Questions and answers about your retirement pension

Québec

You are entering retirement, a new stage in your life which we hope will be most enriching and filled with new experiences.

But for this to be so, you must have the peace of mind and financial security you need to carry out your plans. This folder describes certain situations or events that may have repercussions on your retirement income. It has been prepared exclusively for retired members of RREGOP, the PPMP, the TPP, the CSSP and the PPCT.

Will your pension be indexed?

Yes. Your pension will be indexed on January 1 of each year, according to the rate of increase of the Québec Pension Index and certain conditions explained below.

This rate is calculated according to a method established under the *Act respecting the Québec Pension Plan*. The first year, it is indexed in proportion to the number of days out of 365 during which the pension is actually paid.

If you were a member of RREGOP, the PPMP, the TPP or the CSSP, the portion of your pension corresponding to the years of service you earned **before July 1, 1982** is fully indexed, while the portion of your pension corresponding to the years of service earned **after June 30, 1982 but before January 1, 2000** is indexed according to the rate of increase of the Pension Index, minus 3%. The portion of your pension corresponding to the years of service earned **since January 1, 2000** is indexed according to the more profitable of the following formulas:

- 50% of the rate of increase of the pension index; or
- the rate of increase of the pension index, minus 3%.

Example 1: *If the rate of increase is 8%, the portion of your pension earned since January 1, 2000 will be indexed by 5% (8% - 3%), which is higher than 50% of the rate (50% of 8% = 4%).*

Example 2: *If the rate of increase is 2%, the portion of your pension earned since January 1, 2000 will be indexed by 1%, which is equal to 50% of the rate (50% of 2% = 1%).*

A pension payable under the PPCT is indexed in the same manner as under the four other plans, **except** that the portion that corresponds to the years of service credited at the annual vesting rate of 1.6% is indexed according to the rate of increase of the pension index, minus 3%.

When and why is income tax deducted from your pension?

CARRA is required by law to deduct federal and provincial income tax from your pension. However, your basic personal tax credits and any additional credits you ask for are taken into account. You can ask CARRA to modify your personal tax credits if, for instance, your spouse dies or one of your children is no longer your dependant. CARRA can also increase the amount of income tax deducted from your pension. Simply complete and send us the two following forms:

- for federal income tax, the “Personal Tax Credits Return” form (TD1);
- for Québec income tax, the “Request to have additional income tax withheld at source” form (TP-1017-V).

If you require further information regarding income tax, contact Canada Revenue Agency or Revenu Québec, as the case may be.

Your pension plan is integrated with the QPP: what does this mean?

Integration with the Québec Pension Plan (QPP) is provided under the legislation governing your retirement plan. Your contributions were reduced during the years you worked to take into account those you were paying into the QPP.

If you are under 65 when you retire, the pension you receive from CARRA will be reduced as of the first day of the month following your 65th birthday, to take into account the pension paid under the QPP. **Even if you anticipate the payment of your QPP benefits between the ages of 60 and 65, the pension paid by CARRA will not be reduced before you reach the age of 65.**

However, if you were eligible for a deferred pension from CARRA and you anticipated payment of this pension before the normal age of retirement defined under your pension plan, integration with the QPP is applied on your first payment.

If you are 65 or over when you retire, the reduction is applied the month following the payment of your first benefit. The amount of the reduction and the date on which it begins are indicated on your pension confirmation from CARRA.

The application for retirement benefits you sent CARRA is not considered as an application for QPP benefits. You must therefore submit a separate application to the Régie des rentes du Québec to receive any benefits payable to you.

Have you chosen direct deposit?

If you receive your pension benefits through direct deposit, CARRA will send you in **January and June** a statement of the benefits you received. You will also receive a statement if any changes are made in your file, whether they concern the amount of your pension, the name and address of your bank or deductions at source other than income tax.

If you chose not to receive your benefits through direct deposit, you may change your mind at any time and take advantage of the many advantages direct deposit has to offer. Simply inform us of your decision in writing and send us a voided cheque. It is important that you provide us with your social insurance number.

What about your insurance premiums?

CARRA can deduct from your pension premiums for any life, health or drug insurance plan sponsored by a pensioners association. The part CARRA plays in this case is limited to deducting the necessary amount at your insurer's request. However, **you must inform your insurer that you want your premiums to be deducted from your pension, even if they have so far been deducted from your salary.**

If you wish to cancel or modify a deduction, or simply to obtain information on the amount of a deduction, you must contact your insurer directly. The insurer will inform us of any change to be made and refund any amount due to you directly.

… and your pensioners association?

Further to an agreement with CARRA, several public and parapublic sector pensioners associations that have members throughout Québec offer you the possibility of having your annual dues deducted from your pension.

As in the case of your insurance premiums, you may contact your association directly to request that your dues be deducted or to obtain information on the services it has to offer.

Will your pension be revised over the years?

