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Lifestyle Planning

The word Retirement can have good and bad connotations. Retirement brings freedom, a lack of structure, and openness, all of which can be valued attributes, however, we as human beings are used to routines and structure. Planning allows us to find structure around an unstructured world. It allows the lifestyle and financial freedom one desires.

From a financial perspective the earlier you can start planning for your goals whether they are buying a house or a long awaited trip or retirement, planning allows you to define a path and structure for attaining that goal. Goals and perspectives can change over time, but luckily so can plans. With a firm grounded approach goals can be attained with a lifestyle of your choosing.

With your financial goals achieved you can answer questions such as “What did you always want to do with your life?” or “What have I not accomplished in my life that I have always wanted to do?” Planning allows the freedom to accomplish whatever it is you wish to pursue.

With mandatory retirement a thing of the past, timing takes on an increased importance. The decision of when to retire is in your control. Research shows that people adapt better to retirement when they are in charge of their retirement date.

For procrastinators or individuals that enjoy continuing to work, you may find that retirement has not yet come on the radar. For others, you may have had a retirement date in mind for a long time and have been working steadily toward it.

Your retirement date may be influenced by a variety of factors - finances, job satisfaction, health issues (yours or others), your attitude, family obligations, employment policies, what else you want to do in
your life (that may include part-time work), and if part of a couple, your partner’s retirement date.

Literature shows that people are using self-employment or short-term part-time employment as a way to bridge or make the transition from work to retirement. Possible reasons are: to earn a needed extra income; to maintain a sense of self or self-worth by continuing to work and contribute; late start to a career; and/or for the social contact.

One of the great questions around timing of retirement is "Who retires first?" There seems to be some debate over whether it is better for spouses to retire at the same or different times. Spouses who retire first and are home alone might have expectations of the working partner. Talk to your spouse prior to retirement about expectations, and of course, when issues arise after retirement. Here are a couple of scenarios to think about.

A York retiree who retired before his spouse has taken on more of the household responsibilities like cleaning and grocery shopping. This means that there is more time for leisure together.

In comparison, a person who started a professional career later in life is experiencing great difficulty because their retired spouse expects them to go travelling at the proverbial drop-of-the-hat. Also, they want evenings to be free so they can spend time with each other. The retired spouse resents the time the employed spouse spends working on projects well into the wee hours of the morning.

For couples, retirement is a time when you'll be spending 24-7 under one roof. It’s a situation you've probably never experienced in your married life. It's not unusual for spouses to view all that togetherness with some fear. A spouse, who has the run of the house and responsibility for planning their own time, may feel apprehensive when the other spouse finally retires. How will it impact their existing daily schedule? What will the expectations now be of them as a couple? Know that even the best of marriages will undergo a period of adjustment when both people are home together.

Knowing that, it is wise to ensure you have space of your own, do your own thing, have your own office, and have something new to talk about when you do get together. When couples retire together there is the opportunity for joint leisure activities and decision making, more division of household chores, and you are more apt to be part of a social community.
When does each of you want to retire and why?
In what ways, will your retirement decision change how you relate to your spouse? What challenges do you anticipate?
What is each of your expectations around retirement – for yourself, for each other and for you as a couple?
How will you resolve differences of opinion?
What expectations might your children have?

Singles may be a little more concerned regarding finances than a couple as they are solely responsible and will only have their income. However, management of time is entirely up to them. A strategy for determining when you want to retire is to work backwards from what you want to do in retirement and estimating how much that will cost. This will give you a much better idea of how much you need to fund retirement.

It is important to have a group of people including friends, neighbours and family to ensure that you have a sense of community once retired. These people can help in cases of emergency, travelling companions and sharing joys and concerns in life. It is important to have people who you can count on when you need help.

There are lots of activities that can be done on one’s own as well such as taking courses, hobbies, reading, exercise, gardening, photography, journaling etc. Many of these interests can also be done with others. There are a number of options depending on how you wish to spend your time.

For those of you who are widowed or divorced, retirement planning might raise somewhat difficult memories. Perhaps you had retirement plans with your spouse. Moving forward and developing your independent dreams is important. You can also look for ways to honour your late spouse with activities or actions.

This may also change your original plan for retirement. It may be that you wish to work longer to heal before presenting more changes in your life. Whatever choice you make it is the right one for you. There is no right or wrong answer.

