

Pre-Retirement Information



2024

LEVELS OF RETIREMENT INCOME



1. PERSONAL SAVINGS: RRSPs, TFSAs, OTHER ASSETS

RRSPs: Registered Retirement Savings Plans

- The lesser of 18% of earned income in the previous year to a maximum and the annual [RRSP limit](#) (2024 annual RRSP limit is \$31,560)
- RRSP contributions reduces taxable income and the savings grow tax-free. Withdrawals from an RRSP are taxable
- Check your RRSP room on your Notice of Assessment or by [My Account](#), [MyCRA mobile app](#), [Tax information Phone Service \(TIPS\)](#)
- Carleton University sponsors a [Group RRSP](#) administered by Canada Life with a payroll contribution option, which reduces your taxable income per contribution per pay

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RRSPs: Registered Retirement Savings Plans

- By age 71 you must convert your RRSP to a [retirement vehicle](#):
 - Registered retirement income fund (RRIF)
 - Minimum annual withdrawals are required
 - Annuity
 - An annuity is a form of insurance or investment. You make a lump-sum payment up front and then receive a fixed amount of money each year for a certain period of time
 - Annuities are available through insurance companies

LEVELS OF RETIREMENT INCOME



TFSA: Tax Free Savings Accounts

- Contributions are made with after tax money. Investment income accumulations tax-free and withdrawals are tax-free
- Withdrawals do not impact means-tested government benefits such as GIS
- You accumulate TFSA contribution room for each calendar year since 2009
- There is a [Group TFSA](#) administered by Canada Life. There is no payroll contribution option.

Annual TFSA dollar limit	\$
2009 to 2012 each year	5,000
2013 and 2014 each year	5,500
2015	10,000
2016 to 2018 each year	5,500
2019 to 2022 each year	6,000
2023	6,500
2024	7,000
Life time room as of 2024	95,000

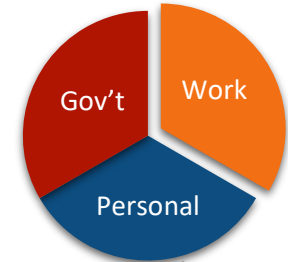
LEVELS OF RETIREMENT INCOME

Other Assets

- Savings and investments
- Property
- Canada Savings Bonds



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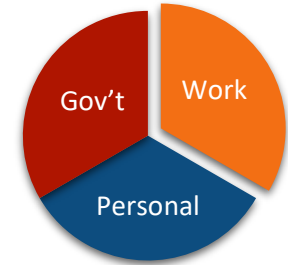
Work: Carleton University Retirement Plan

- Your pension plan is a hybrid plan of a money purchase plan with a defined benefit minimum guarantee
 - [Pension Summary](#) is available for more details
- Your pension contributions are credited to an account set up on your behalf called the Money Purchase Component Account (MPC). The contributions formula is based on base earnings:

$$\left[\begin{array}{c} \text{Earnings} \\ \text{up to} \\ \text{the} \\ \text{YMPE} \end{array} \right] \times 4.37\% + \left[\begin{array}{c} \text{Earnings} \\ \text{above} \\ \text{the} \\ \text{YMPE} \end{array} \right] \times 6.00\% = \text{Your contributions}$$

- [YMPE](#) = Yearly Maximum Pensionable Earnings as established by Government of Canada

LEVELS OF RETIREMENT INCOME



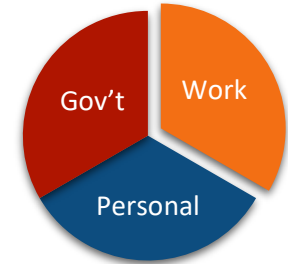
Work: Carleton University Retirement Plan

Your basic pension benefit will be the greater of:

(1) Pension that can be provided by your Money Purchase Account, or (2) Minimum Guarantee Pension Calculation

- If you made [Additional Voluntary Contributions \(AVC\)](#) while an active pension member, your annual pension benefit will be increased by the amount of pension that can be provided by the assets in your AVC account
- After you retire, your pension will be adjusted each year based on the average [investment experience](#) of the Pension Fund for that year and the three preceding years less 6%

LEVELS OF RETIREMENT INCOME



Work: Carleton University Retirement Plan

Money Purchase Pension Calculation

▪ A pension is calculated from the total balance to your credit in your MPC, based on the actuarial tables

▪ Minimum Guarantee Pension Calculation

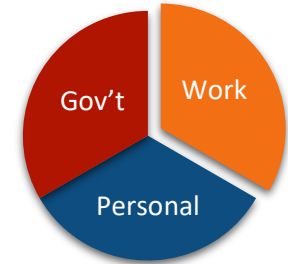
Your years of Credited Service is multiplied by the sum of:

