



# McGill University Simplified Pension Plan for Temporary Employees



Welcome to the Industrial Alliance Simplified Pension Plan. Industrial Alliance is one of Canada's top publicly traded 100 companies, and the fourth largest life insurance company in Canada. We would like to summarize the benefits that will be available with your participation in this plan. For example, large family of funds, educational support, a Client Contact Centre where you can speak to someone to get investment guidance, and have instantaneous access to your account information via telephone or the Internet (i.e., print off a statement of account or change allocation between funds online).

A simplified pension plan is a pension plan that provides members a life income at retirement, protects their spouses in case of death and allows members to actively participate in the management of their retirement savings.

## Advantages of Simplified Pension Plans

- Employees take an active role in planning their retirement.
- A member can choose to distribute his or her savings among various different investment possibilities offered by the financial institution.
- The employer contributions belong to the member as soon as they have been paid.
- All the contributions are used for retirement, which provides a true life income.
- If the member dies, the amount that has been saved is paid to the member's spouse, or if there is no spouse to the designated beneficiary or the heirs.

## Main Characteristics of the Simplified Pension Plan

### Defined-Contribution Pension Plan

A simplified pension plan is a defined-contribution plan, that is, a plan that predetermines the employer contributions and the member contributions.

Note: In a simplified pension plan, the employer and member contributions accumulate along with the investment income they generate in a retirement account that is similar to an RRSP.

With this type of plan, you do not know ahead of time how much your retirement pension will be. The amount of your pension will depend on the total amount accumulated in your account and the annuity purchase rate at the time your account is converted. The total amount is made up of your member contributions with interest and those of your employer, with interest. Therefore, high-return investments, combined with high-interest rates at the time you purchase an annuity will provide a higher pension.

### Eligibility

Temporary Employees are eligible to participate in the Simplified Pension Plan. Membership starts on the first day of a calendar year as soon as you have satisfied one of the following conditions during the preceding calendar year:

- You received remuneration equal to or greater than 35% of the Quebec Pension Plan's Earnings Limit (\$19,565 in 2018) , or
- You completed at least 700 hours of employment.

## Contributions

Your contributions and those made on your behalf by the University will increase in accordance with your age. They are indicated in the following table.

Your age as of Preceding Month-end	University Contribution*	Your Contribution*
<b>39 or less:</b>	<b>5.0%</b>	<b>5.0%</b>
<b>40 through 49:</b>	<b>7.5%</b>	<b>7.0%</b>
<b>50 through 65:</b>	<b>10.0%</b>	<b>8.0%</b>
*less 1.8% of the portion of your basic earnings which are subject to QPP contributions (\$55,900 in 2018).		

The following table illustrates the net impact on your pay-cheque for given contribution amounts:

Taxable income From	Marginal tax rate %	For weekly savings of							
		\$20	\$30	\$40	\$50	\$75	\$100	\$150	\$200
\$0 - \$11,809	0.00%	20	30	40	50	75	100	150	200
\$11,810 - \$43,055	27.53%	14	21	29	36	54	71	107	143
\$43,056 - \$46,605	32.53%	13	20	27	34	51	67	101	135
\$46,606 - \$86,105	37.12%	13	19	25	31	47	63	94	126
\$86,106 - \$93,208	41.12%	12	18	24	29	44	59	88	118
\$93,209 - \$104,765	45.71%	11	16	22	27	41	54	81	109
\$104,766 - \$144,489	47.46%	11	16	21	26	39	53	79	105
\$144,490 - \$205,842	49.97%	10	15	20	25	38	50	75	100
\$205,843 et plus	53.31%	9	14	19	23	35	47	70	93

\*Amounts are rounded to the nearest dollar.

## Immediate Vesting

In a Simplified Pension Plan, there is immediate vesting. This means that the employer contributions belong to members as soon as they have been deposited to the members' accounts.

## Locked-In Retirement Savings

The amounts deposited under a Simplified Pension Plan are locked-in. This means the amounts cannot be used for anything other than retirement, regardless of whether the contributions were paid by the employer or by the member.

## Settlement Options at Termination of Employment

1. Transfer to another pension plan, a Locked-In Retirement Account (LIRA) or a Life Income Fund (LIF)
2. Purchase of a life annuity

Please note that if you request a record of employment or are not paid by McGill for more than 160 days, you will be deemed to have terminated your employment with the University. Therefore, if at a future date you once again start receiving earnings from the University you will be required to submit a new request for membership and meet the required conditions.

## Protection for Spouses

If a member dies, the amount in the account is paid to the member's spouse, or if there is no spouse, to the member's designated beneficiary or to the member's heirs.

## More Information

For more information on Simplified Pension Plans, visit the *Retraite Québec*'s web site at: <https://www.retraitequebec.gouv.qc.ca/en/Pages/accueil.aspx>.

## What you need to do!

1. If you need more information, attend an information session. If not, don't delay, you can join right away!
2. Refer to the "All Aboard" document included in this package for instructions on enrolling online.

**Once enrolled**, you will be sent a welcome letter with your Access Code and Password. This Access Code and Password will allow you to make changes to your account, make inter-fund transfers and obtain account balances through the internet and telephone (instructions in the table below).

Web site	Automated Telephone (RVR)	Speak to a Representative
<ol style="list-style-type: none"><li>1. Go to Industrial Alliance Web site at <a href="http://ia.ca/myaccount">ia.ca/myaccount</a></li><li>2. Enter your Access Code and Password</li></ol>	<ol style="list-style-type: none"><li>1. Call 1-888-446-2526</li><li>2. Enter your Access Code and Password</li></ol>	<ol style="list-style-type: none"><li>1. Call 1-800-567-5670</li></ol>

If you require assistance with your decision about investments and would like to speak to a licensed, salaried professional, call our hot line at **1-888-414-5234** and someone would be pleased to assist you.



## MEMORANDUM

**To:** Temporary Employees of McGill University  
**From:** Vincent Millar, Financial Education Specialist  
**Date:** 2018/2019  
**Subject:** Simplified Pension Plan (SPP) Information Sessions

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Information sessions for the SPP will be held as follows:

Date	Time	Place
Friday, September 28, 2018	12:15 – 1:45	688 Sherbrooke Street West, Suite 1435
Wednesday, October 24, 2018	12:15 – 1:45	688 Sherbrooke Street West, Suite 1435
Tuesday, December 11, 2018	12:15 – 1:45	688 Sherbrooke Street West, Suite 1435
Tuesday, January 15, 2019	12:15 – 1:45	688 Sherbrooke Street West, Suite 1435

Although not required, we recommend that you attend an information session as it will give you an opportunity to understand the characteristics and the investment options offered in the SPP as well as to ask any questions you may have.

Do not miss this opportunity to find out about the financial advantages you can obtain by enrolling in the Simplified Pension Plan.

**Confirm your attendance by leaving a voicemail message at the following number (514) 398-8484, please indicate the date and time of the session you would like to attend in your message or send an email to [karen.rasinger@mcgill.ca](mailto:karen.rasinger@mcgill.ca).** Please note that confirmation of attendance will not be provided unless the session is cancelled or is fully booked.

In closing, we remind you that McGill University makes a financial contribution to your plan and that this contribution represents at least 100% of the amounts that you are contributing.

We are looking forward to meeting with you.

Vincent Millar  
Financial Education Specialist