

HUMAN RESOURCE SERVICES RETIREMENT SEMINAR

FREQUENTLY ASKED QUESTIONS

Canada Pension Plan

Question: When can I apply for an early-reduced Canada Pension?

Answer: You can apply for an early reduced Canada Pension between the age of 60 and 64. Starting in 2012, the work cessation test no longer applies; this means you will be able to begin receiving your CPP retirement pension without any work interruption. If you require further clarification you will need to contact CPP.

Question: How much is the reduction on the early reduced CPP pension?

Answer: From 2012 to 2016, the Government will gradually change the early pension reduction from 0.5% to 0.6% per month.

Question: When should I apply to CPP or OAS?

Answer: CPP asks for you to complete your application within 6 months before you want your pension to begin. Please contact Old Age Security/Canada Pension Plan at 1 (800) 277-9914, or visit their website at www.dsc.gc.ca.

Question: If I am under the age of 65 and in receipt of Canada Pension while working, am I required to contribute into the Canada Pension Plan?

Answer: Yes. Starting in 2012, if you are under 65 while working and collecting Canada Pension at the same time, you and your employer will have to make mandatory CPP contributions.

Question: If I am between the age of 65 and 70 and in receipt of Canada Pension while working, do I continue to contribute to the Canada Pension Plan (CPP)?

Answer: You have the option to continue or discontinue contributing into the Canada Pension Plan. In both situations, you are required to complete a form which is available on the Service Canada website. You are required to submit a copy both to your employer and to Service Canada. For more details, please contact Service Canada at 1-800-277-9914.

Question: What is the process to discontinue my CPP deductions?

Answer: Once you have reached the age of 65, to stop contributing, you must provide the CRA with a CPT30 Election Form located on the CRA website and on the BWW. A copy of your CPT30 and Notice of Entitlement from CPP, are to be submitted to Payroll Services to stop deductions from coming off of your pay. Please note that both documents are required in Payroll or your deductions will not be stopped.

Retirement

Question: What if I retired but did not collect my pension?

Answer: Retirement is defined as the point at which a permanent employee severs the employment relationship with the Board in order to collect pension benefits (OMERS or Ontario Teachers' Pension Plan). If you are not collecting your pension, then your employment separation is considered as a resignation and therefore are not entitled to a gratuity payment.

Question: How much notice is required for the intention of retirement?

Answer: The minimum requirement for paperwork processing of 35 days in order to ensure the gratuity payment is paid on time and other paperwork is processed. It would be helpful to give two months notice.

Question: Who do I notify of my retirement?

Answer: Submit a Retirement eForm to your Principal/Manager/Supervisor.

Question: What if I change my mind after I have submitted my retirement request to the Board?

Answer: Should you wish to rescind your retirement, as per Policy 580, you are to "write a formal letter to the appropriate superintendent and copy their supervisor/principal to request that the original retirement be rescinded." The request will be reviewed by the Coordinating Council of Superintendents whether to accept or decline it.

Question: What are the advantages and disadvantages of retiring effective Aug 31st as opposed to June 30th?

Answer: This may help achieve age or service requirements in order to qualify to receive an unreduced pension. In other cases, if you retire June 30th your pension will be effective July 1st. Your benefits cease on your retirement date. If you retire August 31st your pension will be effective September 1st and your benefits cease on your retirement date. It all depends on what you need more: Two months of benefit coverage or two months of pension payments.

Question: What are the advantages and disadvantages of retiring at the end of the month as opposed to mid month? If I indicated the time at midnight, is this needed to ensure that I will be paid for the day?

Answer: Regardless of what day of the month you retire, your pension is effective the first day of the following month and is not retroactive. Specifying midnight is not necessary. If you submitted the eForm indicating that you are retiring effective June 30th, then that would be your last day employed by the Board.

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Benefits at Retirement

Question: What is the best benefit plan or the plan most commonly chosen by retirees?

Answer: It really depends on the needs of the retiree. Each plan has different advantages. Make sure that you take the time and investigate which plan fits your requirements. The Board Retiree Benefit Plan is no longer offered.

Question: If I continue to work beyond the age of 65, which Board benefits continue?

Answer: Long Term Disability (LTD) will cease on your 65th birthday. Benefits through the Employer Life and Health Trust (ELHT) continue until your retirement date.

Gratuity Payments & Calculations

Question: How do I know if I qualified to receive a gratuity payment and what that would be?

Answer: As per Bill 115 and subsequent Regulations, permanent employees with 5 or more consecutive years of service as of August 31, 2012, received a Retirement Gratuity Statement outlining the gratuity payment to be received at retirement from our Board. Statements can be viewed on Employee Self Serve, My Absence tab.

Question: Can I still receive a gratuity payment if I am entitled to early reduced pension?

Answer: Yes, as mentioned above. You still need to meet other criteria as outlined in your Collective Agreement or the Board's Policies and Procedures.

Question: Do I jeopardize the possibility of sheltering my gratuity payment in an RRSP if at retirement I communicate my intent in writing that I would like be rehired with the Board in any capacity?

Answer: Yes. Before making any written request, ensure that you have received your gratuity cheque. You also need to confirm that the financial institution of your choice has cashed your gratuity cheque. The key is that you have severed the employment relationship with the Board. In addition, when you submit your intention to retire, do not mention that you may be coming back to occasional teaching, etc. Applications for occasional teaching or casual employment should be done separately after you have received your gratuity payment.

Question: How is my eligible RRSP room determined?

Answer: The Canada Revenue Agency (CRA) allows you to shelter \$2,000 per year from your hire date up to and including 1995. If that service does not fully shelter your gratuity, CRA rules permit us to look at your service with any other OMERS or Teachers' Pension Plan employers, providing you had not collected gratuity from your previous employer. If you are eligible, at retirement you will need to include your "Service Record" which is provided in your Teachers' Pension Plan annual statement. In addition, personal RRSP room may be considered for sheltering a portion of your gratuity, providing you submit your most recent "Notice of Assessment" showing your RRSP Room.

Question: What are my gratuity payment options?

Answer: You have the choice at retirement to have your gratuity received as:

- A taxable payment, the month after retirement
- A taxable payment, deferred to the January following your retirement
- A transferred payment into an RRSP

Question: If I chose a taxable gratuity payment, how much will I be taxed and does the payment consider my current earnings for the year in which it is paid?

Answer: Regardless of when a taxable gratuity payment is made, the Board must abide by the Canada Revenue Agency Income Tax Act which dictates, regardless of any other income earned in the same year, if;

- A total taxable payment, is up to \$5,000, then 10% of tax is deducted
- A total taxable payment, is from \$5,001 up to \$15,000, then 20% tax is deducted
- A total taxable payment, is over \$15,000, then 30% tax is deducted

Any questions? Contact the Pension Representatives at 905-727-0022 or 416-969-7170 extension 2255 or extension 2226.