All the advice in the Singles section applies to you too…essentially to establish your support system. Your family, particularly your children and grandchildren, may play a major role in retirement life. You may find that they are more protective of you at this time. They may have
expectations of you minding the grandkids more often. And you may have quite different plans – to take courses, go travelling, etc. So it might be helpful to talk with them about your retirement plans and their part too. It’s a new phase of your life and your time to explore.

- When do you think you’d like to retire and why?
- Who makes up your social network & in what ways do they contribute to your life?
- If you need to increase your network, how would you do it?
- What are your expectations of yourself and your social network in retirement?
- What are your concerns as you go into retirement?
- What expectations might your children have?

Give yourself time to set your plans in place prior to retirement. When you’ve decided on your retirement date take at least a year to start the transition from York into retirement. Before you leave, make plans for a trip or cleaning the closets, get a file folder started with interesting things or activities, investigate York’s Retirees Association and even go on a couple of trips with them., and think about how you want to leave your work – cleaning your files, making notes for the new staff person, completing a current project, etc.

- What is my legacy to York i.e. what have I contributed to York to help make it a better place?
- What preparation do I need to do between now and my retirement?

In retirement we change from a life where others schedule our time to one where we create our own schedule. How we make use of the extra 1700 or so hours a year; who we decide will be part of our retirement life; how we keep in touch with our colleagues at York; how we will adjust to a spending mode instead of a saving mode; and where we will live; are important considerations that need to be thought about well in advance of our retirement. Decisions like these need to be talked about with your partner, family or friends.
In her book, *Planning Your Retirement*, Blossom Wigdor said, “Change is perhaps the most important aspect of retirement and adapting to change, one of the greatest challenges.” How we have adapted to situations in the past provides a key to how we will adapt in the future. Don’t be surprised if you find yourself at loose ends for the first few months. Many retirees find it takes some time to establish a new rhythm or routine.

**LIFE AFTER YORK - QUESTIONS TO CONSIDER**

- What do you want more of and less of in your life?
- What gives you meaning in your life?
- In what ways can you design your life after York?
- How will you keep in touch with colleagues after retirement?

When our day is structured from the moment we crawl out of bed to the time we crawl back in, it can be a daunting challenge to change our pattern.

As human beings we are very much used to schedules and routines. Retirement brings a breath of fresh air and freedom; however this can create a sense of uneasiness especially in the beginning and transition into retirement. For some retirees this sense of freedom is exactly what they have been longing for and is comfortable with each day taking it as it comes. For others they may want to plan a more structured approach to the upcoming days. This structure does not need to be followed, but it allows one to have something in place should they feel they need it. It also allows an individual to research different things they may like to do in retirement.

The volunteer opportunities are endless and depending on what you may find value in, you can explore and find out about a variety of options. You may also look into social groups, exercise opportunities and various other things you are interested in trying. Your schedule could be as detailed as accounting for each hour of the day, or a more general approach of an activity per day. This will depend on your personality.
How do I imagine that my ideal retirement day will look like?
How do I structure my days now and what would I do differently, if anything?
Who do I want to involve in my day and what do I want to do?

It is never too early to think about health and aging. It is also never too late to start. If you do not have your health retirement can mean very little. You also must consider both physical and mental health.

Before retirement it is advised that you consider your health issues so that your retirement can be as active as you choose. Consider eating and exercise patterns while you are working. The earlier you start the better, however it is never too late to make changes in your lifestyle.

As you plan your retirement you should maintain and enhance your healthy patterns, or if you have not yet begun to think of health, include it in your planning. Consider planning a healthy lifestyle, including fitness, eating, and rest.

Mental wellness is important as well. Planning your retirement can be a big contributor to creating a sense of wellness. Stressful times are aided with a plan. Once retired, for many, a sense of purpose and self-worth is important. In planning retirement consider what things might provide you with mental wellness.

In what ways are you taking care of yourself?
How could you do better? What would it take for you to do that?
Can you imagine how you would look, work, feel, and move?

As you approach retirement, you may be considering your living arrangements. Thoughts of downsizing, or spending a significant amount of time in a warmer climate, may be part of your retirement planning. There are numerous options with some of which may be a part of your financial plan.

