

**A SHORT GUIDE  
TO PREPARE FOR  
RETIREMENT  
For CBSA employees  
What documents to use  
How to complete them  
Where and to who send them  
And more ...**



**VERSION 3 / February 2013**

## WARNING

This little guide is unpretentious and simply to help those who are preparing their upcoming retirement to better understand the documentation they need and to have on hand at the meeting or telephone conversation with the compensation advisor. It is not intended to replace the good advice from your advisors, nor the info posted on the website of the Treasury board (<http://publiservice.tbs-sct.gc.ca/hr-rh/bp-rasp/benefits-avantages/benefitsinfoinfoavantages/lps-dfp-fra.asp> )

nor of the Public Service Alliance of Canada  
( [http://www.psac-afpc.org/documents/what/retiring\\_from\\_ps\\_usefultips-f.pdf](http://www.psac-afpc.org/documents/what/retiring_from_ps_usefultips-f.pdf) ).

Without replacing the references mentioned above, you will understand that I cannot guarantee that all the information is accurate or that it is complete. I just want to make it easier, provide you with references and try to answer questions that I was wondering myself.

**André Nadeau**

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## 1) I GET READY

When should I start to prepare? Immediately! It is never too early to, you will be less in the rush when the time comes and you will reduce much of the stress. Normally, it is recommended to start about six months to organize before your departure, except in the last month or worse in the last few weeks, you then go chasing documents and this may result in delay of your first pension check. When all goes well and you are in time, the average waiting period for the first check is approximately six weeks.

## 2) DOCUMENTS

I list a short summary of the key documents you need, but it may vary, you may be asked to produce others or some may have been eliminated.

Death certificate of spouse (s) if applicable

Marriage Certificate

Information required for transfer to an RRSP (remuneration)

Judgment and divorce settlement

Sample check

T-1213 Request to avoid federal income tax deduction to pay RRSP

TP-1016 Request to avoid provincial income tax to pay RRSP

## 3) CALCULATION OF PENSION

The calculation is based on the **average** salary of the **five** highest **consecutive** years. Usually it is the last 5 years of your career, but it may happen for example if you have been in an acting position for 3 years or on a temporary assignment at a higher pay rate, the calculation will include those 3 years plus 2 adjacent years as they must all be consecutive.

The calculation is usually as follow : 2% multiplied by the number of years of service (maximum 35 years) multiplied by the average salary for the 5 best consecutive years.

Here is an illustration : for an employee who has 32 years of service at an average salary of \$ 63,000:  $2\% \times 32 \times 63,000 = 40,320\$$

You can find more details about this on the following website:

<http://www.pensionetavantages-pensionandbenefits.gc.ca/accueil-home-eng.html>

## 4) REDUCTION

If you are under the minimum age (55 years) or if you do not have the required years of service (30 years), the deduction is 5% for each year rounded to the nearest tenth. The reduction applies to the amount of your pension not on the average wage.

You may find more details and examples of reduction on the following website :

[http://www.tbs-sct.gc.ca/pubs\\_pol/hrpubs/Pensions/ypp1-fra.asp#Toc497270266](http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/Pensions/ypp1-fra.asp#Toc497270266)

## **5) GROSS PENSION**

It is possible to determine the gross amount of your pension by visiting the website of the Treasury Board at the following address:

[http://apppen-penapp.tpsgc-pwgsc.gc.ca/penavg-penben\\_prod/cpr-pbc/entreeinput.do?lang=FR](http://apppen-penapp.tpsgc-pwgsc.gc.ca/penavg-penben_prod/cpr-pbc/entreeinput.do?lang=FR)

You will have to provide basic information and you will get your gross pension. If you want to calculate the net amount of your pension, you will only have to select the features, the deductions or the options that apply to you, such as : death benefits, Public service health care plan (PSHCP) and the dental care plan. The program will also specify the amount of federal and provincial tax deductions.

## **6) PAYMENT OF PENSION**

We have the choice to receive the amount of your pension by check or direct deposit. The advantages of direct deposit now seems fairly obvious. Payment of the first month is made by check. That first payment is usually not of the same amount as those of the months that will follow as it may include payment of a partial month or cover more than one month, according to the your last day of work. That first check is always mailed to your home address. Direct deposit will be deposited into your bank account. It could take up to three months to receive that first payment therefor you should adjust your budget accordingly. Subsequently, the direct deposit will be the third business day before the end of the month.

