

To members and beneficiaries

**Brief description of the new provisions of the  
*Supplemental Pension Plans Act* that concern phased retirement  
and associations representing plan members and beneficiaries**

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Bill 68, which come into force on 20 June 2008, provides new measures to facilitate phased retirement and the connections between plan members and the associations that represent them.

The purpose of this notice is to inform plan members and beneficiaries of the new provisions of the *Supplemental Pension Plans Act*.

**New phased retirement provisions**

Phased retirement is a voluntary measure. A plan member who works for an employer can apply for payment of a phased retirement benefit if the plan has one and a phased retirement agreement is reached between the member and the employer.

The agreement made with the employer sets the terms and conditions for the phased retirement benefit, for example, the possibility of receiving the benefit while working full-time or while working part-time. However, conditions that are more advantageous than those set out in the new provisions of the *Act* cannot be included in the agreement, including conditions with respect to the member's age and the calculation of the maximum amount of the phased retirement benefit.

A phased retirement benefit may be offered by defined benefit plans and by defined contribution plans. The applicable provisions of the *Act* depend on which type of plan.

**Provisions for defined benefit plans**

To receive a phased retirement benefit, a member of a defined benefit plan must be at least age 60 but under age 65, or at least age 55 if he or she is entitled to an early, unreduced retirement pension.

The phased retirement benefit cannot be more than 60% of the retirement pension being paid to a retiree or to which a member would be entitled. The amount of the phased retirement benefit to which a member is entitled, for example, 40% of his or her retirement pension, must be indicated in the agreement made with the employer.

The pension being paid to a retiree must be suspended when he or she is carrying out work for the employer and is receiving a phased retirement benefit. However, a retirement pension based on additional voluntary contributions, excess member

contributions or a transfer is not suspended unless the plan allows an application for suspension.

When phased retirement ends, if a reduced early retirement pension had been suspended, it must be recalculated. Furthermore, if the member had been paying contributions during the period of phased retirement, they must be used to constitute an additional pension.

The pay received by a member who is receiving a phased retirement benefit must not be taken into account for the purpose of calculating his or her benefits for credited service prior to phased retirement, unless such a calculation is to his or her advantage.

A pension plan may also provide that a member to whom a phased retirement benefit is paid accumulates new benefits under the plan during the period of phased retirement.

### **Provisions for defined contribution plans**

To receive a phased retirement benefit, a member of a defined contribution plan must be at least age 55 and under age 65.

The benefit cannot be more than 60% of the maximum life income that the member could receive from a life income fund. The amount of the phased retirement benefit and the terms and conditions for its payment must be provided for in the agreement made with the employer. The agreement may provide, for example, that the benefit is equal to 40% of the maximum life income that the member could receive and that the benefit is payable in a lump sum.

The sums accumulated in the member's account must be reduced by the amount of the phased retirement benefit that is paid to him or her.

Additional information on phased retirement can be obtained on the Régie des rentes du Québec's Web site.

### **New provisions concerning associations that represent members and beneficiaries**

An association that, for the purposes of a pension plan, represents non-unionized active plan members, non-active members (including retirees) and beneficiaries may provide contact information to the people it represents by informing the plan's pension committee of its existence. Furthermore, an association can ask the pension committee to provide the association with the names and addresses of the plan members and beneficiaries whom it represents.

### **Information provided to plan members and beneficiaries**

A pension committee that is informed of the existence of an association must enclose with each of the annual statements that it is required to send to the plan

members and beneficiaries who are represented by the association a notice giving the name and address of the association, its purpose and how to join it.

Such a notice must also be provided in the case of a plan amendment that requires a consultation with the members and beneficiaries of an association that represents them, in particular, as of 1 January 2010, for the use of surplus assets to fund an amendment (the fairness principle).

### **Request for the names and addresses of represented members and beneficiaries**

If an association asks the pension committee to provide it with the names and addresses of the plan members and beneficiaries whom it represents, the pension committee must seek from each affected person his or her consent to the release of his or her personal information.

A notice for that purpose must be included with the annual statement that the committee is required to send to the members and beneficiaries represented by the association (or with the departure notice if it is sent **before** the next annual statement). Each affected person has 30 days from the date on which such notice is received to inform the pension committee of his or her consent.

The pension committee is not required to inform more than once members and beneficiaries of the request made by the association that represents them. After providing an initial list to the association, the pension committee is required only to send a notice to those plan members and beneficiaries who subsequently become eligible for membership in the association.

At the time an annual statement (or departure notice) is sent, if more than one association has requested a list, an affected plan member or beneficiary must provide a separate consent for each association to which he or she wants the pension committee to send his or her personal information.

The pension committee must send the names and addresses of the consenting plan members and beneficiaries to the association within the time limit provided for in the *Act*.