With many changes pending in your life, changing your living arrangements at the same time as retirement could be a challenge or it could provide a purpose for the transition period. The key is to take your time deciding what is best for you and/or your spouse. Your home
may become a much more important place as you will likely be spending more time there. It is therefore worth some very important thought.

If you have considered moving you may want to think about spending time in the location you are considering before committing to the move, especially if the place is a great distance away. Consider taking an extended vacation and see if you bond with people in the community and connect with the location. The local newspaper can provide insight into the community.

You should also consider health issues and medical coverage in the location you are choosing. Consider doing some investigation into the local medical facilities and what the extending costs to you might be, as York’s post-retirement benefits (if you have them) may not cover you. You may also have been seeing medical and dental personal for a great length of time in your current location.

If the location is out of the country you may also want to explore the implications from a governmental point of view. Some of the considerations might be taxes, governmental pensions, health care etc.

**HOME BASE QUESTIONS TO CONSIDER**

- Where would you like to live in retirement and for what reasons?
- If you want to relocate, how will you go about doing that?
- When will you know that you need a different kind of living arrangement?
Personal Finances

Looking at your finances is likely the most critical part of your retirement planning. The theory is that you should look at the lifestyle you want and then determine if you have enough money, but in truth most people wish to look at finances first. However you choose to do it, this is a critical part of the process.

The following section considers issues such as retirement income, taxation, estate issues and investments. Although this is an excellent place to start there are other sources for more in-depth information.

Ideally you should start saving for retirement as soon as you receive your first pay cheque. That’s not to suggest that if you haven’t started, all is lost. It simply means that the earlier you begin, the better the chances of you reaching your goal. If you haven’t started, starting now is a good time.

If you’ve gone through the Lifestyle section of this Retirement Planning Guide you’re already on your way. You’ve talked about at what age you (and your partner) want to retire, calculated how many years left before leaving York, and what lifestyle you want to have in retirement, including housing and family obligations. While you may not have all the answers in the beginning, making the initial plan is important. It’s the first step in the planning process. Your first attempt at setting objectives will likely not be your final one, as conditions in your life change and your objectives will change.

The most common question asked when discussing retirement…..how much is enough? Common literature suggested that you need to replace 70% of your current income, but truly following this rule may get you into trouble. It does depend on what type of lifestyle you want to live. For a couple that wants to travel the world verses a single person who loves gardening and wants to
spend their time refining this hobby, the amount of money needed on an annual basis is very different. Determine how you want to “live” your retirement will help you define how much you need.

To begin you need to determine how much you need on a monthly basis for expenses. Start by creating a budget of what you spend now. Then consider what things would increase and decrease in retirement. This will determine what you need as a cash flow. Your current budget should allow for savings for retirement; this of course will be eliminated in your retirement budget as you change from a “savings” perspective to a “spending” perspective. You then need to consider what “other” expenses you may have…new car, new roof on the house, travel etc., once you have defined what financially you need then you can see how much you have, and make adjustments accordingly.

A net worth statement identifies the value of what you own and what you owe at any one time. If completed annually as part of a financial and retirement plan, it provides you with an excellent barometer to gauge your progress in reaching your retirement goal. A net worth statement provides you with the information that you need to make investment decisions, determine your savings, and identify those assets that are intended for retirement like Registered Retirement Savings Plans (RRSPs), and separate those that will not be required in retirement like “second” cars.

It is important to differentiate assets that are savings and investment from those that are personal use. Savings and investment assets, if handled properly, are the ones that will provide you with an income in your retirement.

Many people fall short of their retirement objectives – not because they have inadequate income, but because they fail to manage their financial resources along the way to retirement. The net worth statement and the budget are tools that can help you better manage your resources.

One more point in regards to Net Worth Statements, every time that your circumstances change significantly: a child graduating from university and leaving home, a property being sold or bought, the receipt of an inheritance, or a prolonged major illness in the family, it is advised to review your net worth statement and make the appropriate adjustments.
Once you have determined the annual cost for your retirement, the next step is to determine the capital that will be required to fund your retirement, and the amount that you need to save each year in order to reach the capital amount needed. This step is best done with the help of a financial planner. A qualified financial planner will take the information from the net worth statement and your budget, together with your pension statements, your CPP statements, your bank accounts, RRSP/Tax Free Savings Accounts (TFSA). You and your advisor will make certain assumptions about inflation, your tax liability, interest rates, rates of return on investments, the number of years you have to save until retirement, as well as the number of years you intend to be retired. There may be other assumptions that your financial planner may take into consideration.