## **7) INDEXING**

The federal pension is indexed, that is to say, a calculation is made to reflect the index of cost of living and thus automatically increases the amount of your pension. For more details on indexing and its calculation visit the following website:

<http://www.tbs-sct.gc.ca/hr-rh/bp-rasp/pensions/pensionfacts-infopensions/indexingindexation-fra.asp>

## **8) LIFE INSURANCE**

You may maintain your contribution to the Supplementary Death Benefit Plan (SDB). PWGSC will determine your coverage and premium. The rule is that insurance covers twice your salary, so an employee who earned 69,500 \$. would be covered for 139,000\$. To give you a general idea, say for 139,000\$ of insurance you have to pay a premium of about \$ 20.85, the cost is 0.15\$ per month per 1,000\$. Coverage is decreasing (-10% per year after the age of 65) until 75 where a minimum amount of coverage of 10,000.\$ will remain without any cost.

## 9) MANAGEMENT LIFE INSURANCE PLAN

Those who were managers or were excluded from the collective bargaining process may have joined during their career the Public Service Management Insurance Plan (PSMIP) and they may maintain their coverage once they retire. To do so they must apply directly to the insurer (Industrial Alliance 1-800-977-2117) who will merge their program to an individual policy without proof of eligibility.

## 10) PSAC LIFE INSURANCE

Les membres de l'Alliance de la fonction publique du Canada (AFPC) peuvent avoir  
Members of the Public Service Alliance of Canada (PSAC) may have contracted a supplementary life insurance and they can maintain it up to the age of 66, at which time they can convert it into a individual life insurance policy without having to provide proof of eligibility by contacting the insurer (Coughlin & Associates Limited, 1-888-613-1324).

## 11) PUBLIC SERVICE HEALTH CARE PLAN (PSHCP)

You may continue to contribute to the health care system of the public service. The chart below gives you an idea of the monthly premium. You will need to choose between the three levels of coverage.

	LEVELS			Government's contribution
	I	II	III	
Single	14.71\$	31.27\$	60.12\$	95.13\$
Family	29.80\$	46.36\$	75.21	95.13

You can get all the details on this plan by visiting the following site:

<http://www.njc-cnm.gc.ca/directive/index.php?did=9&lang=fra>

## 12) PENSIONERS' DENTAL SERVICES PLAN (PDSP)

This plan replaces the regime that was free when you were an employee. Once retired you may choose the PDSP through a monthly contribution, which varies depending on the coverage selected. Refer to the following chart for details :

LEVELS	COVERAGE	MONTHLY FEE
I	Pensioner only	12.50\$
II	Pensioner and one family member	25.50\$
III	Pensioner and more than one family member	36.20\$

You will find all the details on this plan by visiting the following site:

[http://www.tbs-sct.gc.ca/pubs\\_pol/hrpubs/pdsp-rsdp/eips-rasr/eips-rasr-fra.asp](http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/pdsp-rsdp/eips-rasr/eips-rasr-fra.asp)

### **13) TRAVEL INSURANCE**

If you kept the PSHCP you have a travel insurance base of 500,000. \$C for the participant and his or her dependents for medical eligible expenses incurred as a result of an emergency while traveling for pleasure or business.

This insurance is for trips of less than 40 days. But it does not include cancellation or lost baggage coverage.

If you want a more comprehensive coverage, there is MEDOC. To be eligible you must be a participant to the PSHCP and a member of the National Association of Federal Retirees (FSNA). Taking the MEDOC you have two options, coverage for travels less than 40 days and those over 40 days. The less than 40 days is the basic plan, while the more than 40 days has three levels of coverage (Optimal Health, Good Health, Standard Health) and you have to answer a medical questionnaire. This insurance provides among others the following main advantages:

- ❖ Basic coverage of 5,000,000. \$
- ❖ Cancellation, Interruption & Delay coverage up to 12,000\$ per trip and insured participant.
- ❖ Baggage and personal effects insurance – 1,500\$ per insured person subject to a maximum of 3,000\$ per family.
- ❖ Monthly payment drawn from your pension

You may find more details on this insurance to the web address below

[http://www.johnson.ca/medoc\\_b/french/main.jsp?p1=RST](http://www.johnson.ca/medoc_b/french/main.jsp?p1=RST)

### **14) SUMMARY OF PENSION CONTRIBUTIONS TO THESE THREE PLANS**

Just to give you an idea of the monthly contributions that will be deducted from your pension, if you have taken the death benefit 20.85\$, plus the Medicare assuming that you have chosen the category II \$ 46.36 plus the dental plan category II \$ 25.50, so it will cost a total of \$ 92.71 per month.

### **15) OTHER DEDUCTIONS**

In addition to the normal deductions such as federal and provincial income tax and the other three mentioned above, you may also ask for other deductions on your pension, among others:

Canada Canada Savings Bond

United Way (Government of Canada Workplace Charitable Campaign)

Taxes = As already mentioned, deductions for provincial and federal income tax.

