information.

Prepared by June Riley, Treasurer CUPFA, 31 January 2017.