For most people, income in retirement will usually come from the following three sources: personal savings and investments; employer’s pension; and government. It is unlikely that the employer’s pension and the government pensions will be enough to pay for many people’s selected standard of living. Therefore, your own savings and investments will determine the difference in the standard of living that you enjoy in retirement.

Once you have determined the amount of annual savings required to meet your goals, it’s now time to design an investment plan. Your savings can grow as RRSPs or non-registered savings, outside RRSPs for example a TFSA.

Starting in 2009, Canadian residents who are 18 years of age or older will be able to earn tax-free investment income within a TFSA during their lifetime.

Contributions to a TFSA are not deductible for income tax purposes. Also, interest on money borrowed to invest in a TFSA is not tax deductible. However, the income generated in such an account (for example, investment income and capital gains) is tax-free, even when it is withdrawn. The TFSA annual dollar limit is $6,000 for 2019. Unused TFSA contribution room can be carried forward to later years. The total of TFSA withdrawals in a calendar year is added to the TFSA contribution room for the next calendar year.
The RRSP is a savings plan available through financial institutions, and mutual fund companies for retirement savings. It provides for a tax deduction on your contributions and allows for an accumulation of capital on a tax deferred basis. RRSPs are time limited and must be deregistered by the end of the year in which you turn age 71 or by converting them to an annuity, or a Registered Retirement Income Fund (RRIF) - a vehicle for the conversion of RRSPs.

When you withdraw money from an RRSP you will be taxed (except in the case of home ownership programs) on the amount withdrawn at your marginal tax rate.

Want to know more? Most banks have good information on their websites.

**RRIF - WHAT IS IT?**

A RRIF is a financial product funded only with RRSP deposits and designed to provide an income stream during retirement, while still continuing the deferral of taxes. A RRIF can be started at any time, but in the calendar year that you turn 71 years of age, you must convert your RRSPs into RRIFs.

Once you have opened a RRIF, there is a minimum amount that you are required to withdraw each year based on Canada Revenue Agency (CRA) regulations, however, you can elect to take more if you want or need to. There is no maximum payment amount. Payments maybe received monthly, quarterly, semi-annually or annually, and are taxed.

**How do I withdraw money from an RRSP?**

Essentially there are three ways to withdraw money from a RRSP.

1. **Cash.** You may withdraw any amount you like from an RRSP at any time until the end of the year in which you turn age 71. Remember any amount that is withdrawn is subject to tax, at your marginal tax rate. A withholding tax will be charged by the financial institution at the time you make the withdrawal. It is best not to liquidate your RRSP all at once because of the very large tax liability you’d face. If you require additional money at retirement to supplement your cash flow needs then you may take out incremental amounts.

2. **Annuity.** Another option is to convert your RRSP to an annuity. The conversion from an RRSP to an annuity has no tax
consequences; however, the income from the annuity is taxed. The income derived from an annuity depends on different factors such as amount of capital in the RRSP, age at time of purchase, gender, prevailing interest rates, survivor option, and guarantee elected. Since there are many different types of annuities it would be best to check with a financial planner as to which one is best for you. By purchasing an annuity you give up control of your capital in exchange for income.

3. **RRIF**. Registered Retirement Income Fund is a financial product designed to provide income in retirement. It can only be funded with RRSP deposits and is designed to provide a stream of income while still continuing the deferral of taxes. A RRIF can be started at any time, but you must convert your RRSPs into RRIFs in the calendar year that you turn 71 years. Once you have opened a RRIF, you must withdraw a minimum amount each year based on CRA. However you can elect to take more if you want. There is no maximum payment amount. Payments may be received monthly, quarterly, semi-annually or annually and are taxed at the recipient’s marginal tax rate. Unlike an annuity you continue to control the capital in the RRIF and therefore are responsible for the way the money is invested. Most banks and financial institutions' websites have a RRIF withdrawal chart.

A Life Income Fund (LIF) is a financial product designed to work with RRSPs that are “locked-in” or with Locked in Retirement Accounts (LIRA) to provide income. Locked-in funds often occur when people withdraw company pension funds, either prior to, or at retirement. Generally these plans work in a similar fashion to that of a RRIF with one exception and that is that they have a limit on the maximum withdrawal. In other words each year the owner of a locked-in account (LIF or LRIF) must take out more than the minimum, but cannot withdraw more than the maximum. These minimums and maximums are preset by government regulations. Of course any withdrawals are subject to tax.

