

**To all affiliates**  
**To all labour union presidents**  
**To all federation presidents**

Hello,

This document contains important information pertaining to upcoming changes to Quebec's Government and Public Employees Retirement Plan (RREGOP) provisions subsequent to the latest negotiations.

### **Changes to unreduced retirement age criteria**

At present, you are entitled to an immediate pension without reduction if (according to whichever requirement comes first):

- you are at least 60 years old; or
- you have accrued at least 35 years of service for eligibility purposes.

**If you stop contributing to the plan after June 30, 2019**, you are entitled to an unreduced immediate pension if (according to whichever requirement comes first):

- you are at least **61 years old**;
- you have accrued at least 35 years of service for eligibility purposes; or
- you are at least **60 years old and meet the 90 factor requirement** (age + years of service credited for eligibility purposes).

Comments:

- Individuals who stop contributing to the plan after June 30, 2019 and who have not accrued at least 30 years of service for eligibility purposes by the time they reach the age of 60, will see their unreduced retirement age pushed back after 60 (but no later than age 61).
  - Should a person be contemplating retirement soon after June 30, 2019, it may be worth comparing a June 30, 2019 retirement scenario with one involving the date originally planned.
- The new criteria, i.e. the 90 factor and age 60, is misunderstood by some people. This requirement does not entitle someone to an unreduced pension before age 60 if the 90 factor is met (for instance, 59 years of age and 31 years of service for eligibility purposes). In fact, a person must be at least 60 years old (for example, 60 years of age and at least 30 years of service for eligibility purposes, or 60.5 years old and 29.5 years of service for eligibility purposes).

- To determine the unreduced retirement date, the years of service credited for eligibility purposes continue to accrue after retirement has begun. For instance, a person retiring at 58 with 29 years of service for eligibility purposes after June 30, 2019 will be entitled to an unreduced pension once they turn 60, since the service for eligibility purposes would have been 31 years (thus meeting the 90 factor) on their 60<sup>th</sup> birthday. The reduction for early retirement is described in the following section.
- The RREGOP statement of membership shows the unreduced retirement date which takes into account the changes to the criteria taking place on July 1, 2019.
- The end of membership date is of great importance (criteria in effect at that date) to determine eligibility for an unreduced pension. As such, if the end of membership date is June 30, 2019 or earlier, the provisions in effect on that date will apply (age 60), even if the payment of the pension occurs after June 30, 2019, i.e. as of July 1, 2019.

### **Change to the actuarial penalty (reduction for early retirement)**

At present, should you opt for an early retirement (not before age 55):

- Your pension will be permanently reduced by an actuarial penalty of 4% per year of early retirement (0.3333% per month).

### **For a membership end after June 30, 2020**

- Your pension will be permanently reduced by an actuarial penalty of 6% per year of early retirement (0.5% per month).

Comments:

- The greater the time difference between an early retirement date and an unreduced retirement date, the greater the impact.
- It may be relevant to compare an end of membership scenario of June 30, 2020 with one involving the retirement date originally planned.
- The end of membership date is what matters most when determining the actuarial penalty that will apply. For a June 30, 2020 end of membership date, the 4%-per-year penalty will apply, even if the payment of the pension is dated July 1, 2020 or later.

### **Transitional measures as part of a phased departure**

A person having signed a phased retirement agreement with the following features:

- reduced work hours by at least 20% (for each year covered by the agreement), which took effect between May 11 and September 7, 2016; or
- reduced work hours that took effect prior to May 11, 2016 (regardless of the percentage of work hours reduction);

... is subject to the provisions that applied prior to July 1, 2019 at the time of retirement, namely the eligibility criteria for immediate retirement and the relevant actuarial penalty percentage, as applicable.

Comments:

- At the time of retirement, Retraite Québec will ascertain if the transitional measures apply, based on the aforementioned criteria. We recommend that workers state on the retirement application form (079) that they are subject to the transitional measures provided for in Bill 97 with respect to a phased departure (no specific section to do so, at present).
- The RREGOP statement of membership does not take into account transitional measures (unreduced retirement date and pension estimate).
- You must consider the transitional measures if you are making pension estimates for your members (ask your members if they are currently in a phased departure that is consistent with the criteria detailed above).

**Vacation pay**

*[This section does not apply to teachers working for school boards or teachers in private institutions on a 200 working day basis]*

Some will continue to receive vacation pay after their last working day. The end of membership date then becomes the last paid vacation day (individuals accrue pensionable service during this period). This must be taken into account given that the end of membership date may be relevant due to the changes that come into effect on July 1, 2019 and July 1, 2020.

Another option is to request that all accrued benefits be paid out. The end of membership date would then be the last working day. Please refer to the email sent on February 12, 2019 for more information.

**Specific provisions for those on a 200 working day basis**

*[Section for teachers working for school boards or teachers in private institutions on a 200 working day basis]*

A teacher who becomes eligible to a pension (55 years of age or unreduced retirement date) within 2 months after the end of the school year (July or August) is entitled to their pension at the end of the school year (as stated in section 34 of the Act respecting the Government and Public Employees Retirement Plan). It may be relevant to take this into account given the existing context. Following are two examples:

- An individual could retire as of June 30, 2019 if they have reached age 60 in August 2019 (unreduced retirement date). If the departure date is June 30, the previous criteria will apply (60 instead of 61 as unreduced retirement age). Also, given section 34 of the Act respecting the Government and Public Employees Retirement Plan, no

reduction due to early retirement will be applied on their pension since their unreduced retirement age will occur in August of that same year.

- A person could leave on June 30, 2020 (even if they are not yet 55) if they reach the age of 55 in July 2020, given the characteristics of section 34 of the Act respecting the Government and Public Employees Retirement Plan. Thus, the person could benefit from a 4% yearly penalty (instead of 6% per year).

It should be noted that the individual must quit on the very last day of the school year to benefit from the advantages of section 34. Furthermore, the application of this section is helpful age-wise, but not with respect to years of service credited for eligibility purposes. Here are two examples:

- 1- A teacher, who is not yet aged 55, wants to retire using the 35 years of service for eligibility purposes criteria. On June 30, 2020, she only has 34.9850 years of service. As such, she would not be able to benefit from this measure in order to be eligible to an unreduced immediate pension on July 1, given that she does not have the required years of service by the end of the school year. She will have to wait until the beginning of the next school year to meet the 35 years of service eligibility requirement and, consequently, to retire.
- 2- A teacher is looking to retire with the age 60 and 90 factor criteria. On June 30, 2020, she is 60 years old, but has only accrued 29.9850 years of service for eligibility purposes. Consequently, given that she does not have the required years of service by the end of the school year, she will not be entitled to an unreduced immediate pension.

Changes to the RREGOP affect everyone differently. It is essential to fully understand in what way the changes taking effect July 1, 2019 and July 1, 2020 will impact an individual's pension (i.e. not at all, marginally or significantly) so as to assist our members in the best possible way as they plan their retirement.

For more information, please feel free to contact the undersigned.

Sincerely,



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