However, for various reasons, you may request that the amount of these deductions be higher. Then you have to contact the Federal pension in Shediac, New Brunswick by

phone (1-800-561-7935) and make a request, you can specify a percentage or request a specific amount to be deducted.

## **16) SEVERANCE PAY**

When retiring without penalty, an employee is entitled to one week's pay for each year of service (In the position at the time of departure, or your acting position) up to 30 weeks pay. For the FB group refer to section 61.01 of the collective agreement for more details for CR and PM groups refer to section 63.01 of the collective agreement.

## **17) Registered Retirement Savings Plan (RRSP)**

You can request that your severance pay and the balance of your annual vacations be transferred to a RRSP without any tax deductions. However, there are restrictions. The employer may transfer an amount without deducting income taxes, but maybe not the entire amount you entitled to.

Thus, with respect to severance pay, the amount that an employer may transfer without deducting taxes and without getting authorization letters from CRA and MRQ is calculated as follow: 2,000\$ per year of service during which you worked before 1996. Here is an example : You work at the federal government since 1982 and your severance pay is \$ 43,000, then 1996 to 1982 = 14 years x 2000\$ = 28,000\$. So, for this amount of 28,000\$ the employer, without having to ask permission to tax authorities (fed and prov) will transfer you this amount without deducting taxes, however you must provide the name of your financial institution which will receive the amount directly into a RRSP. Furthermore this amount will not reduce your eligible limit amount for RRSP shown on your federal assessment notice. You will need to complete a form for the compensation unit to formally indicate the which financial institution to send the money and their address as it will be sent directly to them. Often it is your financial planner who will give you the details. You may get this form from your compensation advisor. Once completed, signed and dated you return it to your compensation advisor. This form has no number but its title is «INFORMATION FOR RRSP TRANSFER»

Regarding the balance, 15,000\$ (43.000 to 28.000), it will be paid directly to you with usual income tax deductions. You may then if you wish, transfer the money into a RRSP and include this amount on your next tax return in order to obtain a tax refund if course you are still within your eligible RRSP limit.

However, rather than having the tax deductions made on your amounts due and recover it on your next tax return based on your RRSP contribution you may deposit your severance pay balance (and the cash payment of your annual vacations) into a RRSP without tax deductions, but you must still have eligible RRSP credits as these credits will be deducted accordingly. In addition, it requires to complete two forms, one for federal and one for the provincial tax authorities to ask them to authorize the employer not to deduct the income taxes. You must specify the amount for the balance you want to contribute to a RRSP. You can find the form (T-1213) on the CRA website, you complete the form and make sure to specify the amount you want to transfer to a RRSP i.e. the balance of your severance pay plus your annual vacation if such is the case. You forward the form to the



CRA and they will verify the eligible amount left and will return the approved form, then you present it to your compensation advisor.

<http://www.cra-arc.gc.ca/F/pbg/tf/t1213/LISEZ-MOI.html>

You do the same thing with the provincial tax authority and you will find the form (TP-1016) to complete on the MRQ site and once completed, forward it to the MRQ.

<http://www.revenu.gouv.qc.ca/fr/sepf/formulaires/tp/tp-1016.aspx>

To summarize, here is an example = Severance pay = 43,000\$

Deposit into an RRSP **without pre-authorization from income tax** = 1996 - 1982 = 14 years x \$ 2,000 = 28,000\$ Balance compensation = 43.000 to 28.000 = \$ 15,000

Unused vacation leaves to be paid and getting paid = \$ 7,000

15,000 + 7,000 = 22,000\$ ⇒ You will receive two separate checks to your name for these two amounts. You may choose to receive these checks on which income tax will be deducted and then use it as you wish, or you may deposit them into your RRSP and claim your RRSP deduction on your next tax return, or you may deposit these amounts into your RRSP without any deductions, but to do this you must complete the forms mentioned above.

❖ Did you know that by December 31 of the year you turn 71 you must convert your RRSP (Registered Retirement Savings Plan) into a Registered Retirement Income Fund (RRIF). In this regard, many people transfer their RRSP into RRIF, but once converted to a RRIF, you will from 71 years old and on have to transfer a minimum each year up to 99 years of age(!) See the table hereinafter :

AGE	MINIMUM WITHDRAWAL	AGE	MINIMUM WITHDRAWAL	AGE	MINIMUM WITHDRAWAL
70	5%	80	8.75%	90	13.62%
71	7.38%	81	8.99%	91	14.73%
72	7.48%	82	9.27%	92	16.12%
73	7.59%	83	9.58%	93	17.92%
74	7.71%	84	9.93%	94	20%
75	7.85%	85	10.33%	95	20%
76	7.99%	86	10.79%	96	20%
77	8.15%	87	11.33%	97	20%
78	8.33%	88	11.96%	98	20%
79	9.53%	89	12.71%	99 and +	20%

## 18) OLD AGE SECURITY PENSION (OAS)

You will receive two old age pensions one from the provincial level (Québec Pension Plan) QPP and one from the federal (Old Age Security Pension) OAS.

