

*Pensions are complex.  
 There are a lot of words used by  
 experts to talk about plans.  
 Below are just some of the  
 Pension Terms you should know.*

*All definitions taken from the  
 online glossary provide by the  
 Financial Services Commission  
 of Ontario (FSCO). For more  
 info visit [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca).*

### **Accrued**

The amount of accumulated pension benefits credited to the plan member based on their length of service, earnings, etc., up to a given date.

### **Beneficiary**

A person who is receiving, or is entitled to receive, a benefit under a pension plan.

### **Commuted Value**

The amount of a lump sum payment that is payable today (or as of a fixed date) and that is estimated to be of equal value to a future series of pension payments, based on actuarial assumptions.

### **Credited Service**

The length of service used in a pension plan formula to calculate a defined benefit. The credited service might be different than a person's continuous service or employment.

### **Deferred Pension**

A pension determined when a member's employment/plan membership ends but which is not payable until a later date. The payment usually occurs at the member's normal or early retirement date.

### **Financial Services Commission of Ontario (FSCO)**

A regulatory agency of Ontario's Ministry of Finance that regulates insurance, pension plans, loan and trust companies, credit unions, caisses populaires, mortgage brokering, and co-operative corporations in Ontario.

### **Types of Retirement Income**

For all retirement income you must either apply or inform the plan administrators of your intended retirement date.

#### **Canada Pension Plan (CPP)**

Provides monthly payments to retirees who worked in Canada & contributed to the Plan during their employment.

#### **Old Age Security (OAS)**

Provides monthly payments to most Canadians (65 or older) who qualify.

#### **Guaranteed Income Supplement (GIS)**

Provides additional money to low-income seniors who qualify.

#### **Defined Benefit Pension (DB)**

A DB plan requires fluctuating contribution amounts and defines the ultimate pension benefit to be provided in accordance with the formula, usually based on years of service, earnings, on a flat rate, etc.

#### **Defined Contribution Pension (DC)**

DC plans define contribution amounts required instead of the benefit. At retirement, the benefit amount is based on the accumulated contributions & investment return in the member's account.

#### **Multi-Employer Pension Plan (MEPP)**

A plan in which two or more unrelated employers participate & contribute to the same plan. A MEPP can be a DB or DC plan, or a combination of both.

Members of UFCW Locals 175 & 633 participate in a variety of pension plans depending on the workplace. It is important that you understand the details of your plan and the other options available to you.

Review your annual pension statements to ensure your hours, contribution level, length of service, etc., have all been reported correctly. Keep your address up to date with ALL benefit providers.

**37.9%**  
 of all employees (private &  
 public sector) were  
 covered by a Registered  
 Pension Plan in 2013.

that means ...  
**62.1%**  
 of the population doesn't  
 have a registered pension  
 plan. *Statistics Canada*

Well in advance of your retirement, you should ensure you have information for any/all pension plans you participated in throughout your working life. If you're unsure who to contact, start by getting in touch with former employers to find out the administrators of your plan(s). If a previous employer has closed, you can contact FSCO to find out in which plan that employer participated.

**Retirement benefits  
 DO NOT START AUTOMATICALLY  
 YOU MUST APPLY**

No matter what your age, your income level, or how much you have saved, it's important to speak to a qualified, independent financial adviser – who's not trying to sell you anything.

The Government of Canada has calculators and other tools available to help you find out how much retirement income you will receive. Visit [www.canada.ca](http://www.canada.ca).

Some good basics to start with:

- Make a plan.
- Don't wait too long to start that plan (it's never too early to think about it)
- Consult a professional Financial Adviser
- Have a Will and update it as necessary.
- Designate beneficiaries for each of your plans (including Life Insurance, etc.)
- Consider your expenses in retirement (hobbies, living situation, travel, care for other family members etc).
- Find out what retirement income you're entitled to.

**[www.canada.ca](http://www.canada.ca)**



*for tools & more  
 info on retirement*

## How much income do you require to live a happy healthy retirement?

Complete a budget for yourself. Remember:

- When you stop working, you no longer contribute to Employment Insurance, Canada Pension Plan, Union Dues, or RRSPs.
- You likely will no longer spend as much money on things like commuting, work clothes, lunches, and more.
- Your overall reduced income will likely put you in a lower tax bracket.

Questions to consider:

- Will you be renting or paying a mortgage?
- How is your health and what coverage will you have? (drug, vision, dental, extended health)
- Will you require additional coverage?
- Do you plan to be active or travel in your retirement?
- Do you have children or parents to take care of?
- Do you like your job? Are you able to keep working?
- When do you want to start collecting your public pensions (CPP, OAS, GIS)?