Whether you save for retirement through an RRSP, or outside an RRSP, or both, you will need to make investment decisions about your savings. The decisions you make will greatly depend on how far you are from retirement, what rate of return you need, how much risk you’re prepared to take, and what other sources of income you can expect.
Your rate of return on your investment will have to exceed inflation and the possible tax consequences that may be applied in the case of non-registered investments. In addition, it will have to reflect a certain growth factor based on your risk tolerance and how much capital you need to accumulate. To develop the proper investment strategy, speak to a professional to who will help you select the right balance between equities, bonds, and cash.

Some people start with their financial institution; however, do not feel limited to dealing solely with them. There are many good financial planners and investment managers that provide excellent service, but be careful, do your homework and check references!

Some people regard their home as a type of retirement savings. Their intention is to pay off the mortgage, sell the house, and release tied-up capital, tax free to subsidize their retirement income. Many people have, in fact, done this. Remember, however, that real estate markets fluctuate and their conditions when you retire may not produce the expected result.

Another product on the market that you’d really want to do your homework on before considering is called a Reverse Mortgage. It converts a retiree’s equity in their home into an income stream. Most financial institutions now offer Reverse Mortgages, but please remember that a Reverse Mortgage is not for everyone.

In order for you to pay less tax in retirement you’ll need to plan well in advance. The general idea is that less income results in paying fewer taxes. However it does not mean that your standard of living will decrease, it simply means that your income can be restructured by sharing your income with a spouse, or receiving income in other forms. “Income splitting” is a term used to signify that rather than having a certain amount of income taxed in one individual’s tax rate it is in fact split between two spouses, each one being taxed at a lower rate.

Other ways to save on taxes and structure your income in retirement are to receive income as dividends from qualified Canadian corporations and as capital gains. Both dividends and capital gains are taxed at a substantially lower rate than income from salary or pensions.
York University Pension Plan

The York University Pension Plan may form a major component of your retirement income. Therefore, it's important to understand how it works, how much pension you can anticipate, and what happens to it upon death. For information on specifics of the plan, please refer to the Pension Plan Booklet: http://retire.info.yorku.ca/resources/pension-plan-booklet/

Below are some commonly asked questions about our York pension and post-retirement benefit plans. To learn more, come to one of the Pension & Benefits – Retirement Services seminars. Review the yearly statement which is emailed to you by Pension & Benefits mid-spring. Alternatively, check out the e-learning pension and post-retirement benefits seminars posted on our website or check out the Pension & Benefits site for text on the York University Pension Plan and post-retirement benefits.

If you would like a seamless transition from receiving your pay one month to receiving a pension payment the next month, you’ll want to give the Pension & Benefits Office a minimum of three months’ notice to prepare a retirement package and send it to you. Academic employees must provide written notice to their Dean, Principal or the University Librarian as appropriate and the Vice-President Academic, a minimum of nine months prior to which they plan to retire. Non-academic staff is suggested to give written notice to their manager six months prior to which they plan to retire. For example, if you are retiring on July 1, in April, the Pension & Benefits Office will send you a retirement package. It will include a calculation of your estimated pension, plus the necessary pension and tax forms to complete and return.

Often times an email will be sufficient, but it is up to you how you would like to give notice.
Your York pension payment is made the first of the month. If you have your paperwork to the Pension & Benefits office by the 20th of month prior to your retirement date, you can expect to receive your first payment on or close to the first of the month. The Pension & Benefits Office must wait until your final pay has been calculated to process your pension election. Your pension payment can be directly deposited into your bank account.

Yes, you can. It’s called “additional voluntary contributions” or “AVC’s” and is based on your RRSP eligibility room. To find out how much room you have to contribute AVC’s you can log into the York University Retirement Planner (YURP) www.yorku-ret.ca and locate the AVC tab. This will allow you to provide direction to the Pension & Benefits Office to deduct AVC contributions from your pay. AVCs are tracked separately from your mandatory contributions and invested in the same way as your York pension funds.

