



Welcome to Pension 101: The Basics

PENSION & BENEFITS, PEOPLE SERVICES, USC
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Welcome and Introductions

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Agenda

Pension 101: The Basics

- › The Hybrid Nature of York's Pension Plan
- › Increasing your Pension
- › Retirement
- › Leaving the Plan
- › Beneficiary Information

A photograph of a modern, multi-story building with a glass curtain wall. The building is partially obscured by lush green trees in the foreground. The sky is blue with some light clouds. The entire image is framed by a thick red border.

The Hybrid Nature of York's Pension Plan

Understanding the Pension Plan

The York Pension Plan is a hybrid plan and made up of two parts:

1

Money Purchase Component

- Provides you with a benefit based on the **accumulated contributions and investment earnings** of your account balance.
- The amount of benefit earned **depends on how well the investments in the fund perform** and other factors (e.g., your age at retirement, your marital status and the age of your spouse if married).

2

Minimum Guarantee Benefit

- Provides you with a benefit based on a **formula** that takes into account your earnings and service.
- The amount of benefit you earn is **guaranteed** and does not depend on how well the investments in the fund perform.

What You Receive

At retirement, you will receive a pension based on the amount provided by your Money Purchase Component Account.

If your **Minimum Guaranteed Benefit** is greater than your Money Purchase Component Account pension, you will also receive a **supplementary pension** to bring your retirement income up to the amount of the Minimum Guaranteed Benefit.

You do not choose which benefit you receive, you simply get the higher of the two.

Minimum Guaranteed Benefit Formula (MGP)

1.4% of your **final average earnings** at retirement up to the average YMPE for those years

PLUS

1.9% of your **final average earnings** at retirement above the average YMPE for those years


MULTIPLIED BY

Your credited service

Final average earnings
(commonly referred to as “FAE”) are based on your five years of highest earnings. The years do not have to be consecutive and a year is determined in 12 month blocks from the retirement date back.

Years Maximum Pensionable Earnings (YMPE)

The dollar amount set each year by the Canada Revenue Agency (CRA) which determines the maximum amount on which to base contributions to the Canada Pension Plan. The YMPE specifies the earnings amount that can be used in calculating pension contributions for each year.



For 2023 the dollar amount is \$66,600.



The YMPE changes each year and CRA normally announces the new figure in November.

Pension Contributions

You contribute 6.75 % of your earnings up to the YMPE and 9.15% above. This split is calculated for each pay.

The contribution limit for 2023 as directed by the Canada Revenue Agency (CRA) is \$31,560.

Your contributions are tax-deductible, and the tax savings happen at source when you are paid.

York University matches your contributions dollar for dollar

All contributions are tracked in your Money Purchase Account along with the rate of return.

- The amount you accumulate is directly affected by the investment performance of the Trust Fund, and therefore will fluctuate.

Example 1

➤ Member receiving a Supplementary Pension

- Member retires with \$250,000 in their Money Purchase Account
- The annual pension provided by the Money Purchase Account is calculated to be \$18,600
- The minimum guaranteed benefit is calculated to be \$22,200 annually
- As the minimum guarantee benefit (\$22,200) is greater than the money purchase pension (\$18,600), this member receives a supplementary pension for the difference (\$22,200-\$18,600)
- This member would receive an annual pension totaling \$22,200 determined as follows:

• Money Purchase Account Pension	\$18,600
• Supplementary Pension (22,200 - 18,600)	\$ 3,600
• Total Pension	\$22,200

Example 2

➤ Member **not** receiving a Supplementary Pension

- Member retires with \$125,000 in their Money Purchase Account
- The annual pension provided by the Money Purchase Account is calculated to be \$11,000
- The minimum guaranteed benefit is calculated to be \$10,000 annually
- As the minimum guarantee benefit (\$10,000) is less than the money purchase pension (\$11,000), this member does not receive a supplementary pension
- This member would receive an annual pension totaling \$11,000

Increasing Your Pension



Consider Ways to Increase your Pension

Additional Voluntary Contributions (AVC's):



Additional Voluntary Contributions can be used to increase your pension

Two ways of adding them:

Monthly deduction off of your pay (based on your current year RRSP room/sheltered room after making pension contributions.