1.29% of the average of your highest 5-years' pensionable earnings up to the 5-year average of the YMPE

Plus

2% of the average of your highest 5 years' pensionable earnings in excess of the 5-year average of the YMPE

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Work: Carleton University Retirement Plan

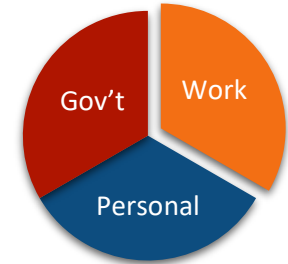
Normal Retirement Date (NRD)

- Your NRD is the July 1st that is closest to your 65th birthday
- If you are born between July 1 and December 31st you will be eligible to retire a little bit before you turn 65
- If you are born between January 1 and June 30th you will have to wait until after your 65th birthday to receive your full retirement benefit

Early Retirement

- Early retirement is permitted on attainment of age 55 or 10 years prior to your NRD.
- Pension calculations are actuarially reduced to reflect that you are retiring prior to NRD

LEVELS OF RETIREMENT INCOME



Work: Carleton University Retirement Plan

Pension Estimate

- You can obtain pension estimates online using the retirement planner at [Login Page \(carleton-ret.ca\)](https://carleton-ret.ca)
- Follow the [retirement planner guide](#) for detailed instructions
- Your pension estimate will determine if your pension will be based on the Minimum Guarantee Pension or the Money Purchase Pension
- *NOTE: If you are receiving less than full salary or working beyond your NRD, some of the amounts shown may be overstated or understated. In the event of a breakdown of a spousal relationship, the amounts indicated in this statement could be reduced.*

Pension Estimate Sample

To finalize your retirement, you will need to make a selection on the “form of pension” that you would like.

Once selected the form of pension can never be changed.



PROJECTED BALANCES AT PENSION COMMENCEMENT DATE

		Protected	Not Protected	Total
Service	Projected Credited Service (months)	240.00	180.00	420.00
	Past Service (months)	0.00	0.00	0.00
<hr/>				
Account Balances	Money Purchase Component	\$323,107.36	\$206,503.56	\$529,610.92
	Transferred / Past Service	\$0.00	\$0.00	\$0.00
	Non-Locked-In AVC	\$0.00	\$0.00	\$0.00
	Locked-In Transfer AVC	\$0.00	\$0.00	\$0.00
<hr/>				
Total		\$323,107.36	\$206,503.56	\$529,610.92

Birth
7/1/1956

Spouse
Yes

Spouse's birth
7/1/1958

Current salary
\$100,000

Hire date
7/1/1983

Membership date
7/1/1983

AVC Contribution
0.00%

Part-time percent
100%

Retirement age
62.00

Projected average earnings
\$90,000

Projected YMPE Average
\$53,960

Inflation
0.00%

Investment return
0.00%

Salary increase
0.00%

AVC Lump Sum
\$0

PROJECTED MONTHLY GROSS PENSION BENEFITS

The Projected Balances at Pension Commencement Date above and the Minimum Guarantee provisions are estimated to produce the pension amounts below. Your pension may be taken in one of the following forms:

Forms of Pension	Protected	Not Protected	Total	
Joint Life, 60% to Spouse:	\$2,110.37	\$1,383.96	\$3,494.33	
Joint Life, 100% to Spouse:	\$2,008.95	\$1,317.46	\$3,326.41	
Joint Life, 100% with 15-Year Guarantee:	\$2,004.78	\$1,314.71	\$3,319.49	
Single Life Only:	\$2,283.24	\$1,497.34	\$3,780.58	
Single life, 5-Year Guarantee:	\$2,271.21	\$1,489.44	\$3,760.65	
Single life, 15-Year Guarantee:	\$2,195.87	\$1,440.04	\$3,635.91	
<hr/>				
Early Retirement Supplements	\$431.36	\$0.00	\$431.36	

Your basic pension is projected to be a Minimum Guarantee Pension.

New mortality table: the planner has been updated to include the new mortality table effective for pensions commencing after July 1, 2016. For more information regarding the effect of the new mortality table on your pension, please refer to the following website <http://carleton.ca/hr/2015/retirement-plan-mortality-table-update/> or call the pension office in Human Resources.