You may also transfer funds from your RRSP account to York’s plan. One of the restrictions is that you cannot access any of the voluntary contributions prior to retirement or termination. Upon retirement or termination, you’ll be asked if you want to combine the money in this account with the mandatory contributions or if you want to manage these funds separate and outside of York. You’ll want to understand each option thoroughly in order to make an informed decision. The University does not match voluntary contributions or transferred in funds.

You can retire any time after your 55th birthday with a reduced pension. You will be eligible to receive a full pension, the first of the month following your 65th birthday. Your normal retirement date remains the July 1, coincident with or following attainment of age 65.

If you decide to work past 65 you may continue to contribute to the Pension Plan and York will match your contributions until age 71. At that point, under the Income Tax Act, you are required to receive your monthly pension not later than December 1 in the year you turn 71. That means you can get your York pension and a salary at the same time. If this is the case, you’ll want to get information about tax implications.
There are two ways: 1) go on the Pension & Benefits website and log into the YURP [http://retire.info.yorku.ca/second-page/retirement-planner/](http://retire.info.yorku.ca/second-page/retirement-planner/). This program is quite powerful and allows you to estimate your pension at various ages; 2) look at the Pension Statement you receive each year. It shows a projection of what your pension will be at your normal retirement date. Check the statement to make sure all of the information is correct, especially information regarding your spouse if applicable.

No, however in simple terms, if the Pension does well, there is a potential for an increase in your pension. Your retirement pension may be adjusted at the beginning of each calendar year. For information please refer to the Pension Plan Booklet: [http://retire.info.yorku.ca/resources/pension-plan-booklet/](http://retire.info.yorku.ca/resources/pension-plan-booklet/)

The Pension & Benefits Office will send you a list of various pension payout options in your retirement package. You’ll need to make a choice on your option before you retire. Outside of your retirement date, this is one of the most important decisions to make regarding your retirement from York. It’s essential to understand how the options work and their implications, especially upon your death. Remember, once you have retired, you cannot change your option.

If you are planning on making changes to your marital status, such as separation, divorce or remarriage, it is wise to look at the pension implications before retirement. Whoever is designated as your spouse, at retirement, will be entitled to your pension, unless they have signed a special waver upon retirement. If you remarry after retirement, the new spouse is not entitled to your pension.

Yes. It's part of your annual income.
IBC Mellon, York’s trustee will forward your pension to an address outside of Canada. You’ll want to consult a financial advisor about possible withholding taxes that might apply to the country to which you are moving.

Watch our e-Seminar at www.retire.info.yorku.ca, click on education and then e-seminars. Or click on the link Financial Education Series and download the workbooks and proceed through the e-workshop program. You can also direct inquiries to the Pension & Benefits office. You can contact them through askpb@yorku.ca or extension 27572.

Post-retirement benefits differ according to the union or association to which you belong. To check out the most current listing of all union/association pre- and post-retirement benefits check out http://retire.info.yorku.ca/second-page/post-retirement-benefits/ Also look at the e-learning seminars, available on our website.

If you continue to work past 65, your benefits continue but there are some benefits that may reduce. You will receive a notice from the Pension & Benefits Office approximately a year before you turn 65 informing you of the changes.

If you have extended health, dental or vision inquiries you can log into the Sun Life Financial Website or call them directly. Have your employee and policy number (014098) available. For more information on accessing Sun Life check out the Pension & Benefits Website.
Government Programs

**Government Sources of Retirement Income**

Human Resources and Social Development Canada (HRSDC) has a wonderful site which outlines, in straightforward terms, the three sources of retirement income provided by the Government of Canada - Canada Pension Plan (CPP), Old Age Security (OAS) and Guaranteed Income Supplement (GIS) - [http://www.sdc.gc.ca](http://www.sdc.gc.ca) (search the A-Z index for any of the programs).

Below are listed some of the most common questions asked.

**The CPP is a federal based pension plan that provides contributing Canadians with a pension income.**

**The CPP (or Quebec Pension Plan) pays monthly retirement pension to people who have worked and contributed to the CPP.**

York deducts contributions, if applicable, from your pay and makes an equal contribution.