Transfer of existing RRSP funds into the York Pension Plan.

Use the Retirement Planner

See your current year room for AVC contributions on the AVC tab

During the planning process adjust the % contributions and/or add a lump sum value to see the end result.

The pension that results from your AVC's, or any transferred in money does not affect the calculation of your mandatory pension and is calculated in the same way as your money purchase pension

Additional Voluntary Contributions (AVC's)



Not matched by the University

AVC's can not be withdrawn until you sever your relationship with the University either by terminating or retiring

AVC contributions receive the same rate of return as your mandatory contributions

AVC contributions receive an immediate tax advantage as they are deducted before income taxes are applied.

Transferring from another Plan

Transferring pension benefits from a former employers defined benefit pension plan.

If the request is made within twelve months of joining the plan, a calculation will be done to see what service will be credited to the York Plan

If the request is made after twelve months the value can be brought in, however no service calculation will be done

Events Affecting your Pension Accrual

Leave of Absence without pay

While on leave you will not be receiving pay, and therefore not contributing to the pension plan

When informed by your department, the Pension & Benefits office sends you notification of the option of maintaining your pension contributions.

Notification should ideally be sent two to three months prior to your leave, to allow us time to send you the appropriate information

- Implications
- Maintaining pension contributions

Your responsibilities include:

- Providing your department sufficient notice and meet any requirements that are outlined in the collective agreement or Standard Operating Procedures.
- Check your pay advice to ensure any and all deductions that need to be made are taken each pay.

Events Affecting your Pension Accrual

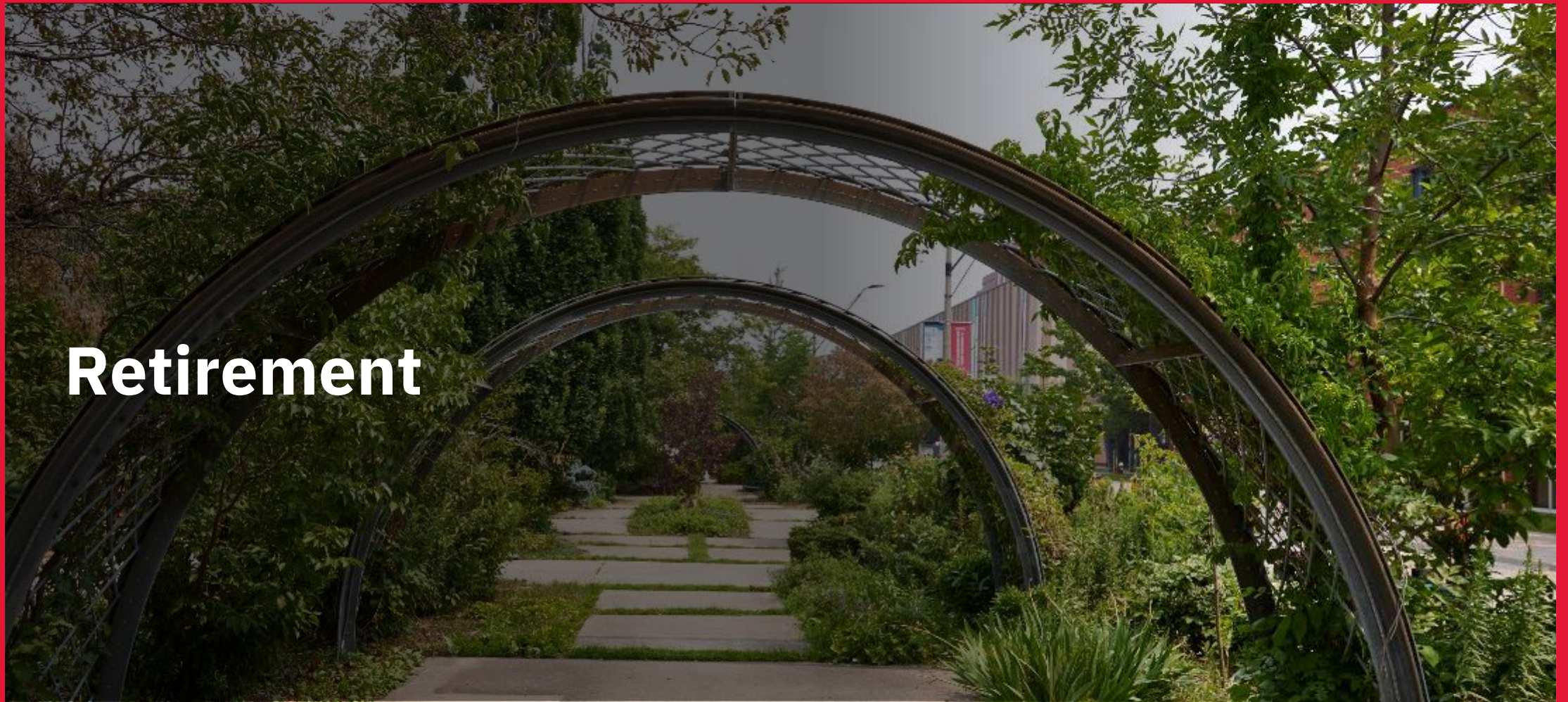
Sabbatical Leave (less than 100%)