*\* Keep in mind that if you start collecting CPP before 65 your payments will be reduced. OAS will not begin until the age of 65.*

### Public pension income - Age 65

as of Jan - Dec 2017

**CPP MAX \$1,114.17**

**OAS MAX \$578.53**

That means the **MAXIMUM** combined CPP and OAS you can receive is about **\$20,300** per year. And most people **DON'T QUALIFY** for the maximum.

**Visit [www.canada.ca](http://www.canada.ca) for updated info when you begin planning.**

If you retired in 2017 and relied on just your own savings, you would need

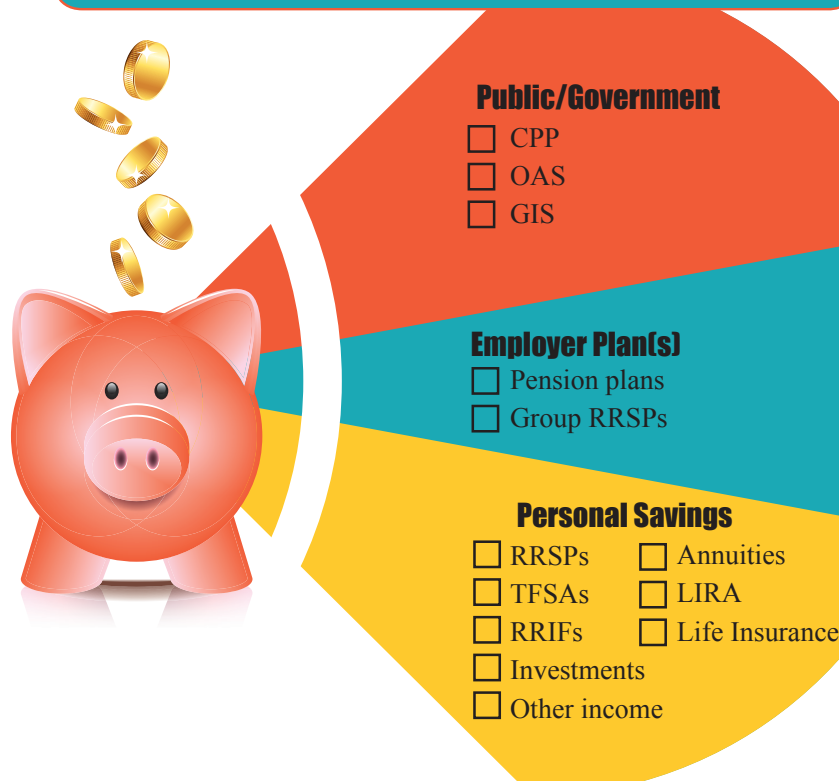
# \$578,251

to buy an annuity that would provide you with \$30,000 a year (\$2,500 per month).

## Starting Early makes a BIG Difference

Invest at Age	Retire at Age	Investment Amount	Annual Interest Rate	Annual Inflation Rate	Total Future Value of Investment
20	65	\$1,000	3%	2%	\$1551.20
30	65	\$1,000	3%	2%	\$1407.01
40	65	\$1,000	3%	2%	\$1276.22
50	65	\$1,000	3%	2%	\$1157.59

## Where is your retirement income coming from?



... more definitions ...

### Life Annuity/Annuity

For pensions, an annuity provides regular payments through an insurance contract that will be paid for the duration of the recipients lifetime, or to their designated beneficiary. Annuities are normally purchased from insurance companies.

### Pension Benefit

The total monthly, annual or other payment to be paid to a plan member at retirement that will continue for the rest of their life, or be paid to the member's beneficiary if they pass away.

### Registered Retirement Income Fund (RRIF)

A personal retirement income fund offered by financial institutions and governed by the federal Income Tax Act. A RRIF provides an ongoing minimum flow of income and is subject to minimum annual income payment requirements.

### Registered Retirement Saving Plan (RRSP)

A personal retirement savings plan offered by financial institutions and governed by the federal Income Tax Act.

### Transfer Ratio

A ratio that indicates the degree to which a pension plan has sufficient assets to provide pension benefits.

### Wind Up (or Partial Wind Up)

The termination or discontinuation of all (full) or part (partial) of a pension plan usually resulting from bankruptcy, corporate restructuring, or downsizing.

You can also find an extensive pension term glossary online at the Public Services & Procurement Canada website: [www.tpsgc-pwgsc.gc.ca](http://www.tpsgc-pwgsc.gc.ca)