**Besides a monthly pension, CPP provides disability and survivor benefits, a monthly income to you and your dependent children if you become severely disabled during your working years, a monthly income to your surviving spouse or common-law partner and dependent minor children if you die. As well, a lump-sum death benefit is available to your estate upon your death.**

**Service Canada has an online website that allows you to access your account. It works very much the same way as online banking in that they send a PIN to you through the mail. Once you have access to your Service Canada Account you can do many things, including reviewing your CPP contribution history and run estimates. If you would like to receive a statement or have questions, call the CPP toll free number at 1 877 454-4051, or go to [www.canada.ca](http://www.canada.ca).**
The exact amount depends on how much and for how long you have contributed to CPP. The age at which you decide to take your pension also affects the amount you receive each month.

The normal age that you start receiving a CPP retirement pension is 65. However, you can start receiving your pension as early as age 60 or as late as 70. If you start your pension before 65, you must continue to contribute to CPP. These additional contributions will be used to produce an additional benefit. If you are in receipt of your CPP and continue to work past 65, these additional contributions are optional.

If you start your pension early, it is permanently reduced by 0.6 percent for each month that you are under age 65. If you start your pension later, it is increased by 0.7 percent for each month that you are over 65, up to the age of 70.

Your CPP retirement pension is taxable and must be declared on your income tax return each year, and is taxable at your marginal tax rate.

Over the course of your career you may have taken some time at home to raise a family. During this time there may be years when you have low or even no earnings. To make up for this, CPP excludes 17 percent of your lowest earning years when calculating your retirement pension. Time spent away from work while you raise children under the age of seven can also be ‘dropped out’ of the calculation. The forms are available in the Pension & Benefits office. For more details see the CPP you can check out the Service Canada website.
PP monthly retirement pension is adjusted for inflation every January to keep up with increases in the cost of living.

You and your spouse or common-law partner can share your retirement pensions if both of you are at least 60 years old and each one has applied for the CPP Pension. You may want to check this out since it may result in income tax savings.

You can receive your CPP retirement pension regardless of where you live.

PP is not automatic. You must apply about six months before you want it to start. Forms are available on the Service Canada website or order one by calling their toll-free number 1 877 454-4051.

Survivor benefits are paid to your estate, surviving spouse or common-law partner and dependent children. You must apply. Funeral homes generally have these forms and will assist you in the application process. There are three types of benefits.

- **The death benefit** is a one-time payment to, or on behalf of, the estate of a deceased CPP contributor;

- **The survivor's pension** is a monthly pension paid to the surviving spouse or common-law partner of a deceased
contributor. If you are a separated legal spouse and there is no cohabiting common-law partner, you may qualify for this benefit;

- **The children’s benefit** is a monthly benefit for dependent children of a deceased contributor.

**HOW MUCH IS THE DEATH BENEFIT?**

The amount of the death benefit depends on how much, and for how long, you paid into the CPP. CPP first calculates the amount that your CPP retirement pension is, or would have been if you had been age 65 when death occurred. The death benefit is equal to six months’ worth of this "calculated" retirement pension, up to a maximum of $2,500.

**OLD AGE SECURITY**

The OAS pension is a monthly payment available to most Canadians at age 65. You must apply and meet the eligibility requirements. It's not based on your employment years and you do not need to be retired.

**WHO CAN RECEIVE THE OLD AGE SECURITY PENSION?**

Two things determine if you can receive the OAS pension: your age (you must be 65 or older), and your years of residency in Canada. You have to be a Canadian citizen or a legal resident of Canada and living in Canada at the time your application is approved. If you are no longer living in Canada you must have been a Canadian citizen or a legal resident on the day preceding the day you stopped living in Canada, and you must have lived in Canada for a minimum of ten years after age 18. If you lived out of the country or lived in one of the countries that Canada has a social security agreement with, you might also be eligible for OAS. Check the Service Canada website for details.

**WHEN SHOULD I APPLY?**

If you do not receive an automatic enrollment notice in the mail from Service Canada you can apply about six months before you turn 65. OAS forms are available on the government website or you can order an application kit from them at 1 800 277-9914. As of July 2013, you can defer receiving your OAS pension for up to 60 months (five years) after the date you become eligible for an OAS pension in exchange for a higher monthly amount. If you delay receiving your OAS pension, your monthly pension payment will be increased by 0.6% for every month you delay receiving it, up to a maximum of 36% at age 70.
If you apply late you may receive retroactive payments. Payments may be made for up to 11 months plus the month in which the Government receives the application, provided all conditions of eligibility are met.

