

# THINGS HAVE TO CHANGE NOW!

## RETIREMENT ISSUE A FEW BASICS ABOUT THE RREGOP



- Sectors covered:
  - Education
  - Health and social services
  - Public service
  - Research centres
- Defined benefit pension plan:
  - Life annuity payable upon retirement
- Pension formula = 2% x service for calculation purposes x average of the 5 best-paid years
- Age of retirement without reduction:
  - For end date of participation prior to July 1, 2019, the earliest of these two options:
    - 35 years of service for eligibility purposes
    - 60 years old
  - For end date of participations as of July 1, 2019, the earliest of these two options:
    - 35 years of service for eligibility purposes
    - 60 years old and 90 factor (age and service)
    - 61 years old
- Early retirement reduction:
  - For end date of participation prior to July 1, 2020: 4% per year
  - For end date of participation as of July 1, 2020: 6% per year
- Pension decrease at age 65 (called integration)
- Surviving spouse annuity
- Partial pension indexation after retirement

- Equally shared funding (to this, the government adds compensation for salaries below the MPE<sup>2</sup>; just over 53 million dollars in 2017)
- Members fund (nearly 70 billion in assets) and Retirement Plans Sinking Fund (RPSF)
- Contribution rate around 7% for a long time, gradually increased since 2008; was 10.97% in 2018 with an exemption of \$13,675 and readjusted for salaries below the MPE.
- RREGOP<sup>1</sup> contribution is tax deductible, but benefits are taxable
- Illustration of the contribution rate according to total salary (see Figure 1)

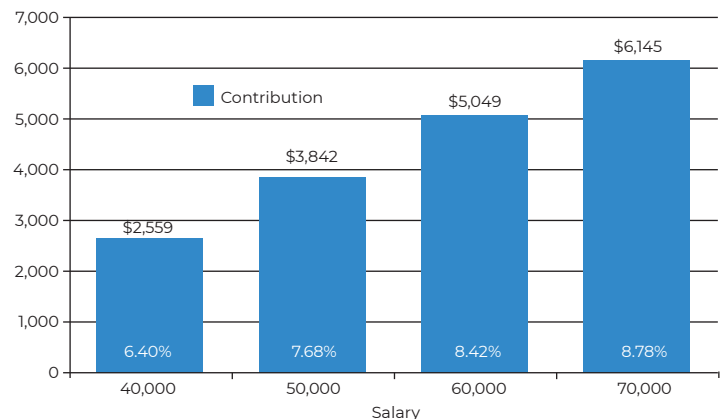


Fig.1 - Contribution rate according to total annual salary

<sup>1</sup> Régime de retraite des employés du gouvernement et des organismes publics.

<sup>2</sup> Maximum pensionable earnings.