You should apply at least 6 months before the age you have chosen to receive QPP (60 or 65 years old).

Most people choose the age of 60. Receiving this pension will not reduce your pension from the public service. Website of the Régie des rentes du Québec :  
<http://www.rrq.gouv.qc.ca/fr/>

The difference between receiving the QPP at 60 or 65 is the following and you should keep in mind the impact of one or the other. It is only at age 74 that the amount to receive will be even. One advantage to receive it at age 60 is that you will benefit from an additional revenue for 5 additional years that otherwise would only be available at 65 if you choose this option. But should you decide to wait until age 65, the amount you will receive monthly thereafter will be higher.

Also, you must keep in mind what follows : once you start receiving the Old Age Security Pension (OAS) your Public service pension will be reduced by a higher amount. So, if you wait until the age of 65 years to receive the Quebec Pension Plan, it will compensate for the loss of a reduced Public Service Pension. It is therefore a very personal choice.

Subsequently, at 65 when you apply to receive your Old Age Security pension (OAS) but it will reduce your pension from the Public Service of Canada. For example, an annual pension of from the Public Service in the amount of \$ 42,500., will be reduced by approximately \$ 9,500., while you will receive an amount of \$ 5,871. from OAS representing a loss of approximately \$ 3,500 gross per year after the age of 65, which represents approximately \$ 291 gross per month. But it all depends on your situation, whether you are single or if you are married and if that is the case, what is the age of your spouse, what is his/her income, etc ... But in general, when you start receiving the OAS pension you will observe a slight decrease in your income. Website of the OAS :  
[http://www.rhdsc.gc.ca/fr/passerelles/nav/nav\\_haut/programme/psr.shtml](http://www.rhdsc.gc.ca/fr/passerelles/nav/nav_haut/programme/psr.shtml)

## **19) ASSOCIATION OF RETIREES**

There are two associations of federal retirees :

❖ National Association of Federal Retirees (FSNA)  
 This association represents retired civil servants, armed forces and RCMP personnel, their spouses and survivors. You can become a member by calling 613 - 745-2559 / <http://www.fsna.com> . It costs \$ 34.20 per year or \$ 2.85 per month and it can be deducted from your pension.

❖ Association of Retired Public Service Alliance (APSAR)  
 This association includes former members of the Public Service Alliance of Canada (PSAC). The fee is a \$ 20 per year. (613-560-4206 / [apsar @ psacafpc.com](mailto:apsar@psacafpc.com). It is recommended that you adhere to one or the other or even both. They offer a great source of relevant and useful information .

## **20) FINANCIAL ADVISOR**

The best advice ... meet your financial advisor before your retirement. Si nous n'avez pas un planificateur ou conseiller, il serait grand temps d'y If you do not have an advisor, it is urgent to think about it, because he or she will give you advice and guidance that will affect the rest of your financial life and consequently your future well-being. The best reference is probably to talk to a retiree and ex-coworker that you know and ask with whom he/she does business. For added security, you can make some verifacations with some agencies to see if he/she has a good reputation and has no bad records to his/her credit.

They can help you for example in the purchase of previous years of service, the placement of your severance pay, FTQ-CSN funds, RRSPs, spreading them, RRIFs, the TFSA, RESP, the distribution of income between spouses, your mortgage, credit card, your credit, your insurance, your tax returns, etc ...

All subjects with which the majority of us are all unfamiliar. The best approach is prevention, especially once you have signed commitments or a certain date has expired, you can no longer change your mind or reverse the situations. The nit is better to have a good specialist advice.

## **21) INFORMATION AFTER RETIREMENT**

For all questions related to your pension or any other concerns after retirement, you can Contact :

**Public Works and Government Services Canada**  
**Government of Canada Pension Centre**

Mail facility

PO Box 8000

Matane QC

G4W 4T6

Phones:

**TOLL FREE 1 800 561-7930 (Canada and Continental USA)**

**(506) 533-5800 (collect calls accepted)**

**Monday to Friday 8 :00 a.m. to 5 :00 p.m. (Atlantic time)**

**Fax: (418) 566-6298**

Internet address:

[www.pensionandbenefits.gc.ca](http://www.pensionandbenefits.gc.ca)

Hoping we have helped ... a little ... Happy retirement!