LEVELS OF RETIREMENT INCOME



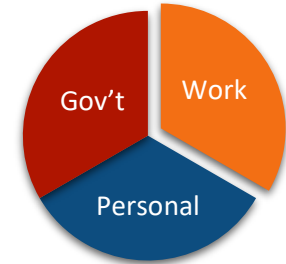
Work: Carleton University Retirement Plan

Form of Pension

- Normal pension – The normal form of pension is payable for your lifetime and guaranteed for a minimum of five years
 - If you die after your retirement but before receiving 60 monthly payments, the balance of the guaranteed payments will be paid to your beneficiary
- Single Life only - Payable for your lifetime only and stops on your month of death regardless of the number of payments that have been made
- Life Guaranteed 10 or 15 yrs – Payable for your lifetime, except that a minimum of 120 or 180 monthly payments are guaranteed
- Joint and Survivor – Payable for your lifetime with part or all of the benefit continuing to your surviving spouse after your death

NOTE: pensions are subject to change annually based on pension fund performance. Calculations are for illustration purposes only

LEVELS OF RETIREMENT INCOME



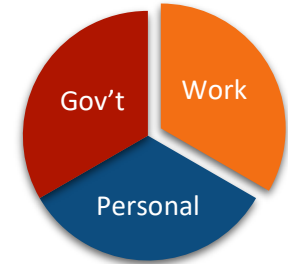
Work: Carleton University Retirement Plan

Form of Pension – Single Life examples

FORM	Start Date	Death	Effect on Pension
Normal (Life/5) <ul style="list-style-type: none">10 & 15 yr. options also available	July 1, 2025		
	\$1,000	June 15, 2026	4yrs (\$48K) payable to beneficiary*
		June 15, 2030	Ends month of death

*Beneficiary has the option to receive a lump sum payment, subject to statutory deductions, or continue with the remaining monthly payments

LEVELS OF RETIREMENT INCOME



Work: Carleton University Retirement Plan

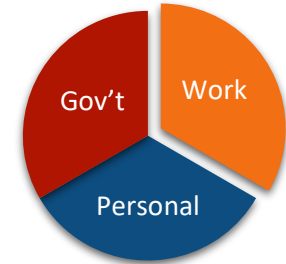
Form of Pension – Joint Life examples

FORM	Start Date	On Death	Effect on Pension
Joint & 60% co-annuitant	July 1, 2025		
	\$900	Spouse dies	Member continues to get \$900 for life
	\$900	Member dies	Spouse gets \$540 for life; if spouse is not alive, pension ends

LEVELS OF RETIREMENT INCOME

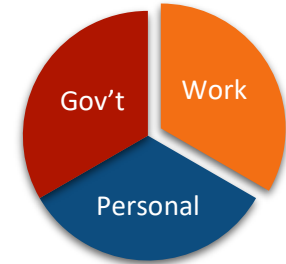
Work: Carleton University Retirement Plan

Form of Pension – Joint Life examples



FORM	Start Date	On Death	Effect on Pension
Joint & 60% Survivor <ul style="list-style-type: none">Pension reduces on either death	July 1, 2025	Spouse dies	Member continues to get \$546 for life
		Member dies	Spouse gets \$546 for life; if spouse is not alive, pension ends

LEVELS OF RETIREMENT INCOME



Work: Carleton University Retirement Plan

Form of Pension – Joint Life 60% to Spouse – 15-yr guarantee

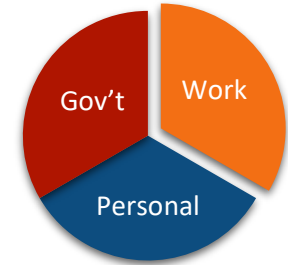
Pension	Death	Effect on Pension
\$1,000	Pensioner dies after 1 yr	Spouse receives \$1,000 for 14 years and then pension reduces to \$600 for rest of life
\$600	Pensioner dies after 17 yrs	Spouse gets \$600 for rest of life
Lump sum	Both die after 5 years	Beneficiary receives \$120K ($\$1,000/\text{month} \times 12 \text{ months} \times 10 \text{ years}$) to satisfy the guarantee period
\$1,000	Spouse dies first	Pensioner continues to receive \$1,000 per month for life

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Work: Carleton University Retirement Plan

What happens at age 71?

- You can continue to work past 71 but current pension legislation requires that your pension be started no later than December 1 of the calendar year in which you turn 71.
- Prior to age 71, you must retire to start your pension.



