

Questions and Answers in connection with the Agreement On Retirement Matters Applicable to Faculty and Librarians

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General Questions

Where can I find information on Retirement Matters on the web?

For faculty and librarians:

http://www.hrandequity.utoronto.ca/retirement/For_Current_Faculty_Librarians.htm

Academic Administrative Procedures Manual: <https://www.aapm.utoronto.ca/retirement>

How much notice do I have to give in advance of my retirement plans?

The agreement provides that notice of intention to retire is required at least one year in advance of your proposed retirement date or in the case of phased retirement, one year in advance of the date you intend to begin the program on any June 30 or December 31. There is a one month 'cooling off' period for faculty and librarians who have submitted a notice of intention to retire at least one year in advance of their retirement date. If you wish to revoke your intention to retire, a signed [revocation of intention to retire form](#) must be received by your Unit Head within one month of the date on which the original notification was provided.

What if I don't give one year's notice of my intention to retire?

The agreement between UTFA and the University requires one year's notice of intention to retire to enable departments to engage in academic planning. If a faculty member or librarian wishes to retire without giving one year's notice, the full range of options provided in the agreement may not be available.

Who do I have to notify of my retirement intentions?

Notify your unit head in writing. In multi-departmental Faculties, this is the Chair/Director; in non-departmental Faculties, this is the Dean. There are [retirement election forms available](#) for

the formal notification of your retirement date. There are separate forms for Unreduced early retirement, retirement at or after age 65 and phased retirement options.

- [Notice of Intention to Retire](#)
- [Notice of Intention to Retire: Unreduced Early Retirement](#)
- [Phased Retirement Program Form](#)
- [Revocation of Notice of Intention to Retire](#)

If your spouse is not in the benefit plan before you retire (or on the date you retire) can he/she opt in at a later time?

As long as the spouse has his or her own coverage at the time of retirement and subsequently loses that coverage, the member can switch to family coverage the first of the month following loss of coverage OR the first of the month of notification to University of Toronto Pension Service, whichever occurs later.

Can retirees still access the tuition waiver?

Dependants of retirees are still eligible for the tuition waiver as per the guidelines and current limitations. The Dependant Waiver is a taxable benefit to the retiree.

How does taking a self-administered grant affect your salary and pension?

Faculty can submit a research proposal and upon approval have some of their salary converted to a 'grant' from which they can then deduct legitimate research expenses etc. This can be tied to research and study leave but does not have to be. When this happens, the amount of their salary to be paid as a research grant is deducted from their regular annual salary and paid as a lump sum T4A payment. They then receive their reduced actual salary for the remainder of the approved period. However, for pension purposes, they are considered 100% FTE, and their annual (unreduced) salary is used for pension - much like during a research and study leave. So their pension service continues to accrue at 100%, and pension contributions are based on their 100% annualized salary.

Taking a 'lump-sum' payment option upon early retirement has been described as the same as a termination. Does this mean you lose access to other benefits like library, the Faculty Club, etc?

A lump-sum payment is another early retirement option and will not exclude you from the retirement benefits described above IF you retire early under the 60+10 provision. It does, however, require you to purchase the health benefits separately (and pay for the total amount, i.e. pensioner's contribution + University contribution).

Does the agreement on Retirement Matters apply to Clinical faculty?

No, Clinical Faculty are not covered by this Agreement. Please contact the Faculty of Medicine for more information about retirement for clinical faculty.

How do I calculate vacation for librarians who have opted for the phased retirement program?

Earned entitlements should be prorated in accordance with the percentage of time worked. There are two ways to do this - on a year by year basis determined by the percentage worked that year; or by prorating for the average time worked across the 3 years of the program.

Pension Basics

How is my highest average salary calculated?

Your highest average salary is the annual average of the highest 36 completed months of salary, including academic administrative stipends, while a member of Pension Plan. The months do not have to be consecutive.

How is the average CPP Maximum Salary calculated?

The average CPP maximum salary is the annual average of the year's maximum pensionable earnings under Canada Pension Plan in the last 36 months of participation in the Pension Plan. In 2013 this amount is \$51,100 and the three-year average is \$49,833.