While on a sabbatical receiving less than your full income, your pension contributions and credited service will be affected

When informed by your faculty, the Pension & Benefits Office sends out information regarding your benefits, and information about topping up your pension.

Reduced load

Retirement



Retirement Dates

Normal Retirement Date
is the July first coincident
with or immediately
following your 65th
birthday.

***Earliest Unreduced
Retirement Date*** is the
first of the month
coincident with or next
following your 65th
birthday.



Retirement Dates



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Early Retirement - You may retire as early as age 55. Your Money Purchase Component Account pension will be calculated using the applicable actuarial factor. Your minimum guarantee benefit, would be reduced as follows:

If you retire between ages 60 and 65, your minimum guaranteed benefit will be reduced by 0.25% for each month between your actual retirement date and age 65.

If you retire between ages 55 and 60, your minimum guaranteed benefit will be reduced by 0.5% per month between your actual retirement date and age 60 and an additional 0.25% for each month between ages 60 and 65 (i.e. 30%)

Retirement Dates

- ***Mandatory Receipt of Pension*** - Under the terms of the Income Tax Act, you must commence receiving your York University pension no later than the end of the year in which you reach age 71. Under the terms of the York University Pension Plan, this is the December 1st in the calendar year in which you reach age 71.



Maximum Pensions

The *Income Tax Act* limits the amount of pension benefit you may earn under the **minimum guaranteed** provision of the Plan

The Canada Revenue Agency maximum annual defined benefit limit (available at cra.gc.ca) multiplied by your credited service and

2% of the average of your three highest years' earnings with the University, which may be subject to a reduction depending on your age, and continuous service

Maximum Pensions

the pension provided by your Money Purchase Component Account pension may exceed the *Income Tax Act* limits.

if you have made any additional voluntary contributions, the amount of additional pension these contributions would purchase would not be included in this maximum.

if you purchased additional service as a result of transferring an amount from another registered pension plan, this amount would be included in the calculation of the *Income Tax Act* maximum.

Leaving the Plan



Leaving the plan before Retirement

- Within 30 days of termination of membership in the plan, you would be provided with a written statement that includes details about the benefits payable to you, the options you have, plus the deadline for any decisions.

Leaving the plan before Retirement

Termination Options - Under Age 55

If you are under age 55 at termination you will have some or all of these options available:

- Cash less tax (small benefit)
- Transfer to a locked-in RRSP
- Transfer to your new employer's pension plan
- Leave the funds in the pension plan to take a deferred monthly pension at a later date (but no later than the December 1st in the calendar year in which you reach age 71)

Leaving the plan before Retirement

Termination Options - Age 55 & Older

If you are over age 55 at termination you will have some or all of these options available:

- Cash less tax (Small Benefit)
- Transfer to a locked-in RRSP
- Transfer to your new employer's pension plan.
- Begin receiving a monthly pension as early as the first of the month following your termination or as late as the December 1st in the calendar year in which you reach age 71.