Yes. It will be revised three years after the payment of your first pension benefit, as provided by law, in order, for instance, to take the data transmitted by your employer into consideration. In the case of a deferred pension, your pension will be reviewed six months after payment of your benefits begins. CARRA will inform you in writing of any change in your pension resulting from such a revision.

What if you return to work?

If you return to work before your 69th birthday in a position where you must contribute to a pension plan administered by CARRA, you could suffer serious consequences.

Whether you are a regular, casual or part-time employee, returning to work in the Québec public service, or in the education or health and social services networks, may result in the **reduction** or **suspension** of your pension. In some cases, a **claim** may be filed for substantial overpayments you would have received, not to mention the loss of a number of privileges obtained through temporary early retirement programs.

So, if you are thinking of going back to work, it is very important that you contact CARRA before making a decision in order to avoid a number of serious problems.

What happens in the event of your death?

If you were a member of the Government and Public Employees Retirement Plan (RREGOP) or the Pension Plan of Management Personnel (PPMP), your spouse will receive 50% of your pension reduced in consideration of the Québec Pension Plan integration, or 60% if you chose to reduce it by 2%.

If you do not have a spouse and if the total contributions paid into your pension plan (plus accrued interest) exceed the total amount of the benefits you received, the difference will be reimbursed as a lump sum to your heirs.

If you were a member of the Civil Service Superannuation Plan (CSSP), your spouse will receive 60% of your pension reduced in consideration of the Québec Pension Plan integration if you ceased to be a member of that plan after December 31, 1990, and 50% if you ceased to be a member before January 1, 1991.

If you were a member of the Teachers Pension Plan (TPP), your spouse will receive 50% of your pension reduced in consideration of the Québec Pension Plan integration.

If you were a member of the CSSP or the TPP, each of your single children under 18, or under 21 if they attend an educational institution full time, will be entitled to a pension equal to 10% of your pension reduced in consideration of the Québec Pension Plan integration, up to a maximum of 40%. If the children are under 18, the pension will be paid to the person responsible for them. If there are more than four children, the maximum amount payable (40% of your pension) will be divided equally among them.

If you have no spouse at the time of your death, or if your spouse also dies, each of your children who meet the above conditions will receive a pension equal to 20% of your pension reduced in consideration of the Québec Pension Plan integration, up to a maximum total of 80%. However, if you have no children, or if they are not eligible for a pension, and the total contributions paid into the plan exceed the total amount of the benefits paid to you or your spouse, the difference will be reimbursed as a lump sum to your heirs.

If you were a member of the Pension Plan of Certain Teachers (PPCT), your spouse will receive 50% of your pension reduced in consideration of the Québec Pension Plan integration. If you do not have a spouse and if the total contributions paid into your pension plan (plus accrued interest) exceed the total amount of the benefits you received, the difference will be reimbursed as a lump sum to your heirs.

If you were a member of either of those plans, pension credits granted following a redemption of service cannot be paid to your spouse when you die. The same applies to the sums paid for a pension credit (including interest accrued since the purchase). If the sums paid are higher than the amount of pension credit you received, the difference will be reimbursed as a lump sum to your spouse or heirs.

However, pension credits granted following a transfer from a supplemental pension plan (SPP) are payable to your spouse in most cases; your spouse will therefore receive 50% of your pension credit(s). If you retired after December 31, 1999 and were entitled to a pension credit, you can receive, in addition to that amount, an **additional life annuity** that can be paid to your surviving spouse according to the same rules as the basic pension and a **temporary annuity** that cannot be paid to your spouse.

It is important to note, in ending, that for each of these pension plans, the spouse is the person who is married or civilly united to you. If you are not married or civilly united, the spouse is the person of the opposite sex or the same sex whom you represented as your spouse and who, at the time of your death, is not married or civilly united to anyone else and has been living maritally with you for at least three years. This period can be one year in the following cases: a child is born or to be born of your union, a child was jointly adopted by you and your spouse during your union or one of you has adopted the child of the other during your union.

We wish to point out that spouses who were legally separated are still considered married. Therefore, if the Court did not take into account the value of the benefits accumulated in the pension plan for the partition of family patrimony, the surviving spouse is still entitled to the refund of the contributions or a surviving spouse's pension, in accordance with the provisions of the deceased member's pension plan.

To obtain the benefits described above, your spouse or heirs must send us an "Application for death benefits" form.

To contact us:

(418) 644-2325 (Québec City area)
1 800 368-9883 (elsewhere in Québec)

Commission administrative des régimes de retraite et d'assurances
475, rue Saint-Amable
Québec (Québec) G1R 5X3

Internet: www.carra.gouv.qc.ca

Within the framework of the government measures aimed at improving the relationship between the Administration and the population, CARRA has prepared a service statement. You can access it in our Web site or ask our client services for a copy.

In this text, the masculine is taken to include the feminine.

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