How is pensionable service calculated?

Pensionable service is based on years of continuous service with the UofT while a member of the Pension Plan.

I work part-time, how is my pensionable service calculated?

Part-time employees earn prorated pensionable service to reflect the percentage of your appointment. Your Highest Average Salary is based on the full-time annualized equivalent salary.

I have worked part-time since 1984, how is my pensionable service calculated?

Part-time employees earn prorated pensionable service to reflect the percentage of your appointment. For years of part-time service before July 1, 1987 there are different provisions that apply to this service.

Is there a maximum or cap on years of pensionable service?

There is no cap on years of pensionable service; therefore, the number of years of service continues to grow if you decide to stay beyond your normal retirement date.

Are overload teaching and administrative stipends included in pensionable earnings?

Academic administrative stipends are included in pensionable earnings. There is a \$150,000 cap on pensionable earnings. Overload teaching stipends are not considered pensionable earnings.

What does “normal retirement date” mean?

The normal retirement date is defined in the Pension Plan as the June 30th coincident with or next following your 65th birthday.

What happens to spousal pension benefits if you work past your normal retirement date and die before retiring?

Your spouse will receive a pension calculated based on your pension benefits earned to date, and he/she will be able to participate in the health plans available for retired plan members. The survivor pension will be at least as high as the standard (60%) survivor pension available if you were in receipt of your pension at the time of death.

What are the CPP rules with regard to pension?

The *Income Tax Act* requires CPP benefits to start at age 70 even if the individual continues to be employed. After age 70 CPP contributions are discontinued. You can choose to start receiving CPP benefits once you turn age 65, even if you are still actively employed. If you decide to receive CPP and work beyond age 65, you should provide the Payroll Office with your official notice of entitlement from CPP, so that the University will stop deducting CPP contributions from your pay.

What happens to my life insurance coverage if I work beyond my normal retirement date?

Basic life insurance (1x your salary up to \$125,000 maximum) continues until your actual retirement date, or the date you are required to start your pension under the *Income Tax Act*. Optional life insurance coverage stops at normal retirement date.

Postponed Retirement

If I decide to continue working beyond my normal retirement date, can I opt out of teaching?

No, in accordance with the terms of the agreement on retirement matters, faculty members and librarians who choose to work beyond normal retirement date are required to continue the full scope of their normal duties. This will include teaching.

Will I continue to accrue credit towards research and study leave if I continue working beyond my normal retirement date?

Yes.

Can I start to draw my pension at my normal retirement date if I continue to work?

No, you cannot receive a salary from the University and draw your pension at the same time; however, under the *Income Tax Act* you are required to start your pension on the December 1st of the calendar year in which you turn age 71 even if you continue to be employed by the University and receive a salary. In that case, you would not continue contributing to the Pension Plan.

What happens to my pension if I continue to work beyond my normal retirement date?

You remain in the Pension Plan and continue to contribute and earn pension benefits (increase in pensionable service and highest average salary, subject to the \$150,000 cap) up to the earlier of the date which you retire or the December 1st in the year in which you turn age 71, when you are required to start receiving your pension under the *Income Tax Act*.

If I continue working after my normal retirement date can I elect not to make any further pension contributions?

No, you remain in the Pension Plan and your pension contributions continue to be deducted until you retire, or if earlier, the December 1st in which you turn age 71, at which point you must begin to receive your pension under the *Income Tax Act*.

If I choose to work beyond my normal retirement date and then become disabled and unable to work, am I eligible for Long Term Disability?

You remain eligible for sick pay after your normal retirement date (100% of your actual salary for 15 weeks). LTD coverage stops at your normal retirement date. If your illness extends past 15 weeks, you may retire and receive your pension or request an unpaid leave.

If I continue working after the age of 71 and receive both my salary and a pension, do I pay tax on both?

Yes, both are taxable income, and will be taxed separately as these are paid from separate sources.

Early Retirement

What are the new unreduced early retirement provisions introduced into the pension plan for early retirement?

A faculty member or librarian who meets the eligibility requirements of 60 years of age with at least 10 years of pensionable service is entitled to pension earned to early retirement date without reduction for the early start date.

Who is eligible for these new early retirement provisions?

Faculty members and librarians who are age 60 or more and have ten or more years of pensionable service are eligible for unreduced early retirement on any June 30 or December 31, with at least one (1) year's notice of intention to retire.

What if I want to take a lump sum payment instead of pension benefits?

If you retire before your normal retirement date, you may transfer the commuted value out of the plan.

If I am not eligible for the new early retirement provisions (i.e. age 60 and with 10 years of pensionable service), how is my pension calculated?

If you are not eligible for the unreduced early retirement provision, pension benefit earned to early retirement date is reduced by 5% per year from your Normal Retirement Date.

How is the lump sum calculated?

To calculate the lump-sum value, the pension payments are first projected based on the expected number of pension payments (determined using prescribed mortality rates) and the amount of the pension payments (determined using prescribed inflation rates to reflect the 75% CPI indexation provision under the Pension Plan). Then, using prescribed interest rates, the lump-sum value is calculated as the estimated amount of money that would need to be set aside in a tax-sheltered account to provide a retirement income equivalent to the projected pension payments. Once you receive the lump-sum payment, you are responsible for managing the funds and converting those funds to retirement income.

What are my options for payment of the lump sum?

The lump-sum value must be transferred to a locked-in retirement account or life income fund subject to limits under the *Income Tax Act*. Any lump-sum amounts above *ITA* limits are payable in taxable cash, as are any amounts attributable to pension benefits payable from the Supplemental Retirement Arrangement (SRA), currently pension earned on that portion of your salary above ~\$140,000.

Can I receive part of my pension payment as a lump sum and part as a normal pension?

No.

If I take lump sum option under the new early retirement provisions can I purchase retiree health and dental benefits and how much do these cost?

Participants retiring early under the “60+10 provision” and taking the lump sum option can purchase available retiree health and dental benefits at full cost (both the employee and employer portion of the premiums).

If I elect to take Early Retirement, are my children still eligible to apply for the Scholarship Program for Dependents of Faculty Members and Librarians?

Yes. The program provisions continue to be available to all retirees who were eligible as active faculty or librarians.

Phased Retirement

Who is eligible for Phased Retirement?

The Phased Retirement Program is available to full-time faculty members and librarians on any July 1st, subject to the time-frames described below.

When is the earliest date that I can start Phased Retirement?

The earliest start date is the July 1st after you turn 57 provided that you would also have ten years of pensionable service at the date of early retirement which is the end of the three year phased retirement, or 3 years prior to the July 1st you would have 10 years of pensionable service after age 60, if later.

When is the latest date that I can start Phased Retirement?

The latest start date is the July 1st of the year which is three years prior to the year in which you turn 71.

How is Phased Retirement structured?

The cumulative appointment over the three-years must be at least 150% but not more than 200% of full-time appointment, subject to a minimum appointment of 25% FTE in any year.

Can I opt for Phased Retirement over a two year period?

No. The Phased Retirement program is only offered over three years.

Can I opt out of teaching during Phased Retirement?

No. Participants in the phased retirement program will be expected to continue the full range of their normal pre-program duties as agreed with the Chair and proportionate to their percentage appointment over the three year period.

If I opt to work 75% in year one, 50% in year two and 25% in year three, what proportion of my salary will I receive each year?

Your salary during phased retirement period will be pro-rated on the basis of percentage appointment in each year. You will receive 75%, 50% and 25% respectively. You will also receive a 75% Retirement Supplement.

How is the 75% Retirement Supplement determined?

The phased retirement program includes a Retirement Supplement equal to 75% of salary in effect immediately prior to phased retirement.

How will this Retirement Supplement be paid?

There are three options for payment of the Retirement Supplement:

(1) payable at the end of the three-year period as a retiring allowance, with the option to transfer the maximum amount to an RRSP and the balance paid as taxable retiring allowance at the time of retirement;

(2) payable at the end of the three-year period in an amount equal to the maximum amount transferable to an RRSP, with balance paid as taxable income in three equal installments at the beginning of each year of phased retirement;

(3) payable as taxable income in three equal installments at the beginning of each year of phased retirement. The election of the form of payment has to be made at the time notice of intention to enter the phased retirement program is given.

Is the 75% Retirement Supplement pensionable earnings for the purpose of calculating my pension?

No, the 75% retirement supplement is not considered pensionable earnings.

How much notice do I have to give if I wish to enter the Phased Retirement program?

You must give notice in writing one year prior to entering the phased retirement program by submitting the [phased retirement form](#).

Will I continue to get PTR during Phased Retirement?

You will continue to be eligible for PTR and any across the board increases as negotiated with UTFA each year during phased retirement. You will not receive a PTR payment for your final year of employment.

What if I die during my phased retirement – what does my spouse or estate get? What happens to my 75% Retirement Supplement?

If you die during phased retirement, your spouse, or beneficiary/estate if you don't have a spouse, will receive the commuted value (the lump-sum value) of your earned pension under the Pension Plan. If you have a spouse, and he/she elects to take the commuted value as a monthly pension, then he/she would also be eligible for retiree health and dental benefits. Any portion of the 75% Retirement Supplement that was not paid to you prior to your death will be payable to your designated beneficiary/estate.

Will I continue to earn pension benefits during Phased Retirement?

You will continue to earn pension benefits based on a full-time appointment, and your full-time annualized salary will be used towards your highest average 36 months. Participant contributions to the pension plan will only be based on actual salary received in each year.

Will I continue to be eligible for Professional Expense Reimbursement?

Yes. You will receive the full Professional Expense Reimbursement during each year of phased retirement.

How does Phased Retirement impact on my health and dental benefits?

Health and dental benefits will continue as if on a full-time appointment.

How does Phased Retirement impact on life insurance, sick pay and long-term disability?

Life insurance coverage during each year of phased retirement will be calculated as life insurance coverage based on pre-program salary times cumulative appointment for a three-year period divided by 3. Participants in the phased retirement program will receive sick pay (100% of salary for 15 weeks) calculated on the basis of actual salary to be received during the phased retirement period. Long-term disability benefits (70% of salary) will be payable to earlier of irrevocable retirement or normal retirement date. LTD will be calculated as the lesser of 70% of your pre-program salary or 100% of actual salary to be received during phased retirement period.

If I enter Phased Retirement and then become disabled e.g. as the result of a stroke, will I be eligible for Long Term Disability?

Participants in the phased retirement program are eligible for LTD benefits to the earlier of their irrevocable retirement date or their Normal Retirement Date. LTD benefits will be calculated as the lesser of 70% of pre-program salary or 100% of actual salary to be received during phased retirement period. Or the participant may elect to withdraw from the program and retire under applicable provisions.

The Phased Retirement Program requires a minimum of a 25% appointment in any one year to fulfill the 150% to 200% appointment over three years. Is it possible for a faculty member to arrange a different scenario with his/her Chair? For example, 100% year one; 50% year two, and 0% in year three?

While it is possible to arrange a variety of scenarios over the three years, the cumulative appointment over the three years must be at least 150% but not more than 200% of a full-time appointment, subject to a minimum appointment of 25% FTE in any year. In the example above, the 0% in the last year would not fit under the provisions of phased retirement.

Benefits

Am I eligible for full health and dental benefits during Phased Retirement?

Health and dental benefits continue as if on full-time appointment.

Do my health and dental benefits continue after retirement?

You are eligible to participate in the retiree health and dental plans available at the time of your retirement. If you retire early under the 60+10 provision and take the lump sum pension option, then you must pay the full cost of participation in the plans. If you elect to receive a monthly pension, then the normal employer subsidy continues.

What is the current cost of purchasing extended health and dental benefits?

The current plan rates can be found at: <http://www.hrandequity.utoronto.ca/faculty-librarians/benefits/Benefits.htm>

Retirement Financial Counselling

How much individual financial counselling am I eligible for?

Each faculty member and librarian considering retirement is eligible for a lifetime maximum of three hours of independent retirement financial counselling to be paid by the University.

How do I arrange a meeting for financial counselling?

Information about how to obtain pension estimates and independent retirement financial counselling can be found the [retirement information pages of the Human Resources and Equity website](#).