A scenic view of a campus during spring. In the foreground, a lush green lawn is dotted with small yellow dandelions. A row of cherry blossom trees in full pink bloom lines a paved walkway that curves through the scene. In the background, a multi-story building with a tan facade and dark-framed windows is visible. To the right, a road with a few cars and more trees with emerging green leaves stretches into the distance under a clear blue sky.

Beneficiary Information

Death Before Retirement

Your eligible surviving Spouse

- Balance in your Money Purchase Account at your Date of Death plus the commuted value of any supplementary pension you may have accrued after January 1, 1987 as
- a lump sum payment, as cash subject to withholding taxes, or as a direct transfer to a registered retirement arrangement, such as an RRSP; or
- an immediate or deferred life annuity, with an optional guarantee of five, ten or fifteen years.

If you do not have an eligible spouse, or your spouse has waived their right to your pension, your beneficiary(ies) would receive the benefit as a lump sum cash payment subject to withholding taxes.

Death Before Retirement

➤ Dependent Children's Benefit

- If you die before retirement and are survived by children under the age of 18, those children will be eligible for a benefit up to a combined maximum of \$300 per month.
- Your designated beneficiary will also receive a refund of any additional voluntary contributions, plus credited interest that you made to the plan. If you have an eligible spouse they may elect to have that amount increase their monthly pension should they have chosen that option.

Retirement Planner



Access to the Planner is made available around May in the year **following** your enrollment into the pension plan.

The link to the planner can be found here:

<https://retire.info.yorku.ca/>

To sign into the Planner for the first time click on forgot your password link and input your 9-digit employee number and click submit.

The password will be emailed to you. Go back into the Planner type your employee number in the applicable box and then type your password in the applicable box.

You can not copy and paste the password. You must type it and it is case sensitive.

Retirement Planner

Link:

<https://yorku-ret.ca/>



The York University pension plan is legislatively obligated to provide the December 31, 2021 annual pension statements to its members by June 30, 2022.

An email will be sent to all members for whom we have a valid email address when the statements are available. In addition, a message will appear on this page.

As a reminder, you can also log into the planner to run your own termination, death or retirement estimates. If it is your first time logging in, click on First Time User? to reset your password. Sometimes the e-mail to reset your password goes to your junk folder so check there if you have not received an email within one hour. If you have tried to log into the planner more than six times unsuccessfully you will need to reset your password to regain access to the account.

Login

Employee Number

Employee Number



Password

Password



LOG IN ✓

[First time user?](#)

[Forgot your password?](#)

SECLON
A PENAD COMPANY

Link:

<https://yorku-ret.ca/>



Retirement Planner

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Welcome

Welcome to the York University Pension Plan Retirement Planning Tool. This tool will allow you to estimate your projected monthly pension income from the York University Pension Plan.

All projections will be based on data effective at the date of your most recent annual statement.

The York University Pension Plan is a registered pension plan (number 0329763). In addition to the York University Pension Plan, members may be able to obtain retirement income from other sources such as the Canada Pension Plan, Old Age Security and /or personal savings/investments. More information regarding these additional sources may be accessed through web sites listed under the Hyperlinks bar above. It may be advantageous to enlist the help of a certified financial planner to help with your retirement planning.

If you have any questions regarding the Retirement Planning Tool, please contact the Pension and Benefit office by calling 416-736-5853 or by email askpb@yorku.ca

To proceed with use of the Retirement Planning Tool, click on the Planning bar.

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Q & A



Contact Pension & Benefits

- E-mail askpb@yorku.ca
- Call 416-736-5853 – the phone line is open from 9:00 am to 4:00 pm Monday to Friday. For Fridays in June, July and August the phone line closes at 3:00 pm.
- Please have your employee ID ready when you call us.
- Any form or document that we may need from you can be completed, scanned and emailed to askpb@yorku.ca.

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**Thank you for your
engagement!**

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