LEVELS OF RETIREMENT INCOME



Government Plans: CPP & OAS

- Canada Pension Plan (CPP): Contributory Pension
 - CPP monthly maximum for [2024](#) is \$1,364.60
- Old Age Security (OAS): Non-Contributory
 - [OAS](#)
 - [GIS](#)
 - Allowance and Allowance for the survivor

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Government Plans: CPP

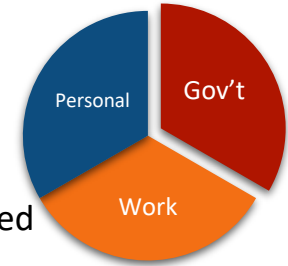
[Canada Pension Plan](#) (CPP): Contributory Pension, you must apply

- Normal Retirement Date: age 65
- Early Retirement Date: age 60 with 0.6% per month penalty (36% maximum penalty)
- Later Retirement: 0.7% per month increase to pension (42% maximum increase) until age 70
- Child-rearing provision: allows you to maximize your CPP if you took time off work to raise a child. You must apply for this provision when you apply for CPP, apply on-line or use the attached form:

[Child-Rearing Provision](#)

- Apply for your CPP early: [Canada Pension Plan - Apply - Canada.ca](#)

LEVELS OF RETIREMENT INCOME



Government Plans: OAS

Old Age Security (OAS): Non-Contributory plan, automatic enrolment, but may be requested to apply under certain circumstances

- OAS maximum for ages 65 to 74 is \$713.34
- OAS start date: age 65
- Deferring OAS: You may defer payments until age 70. Payment increase by 0.6% per month (36% maximum increase) until age 70
- Must have lived in Canada for minimum of 10 years since age 18. To receive the maximum benefit must have lived in Canada for 40 years since age 18. Otherwise prorated.
- Claw-back: if you have income greater than \$90,997 (2024) you must repay part or the entire OAS payments. Not eligible if income is \$148,065

LEVELS OF RETIREMENT INCOME



Government Plans: Guaranteed Income Supplemental to OAS

[GIS](#): Provides a non-taxable benefit to OAS pension recipient who have a low income and are living in Canada, auto enrolment, but may be asked to enrol under certain circumstances

- GIS start date: age 65, must live in Canada and collect the OAS
- [Income caps](#) – depending on income and marital status thresholds, you may not be eligible

LEVELS OF RETIREMENT INCOME



Government Plans: Allowance and Allowance for the Survivor

[The Allowance](#) is a benefit to low-income individuals aged 60 to 64 who are the spouse or common-law partner of a GIS recipient. Benefit ends at age 65. You must apply for this benefit

- [Income caps](#) – depending on income and marital status thresholds, you may not be eligible
- To apply: [Allowance: Your application - Canada.ca](#)

[The Allowance for the Survivor](#) is a benefit to people aged 60 to 64 who have a low income, who are living in Canada, and whose spouse or common-law partner has died. Benefit ends at age 65

- [Income cap](#)- depending on income, you may not be eligible
- To apply: [Allowance for the Survivor: Your application - Canada.ca](#)

OTHER INFORMATION



Carleton Retiree Benefits

You may be eligible for some benefits through Carleton depending on your coverage while working, number of years of service, employee group affiliation and whether you will be in receipt of an immediate monthly Carleton pension.

If you defer your pension or if you transfer funds out of the pension plan you will not be eligible for any retiree benefits.

Check for details: [Retiree Benefits - Human Resources \(carleton.ca\)](https://www.carleton.ca/human-resources/retiree-benefits)

Private Supplemental Retiree Benefits

- [Freedom to Choose™ health and dental insurance](#)
- [Retiree Benefits \(victorinsurance.ca\)](https://www.victorinsurance.ca)
- [RTO Dental Plan – RTOERO](#)

OTHER INFORMATION



Carleton Retiree Benefits

Basic & Optional Life Insurance

May convert to a personal policy, without evidence of insurability, within 31 days of your NRD. Your NRD is the July 1st that is closest to your 65th birthday. If you work past your NRD the eligible amount to convert is reduced.

Other Benefits

Access to Library & Athletic Facilities

Eligible for tuition waiver, conditions may apply

Membership in [Carleton University Retirees Association](#)

Retiring Allowance – Professional Services (CUPE 2424, CUPE 910, CUPE 3778 and non-union)

- If you have thirteen (13) or more years of continuous service at retirement you may be eligible to receive a retiring allowance (you must be in receipt of an immediate Carleton pension), equal to one week's salary for each year of continuous service – subject to applicable maximum.
- You can take a lump-sum payment, or transfer all or part of the retiring allowance to your personal RRSP, subject to limits.

OTHER INFORMATION



Notify Human Resources: to update a change in your marital status: marriage, divorce, separation, or to update your pension beneficiary

Other Resources:

[Retirement Hub \(Canada.ca\)](#)

Deciding when to start your retirement public pensions; learn about your retirement income choices;

[Canadian Retirement Income Calculator - Canada.ca](#)

Use the Canadian retirement calculator to help you estimate what your retirement income may be

[Budget Planner - Canada.ca \(fcac-acfc.gc.ca\)](#)

Use the Budget Planner to create a budget and receive personalized suggestions: