

CANADIAN BLOOD SERVICES DEFINED BENEFITS PENSION PLAN



Retirement Planning: *Sources of Retirement Income*

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Julia Luther, Pension Analyst



DB: Sources of Retirement income

Agenda

- The three levels of retirement income
- Determine your income at retirement
- Determine your budget at retirement
- Retirement Financial Checklist
- About Your Retirement Summary
- Private Group Benefits

PERSONAL SAVINGS

EMPLOYER PLANS

GOVERNMENT PLANS



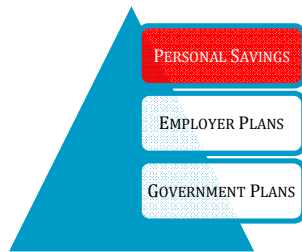
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PERSONAL SAVINGS

- RRSPs: Registered Retirement Plans
- TFSA: Tax Free Savings Accounts
- Other Assets (home equity line of credit, rental property etc.)

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The three levels of retirement income



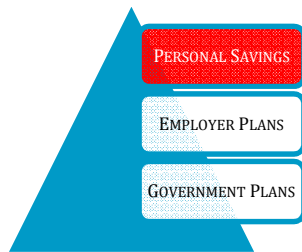
RRSPs: REGISTERED RETIREMENT PLANS

- An RRSP is a retirement savings plan that you establish, and to which you or your spouse or common-law partner contribute. RRSP contributions reduce your taxable income.
- Any income you earn in the RRSP is exempt from tax as long as the funds remain in the plan; you have to pay tax when you receive payments from the plan.
- ***RRSPs must be converted to a RRIF or Annuity by the end of the year in which you turn 71.***

NOTE: CBS Group RRSP offers a payroll deduction option. Ask your ESR or visit About You for details

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RRSPs: REGISTERED RETIREMENT PLANS

- The Canada Revenue Agency calculates your RRSP deduction limit as:
- The lesser of 18% of earned income in the previous year, and the annual RRSP limit (2017 annual RRSP limit is \$26,010),
- **Minus** your pension adjustments and your past service pension adjustments,
- **Plus** your pension adjustment reversals, and your unused RRSP contributions at the end of the previous year.
- Check your RRSP room on your Notice of Assessment or by My Account, MyCRA mobile app, Tax information Phone Service (TIPS)

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RRSPs: REGISTERED RETIREMENT PLANS

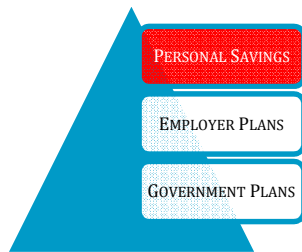
Can be converted to (1) RRIF, (2) Annuity, or used as (3) Cash prior to age 71.

(1) RRIF – Retirement Income Fund

- This is similar to an RRSP, except that you are not allowed to make contributions to it and it is set up to make periodic payments to you. You must withdraw a minimum amount from the RRIF each year. The minimum amount is based on your age, and increases as you get older. You will need to continue investing your money while it is in the RRIF.
- There are also LRIFs and LIFs, which are similar to RRIFs. The rules about these funds are different depending on the fund and the province or territory where the fund is based.

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RRSPs: REGISTERED RETIREMENT PLANS

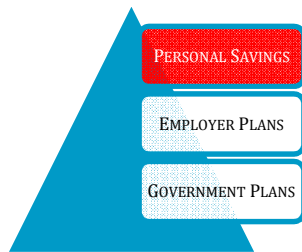
Can be converted to (1) RRIF, (2) Annuity, or used as (3) Cash prior to age 71.

(2) 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.
- Annuities bought with locked-in funds must follow the pension laws in your province or territory.

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RRSPs: REGISTERED RETIREMENT PLANS

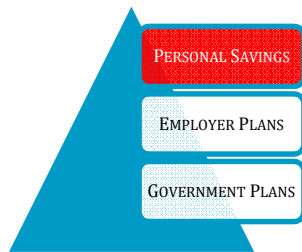
Can be converted to (1) RRIF, (2) Annuity, or used as (3) Cash prior to age 71.

(3) Cash withdrawals

- Withdrawals are subject to withholding tax ranging from 10% to 30% and are taxable income in the year that you make the withdrawal.
- You permanently lose the contribution room you originally used to make the contribution, unless you used the funds under the Home Buying Plan or the Life Long Learning Plan.

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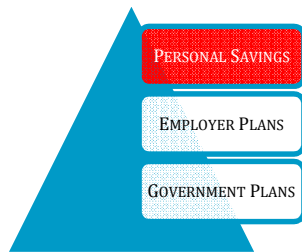
TFSA – TAX FREE SAVINGS ACCOUNTS

- Contributions are made with after tax money. Investment income accumulates tax-free and withdrawals from the TFSA are tax-free. Withdrawals do not impact means-tested government benefits such as GIS.
- You will accumulate TFSA contribution room for each year even if you do not file an income tax and benefit return or open a TFSA.

Periods	Annual Room	Accumulated Room
2009 - 2012	\$5,000	\$20,000
2013 & 2014	\$5,500	\$11,000
2015	\$10,000	\$10,000
2016 & 2017	\$5,500	\$11,000
		\$52,000

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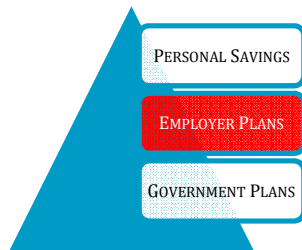
OTHER ASSETS

Other assets that can provide you with retirement income:

- Home equity line of credit on your home
- rental or income-producing property
- mutual funds; stock and bond portfolio
- Canada Savings Bonds
- business ownership – assuming that there is an opportunity to sell the business when you are ready to

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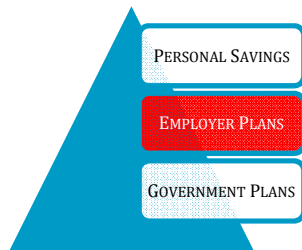


EMPLOYER PLANS

- CBS Defined Benefit Pension Plan
- CBS Defined Contribution Pension Plan

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CBS DEFINED BENEFIT PENSION PLAN

Benefit Formula

2.0% X your best average earnings
X your pensionable service to
October 31, 1997

Plus

1.6% X your best average earnings
X your pensionable service
from November 01, 1997

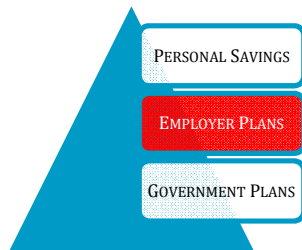
Early Retirement Reductions

If you retire before age 65 your pension is calculated according to the pension formula above and then reduced by:

- 0.4% for each month between your retirement date and age 60, and
- 0.3% for each month between age 60 and age 65

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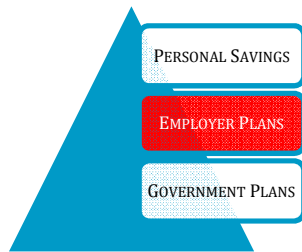


CBS DEFINED BENEFIT PENSION PLAN

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Retirement Age	60	65
Best 5 Yrs earnings	50,000	50,000
Service to Oct., 31, 1997	5	5
Service since to Nov., 01, 1997	20	20
Pension based on 2%	\$ 5,000	\$ 5,000
Pension Based on 1.6%	\$ 16,000	\$ 16,000
Total Annual Pension	\$ 21,000	\$ 21,000
Early Retirement Reduction	18%	
Reduced Pension	\$ 17,220	

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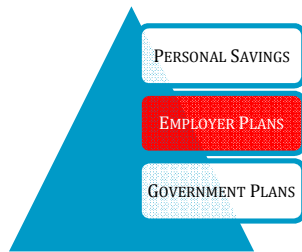


CBS DEFINED BENEFIT PENSION PLAN

- Pension estimates available on your annual pension statement
- One free pension estimate per year available by contacting Morneau Shepell, the CBS DB pension third-party administrator
 - *Canadian Blood Services DB Pension Plan*
c/o Morneau Shepell Ltd.
800 Bay Street, 7th Floor
Toronto, Ontario M5S 3A9
 - *Telephone: 1-877-252-4442 Email: csdbadmin@morneaushepell.com*
Fax: (416) 510-0328

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- Pension Estimate Tool available on CBS DB Pension site

It's never too early to start planning for retirement!

Simply log in to **DB Pension Plan** website to:

- Estimate the value of your pension at different ages through the **pension forecasting tool**
- See your earned pension to-date by viewing your **personalized pension statements**

<https://csdbpension.hroffice.com>


Canadian Blood Services
it's in you to give



Plan and save for your future by watching **recorded retirement planning seminars**

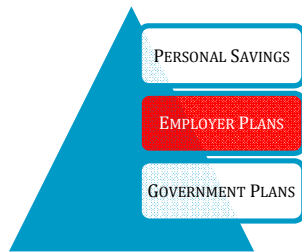
Topics include:

- How to maximize your sources of retirement income
- Tools and strategies to help you budget for retirement
- Important considerations to keep in mind as you prepare for retirement


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CBS DEFINED BENEFIT PENSION PLAN

- CBS DB Pension Summary
- CBS DB Pension Booklet
 - Available on About You
 - CBS DB Pension Plan site



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GOVERNMENT PLANS

- CANADA PENSION PLAN (CPP)
- OLD AGE SECURITY (OAS)

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CPP

When may I take my CPP pension?

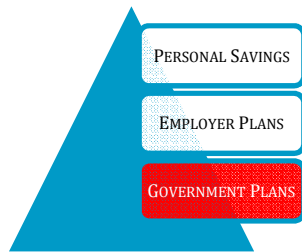
- When you reach age 65, which is the month after your 65th birthday. A reduced CPP pension is available as early as the month after your 60th birthday. You can also take an increased pension if your benefit starts after reaching age 65.

Eligibility details

- **You must apply for the CPP Pension!** Before you apply, you must:
 - be at least a month past your 59th birthday; have worked in Canada and made at least one valid contribution to the CPP; and want your CPP retirement pension payments to begin within 12 months.

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CPP

General drop-out provision

- Over the course of your working life, you might have had periods of low or zero earnings.
- The CPP **automatically drops** a number of months of your lowest earnings when calculating your CPP benefit.
- This provision affects 17% of your contributory period, allowing up to eight years of your lowest earnings to be dropped from the calculation. This benefits all CPP contributors.

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CPP

Child-Rearing Provision

- If you stopped working or received lower earnings to raise your children, you may be able to use the "child-rearing provision" to increase your CPP benefits.
- If you are deemed eligible, the child-rearing period will be excluded from the contributory period when calculating your CPP benefit amount, ensuring that you get the highest possible payment.

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CPP

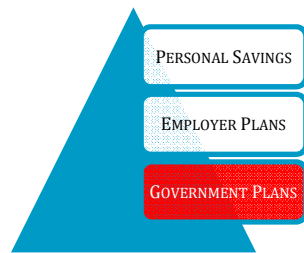
Child-Rearing Provision

What documents do I need to provide?

- You must provide one of the following for each child:
 - the child's name, date of birth, and Social Insurance Number; or the child's birth certificate (the original or a certified true copy).
 - you may also be required to provide proof of the date of entry into Canada for children born outside Canada.

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CPP

How much could you receive?

- The amount of your CPP pension is based on how much you have contributed and how long you have been making contributions to the CPP at the time you become eligible.

Taking your pension before age 65

- Your pension is reduced by 0.6% for each month you receive it before age 65 (7.2% per year), or 36% if you receive it at age 60.

Taking your pension after age 65

- Your pension will increase by 0.7% for each month after age 65 that you delay receiving it up to age 70 (8.4% per year).

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CPP

CPP	Average monthly amount for new beneficiaries (March 2017)	Maximum monthly payment amount (2017)
<u>Retirement pension</u> (at age 65)	\$643.92	\$1,114.17

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CPP

What you need before you start

- To apply for your CPP pension online, you must sign in to your My Service Canada Account and submit your application online. If you have not yet registered for a My Service Canada Account, you will require a Personal Access Code.
- You can apply a maximum of 12 months before the date you would like your pension to start.
- If you are 65 years plus 1 month or older, you can request retroactive payments for a maximum of 11 months, or back to your 65th birthday plus 1 month—whichever is shortest.

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OLD AGE SECURITY (OAS)

OAS is non-contributory pension plan, automatic enrolment and taxpayer-funded program. Also includes GIS and Spousal Allowance programs.

- OAS in 2017 (single) maximum: \$583 per month or \$7,004 annually
- Must live in Canada for 40 years after age 18 to qualify for maximum, prorated if less and no entitlement if less than 10 years in Canada

Voluntary Deferral – up to 5 years

- 6% per year increase for retirement after age 65
- Claw-back (in 2017 for income in 2016)
- 15% of income above \$73,756; 100% claw-back if income >\$119,615

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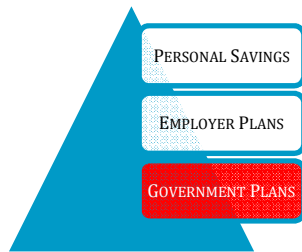
OLD AGE SECURITY (OAS)

Guaranteed Income Supplement (GIS) provides a monthly non-taxable benefit to OAS pension recipients who have a low income and are living in Canada.

- GIS in 2017 (single) maximum: \$871
- No GIS for individuals with income of \$17,688 who receives maximum OAS
- You must apply for this benefit

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OLD AGE SECURITY (OAS)

The Allowance and the Allowance for the Survivor provides income-tested monthly benefit to OAS pension recipients who have a low income and are living in Canada.

- The Allowance is a benefit available to low-income individuals aged 60 to 64 who are the spouse or common-law partner of a GIS recipient:
 - \$1,321.46 maximum monthly benefit
 - Not applicable if combined income is equal to or greater than \$32,736

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OLD AGE SECURITY (OAS)

The Allowance and the Allowance for the Survivor provides income-tested monthly benefit to OAS pension recipients who have a low income and are living in Canada.

- The Allowance for the Survivor is a benefit available 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:
 - Maximum monthly benefit of \$1,321.46
 - Not applicable if individual income equals or is greater than \$23,832

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Determine your retirement income



RETIREMENT INCOME ADEQUACY

You should plan on having a savings/pension between 50% to 70% or your pre-retirement income. Depends on your retirement goals.

Replacement Ratio

Retirement Income + RRSP/RRIF withdrawals + CPP/OAS pension

20,000 + 4,000 + 7,000 + 7,000

Earnings in last year worked

= 50% to 70% Replacement

**Values used for illustration purposes only*

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Determine your retirement income



RETIREMENT CALCULATORS



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The **Canadian Retirement Income Calculator** will provide you with retirement income information, including the Old Age Security (OAS) pension and Canada Pension Plan (CPP) retirement benefits.

You will work through a series of modules to estimate your retirement incomes from various sources and compare them to your goal income.

Free and dynamic retirement calculator.

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/retirement-income-calculator.html>

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Determine your budget



BUDGET CALCULATOR



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A budget is a plan that helps you manage your money. It helps you figure out how much money you get, spend and save.

Making a budget can help you balance your income with your regular expenses and guide your spending to help you reach your financial goals.

Use this calculator along with the retirement income calculator to plan for your retirement income and expenses.

<http://itools-ioutils.fcac-acfc.gc.ca/BC-CB/NetInc-RevNet-eng.aspx>

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Retirement Financial Checklist



1. Update your budget as a retiree.

[Get tips on budgeting during retirement.](#)

2. Decide when to apply for public pension benefits.

[Find out more about public pensions.](#)

3. Consider the tax credits you may be eligible for.

[Find out about tax credits for seniors for which you may be eligible.](#)

4. Review and update your insurance coverage to make sure it meets your current and future needs.

[Find out more about the different types of insurance.](#)

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Retirement Financial Checklist



5. Consider what might happen to your pension if you continue to work.

[Learn about working while collecting a pension.](#)

6. Consider pension income splitting and/or pension sharing with your spouse or common-law partner to minimize the amount of tax you have to pay in retirement.

[Find out about pension income splitting.](#)

[Find out about CPP pension sharing.](#)

7. Protect yourself and the people you love against financial fraud and abuse.

[What every older Canadian should know about Financial Abuse.](#)

[What every older Canadian should know about Frauds and Scams.](#)

8. Plan for a possible loss of financial independence.

[Find out about giving Power of Attorney.](#)

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Retirement Financial Checklist



9. Make or update your will.

[Find out about making a will and planning your estate.](#)

10. Consider where you will live when you retire and how much it will cost.

[Find out about housing options for seniors.](#)

11. Consider the costs of living or travelling outside of Canada when you retire.

[Find out about living and travelling abroad when you retire.](#)

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About Your Retirement Summary



This summary provides an overview of the retirement process at Canadian Blood Services.

1. PLANNING FOR RETIREMENT

Providing Notice

Questions about the retirement process?

What is the value of pension?

Questions about your pension options?

Need help with retirement planning?

Presentations

Confidential Retirement Planning Counseling

2. WHEN TO RETIRE

Early retirement

Normal Retirement

Postponed Retirement

3. RETIREMENT

Pension package

When you can expect to receive your pension

Once your pension benefits commence.

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About Your Retirement Summary



This summary provides an overview of the retirement process at Canadian Blood Services.

4. POST-RETIREMENT BENEFITS

What are post-retirement benefits?

Who to contact regarding continued enrolment/premiums for post-retirement benefits

5. PRIVATE COVERAGE

Private conversion of group life and accidental death and dismemberment insurance

Private health and dental

6. OTHER IMPORTANT INFORMATION

Final Pay

T4 and Record of Employment (ROE)

Retirement Program

Employee Corporate Discounts

Group RRSP/TFSA

7. CBS ALUMNI

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Private Benefits



This summary provides details on the purchase of private benefits. This would be in addition to any retirement group benefits that you may be eligible under a Canadian Blood Services plan.



Microsoft Word
Macro-Enabled Document

This is also available on About You.

How Did You Find this presentation?

We will be emailing you a link to a confidential satisfaction survey.
Thank you.

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