Full Pension

You'll qualify for a “full pension” if you lived in Canada for periods that total at least 40 years after turning 18 or if you meet the following three conditions:

1) you were born on or before July 1, 1952,

2) between the time you turned 18 and July 1, 1977 you lived in Canada for some period of time and

3) you lived in Canada for the ten years immediately before your application was approved. You might still qualify for a full pension even if you move away from Canada before age 65. See the Service Canada website for more details.

Partial Pension

If you don't qualify for the full pension, you may qualify for a partial pension.

Eligibility is determined by years of residency in Canada. OAS is divided into 40 pieces, so a partial pension is earned at the rate of 1/40th of the full monthly pension for each full year lived in Canada after your 18th birthday. Here's an example from the OAS website: if you lived in Canada for ten years after age 18, you would qualify to receive ten portions which is equal to one-quarter of the full pension.

Usually your OAS pension will begin either on the month after you have met the residence requirements, or on the month after your 65th birthday, whichever comes later.

Payments usually arrive in the last three banking days of each month. You can consult the exact payment dates on the government’s website. You might want to contact the government if your payment is more than a week late, or if you lose your
cheque. Payments can be deposited directly into your bank account, either in Canada or the United States. If you move, make sure the government knows your new address so they can send your yearly income tax slip and information updates.

Pension payments can usually be sent outside Canada for as long as you want under certain conditions i.e. you lived in Canada for at least 20 years after reaching age 18; or you lived or worked in a country that has a social security agreement with Canada and are considered to meet the 20-year residence requirement.

If you don’t fall into either of these categories, they can send your payments outside Canada for the month that you leave, and for six months after that. For example, if you left Canada in January, the government would send payments until the end of July. After July, the payments would stop. If you plan to be absent from Canada for more than six months, call them well before you leave. If you return to live in Canada, contact them and they will start your payments again from the month of your return.

Your pension payments will increase to reflect any increases in the cost of living as measured by the Consumer Price Index in January, April, July, and October. The OAS pension will not go down if the cost of living falls.

Like most other retirement income, your basic OAS pension is taxable income. There is a tax recovery or “claw back” on the OAS payments for people who are higher earners. It is important to note this determination is based on your net income. Here’s how it works: retirees who earn individual net income within a set range for the given year (including the OAS pension) have to repay part of their pension benefits. The range for the year can be found on the Service Canada Website. These payments are normally deducted each month from your pension payment. If you are a high-wage earner, it’s best to consult your income tax advisor to determine if it is to your advantage to apply for OAS, and if you live outside of Canada, are you subject to a non-resident tax. Income tax can be paid in three different ways. It can be deducted from your monthly pension, or you may be required by law to pay your income tax in quarterly installments, or you may pay it when you file your annual tax return.
As of July 2013 one can defer receiving their OAS for up to five years. In deferring the payment it will get increased by 0.6% for every month you delay receiving it, up to a maximum of 36% at age 70.

This is an additional payment that is given to low-income seniors living in Canada. It is based on your annual income, or the combined annual income of you and your spouse or common-law partner. To be eligible for the Guaranteed Income Supplement (GIS) benefit, you must be receiving the OAS pension and meet the income requirements. Eligibility also depends on whether your income and that of your spouse or common-law partner (if you have one) exceeds a specific amount.

Application forms are available online or by calling the government at 1 800 277-9914. Reapplication (because it is based on income which could change from year to year) can be done when you file your yearly income tax return or through an application form.

Each July, you will receive a letter that tells you the new amount of your monthly payment. If you do not reapply for the GIS benefit in the spring, or if your income becomes too high to qualify for it, you will only get the basic OAS pension starting in July of that year.

These conditions may affect your benefits: if you marry or separate, if your spouse or common-law partner dies, or if one of you has to live in a hospital or nursing home. Contact the Government for details.

The GIS is not subject to income tax.
The GIS is not payable outside Canada beyond a period of six months, regardless of how long the person has lived in Canada.

The Allowance, which also includes an allowance for persons whose spouse or common-law partner has died, is paid monthly. It is a payment designed to recognize the difficult circumstances faced by many surviving persons and by couples living on the pension of only one spouse or common-law partner.

Recipients must re-apply annually. These benefits are not considered as income for income tax purposes. The Allowance is not payable outside Canada beyond a period of six months, regardless of how long the person lived in Canada.