

# The RREGOP in a Nutshell



## The Government and Public Employees Retirement Plan

### WHAT IS THE RREGOP?

It is the acronym for the Government and Public Employees Retirement Plan. In force since July 1, 1973, it covers regular and casual, full-time and part-time employees in the Quebec public service sector, the education and health and social services sectors.

### HOW MUCH DOES MY PENSION PLAN COST ME?

Since January 1, 2014, the contribution rate to the RREGOP is 9.84%.

Because of the Québec Pension Plan (QPP) coordination, you contribute only on the portion of your pensionable salary that exceeds the plan's exemption. In 2014, the exemption is \$15 225. The pensionable salary is the salary recognized for the purposes of a pension plan.

If you work full-time, you save \$1 498.14 in contributions (\$15 225 × 9.84%).

In 2014, the maximum pensionable salary is \$156 875.

### WHAT IF I TAKE A SABBATICAL LEAVE WITH DEFERRED PAY?

A sabbatical leave with deferred pay has no effect on your pension.

The RREGOP will recognize the service and the salary that would have been recognized had you not been on leave. However, your contributions are calculated on the salary you actually received.

### HOW WILL MY PENSION BE CALCULATED?

Your basic pension will be calculated as follows:

Annual pension accrual rate (2%) × service for basic pension calculation purposes (maximum 38 years) × average pensionable salary of your 5 best-paid years.

To your basic pension may be added a pension credit obtained through a buy-back, a transfer from a Supplementary Pension Plan (SPP) or a transfer agreement, and the additional pensions linked to the pension credit service. However, the total amount you can receive is limited under the tax rules.

### WHEN WILL I BE ELIGIBLE FOR AN IMMEDIATE PENSION?

An immediate pension is a pension that is usually payable the day after participation in the pension plan ends.

You are entitled to an immediate pension **without reduction if**

- you are 60 years old or over; or
- you have at least 35 years of service.

You are entitled to an immediate pension **with reduction if**

- you are 55 years old or over and have less than 35 years of service.

The reduction is 4% per year of anticipation and is permanent.

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## **CAN I MINIMIZE OR CANCEL THE REDUCTION?**

Yes, but within the limits set by the tax rules. You can transfer us your funds from a Registered Retirement Savings Plan (RRSP), a Registered Pension Plan (RPP) or the portion of a retirement allowance that may be transferred to an RRSP or an RPP, in accordance with the Income Tax Act.

## **WHAT IF I LEAVE MY JOB BEFORE I AM ELIGIBLE FOR AN IMMEDIATE PENSION?**

You can obtain the refund of your contributions with interests if you are under age 55 and have less than 2 years of service. You must wait at least 210 days after you stop working to apply.

If you are under age 55 and have 2 years of service or more, but less than 35, you may choose between these 2 options:

- A deferred pension payable at age 65, which will have been indexed each year. You can also apply for your pension as of age 55, but it will be reduced by 4% for each year of anticipation.
- The transfer to a Locked-In Retirement Account (LIRA) or a Life Income Fund (LIF) of an amount equal to the higher of your total contributions with interests or the actuarial value of the indexed deferred pension you have gained. You can apply for the transfer 210 days after you stop working, but before age 55.

## **WILL MY PENSION BE INDEXED?**

It will be indexed on January 1st of each year on the basis of the cost of living.

- The portion of your pension that corresponds to service performed before July 1, 1982 is indexed according to the Pension Index Adjustment Rate (PI) determined by the Régie des rentes du Québec.
- The portion that corresponds to service performed from July 1, 1982 through December 31, 1999, inclusively, is indexed according to the PI minus 3%. If the PI is equal to or less than 3%, that portion of your pension is not indexed.
- The portion that corresponds to service performed since January 1, 2000 is indexed according to the most profitable of the 2 following formulas: 50% of the PI or the PI minus 3%.

Additional pensions are indexed according to the Pension Index Adjustment Rate minus 3%.

In 2014, the Pension Index Adjustment Rate is 0.9%.

## **WHY WILL MY PENSION BE REDUCED AT AGE 65?**

The RREGOP is coordinated to the Québec Pension Plan (QPP). This means that the RREGOP grants you an exemption from contribution to take into account your participation to the QPP and that, when you turn 65, your RREGOP pension will be reduced to take into account the pension you receive under the QPP.

The reduction is calculated as follows:

QPP annual pension coordination rate (0.7 %) × service for calculation purposes since January 1, 1966 (35 years maximum) × average of maximum pensionable earnings (MPE) under the QPP for your last 5 years (or average pensionable salary of your last 5 years if it is lower than the average MPE).

## **WHAT ARE THE ADVANTAGES OF A BUY-BACK?**

A buy-back of service can increase your retirement income. It is important for you to know that only the buy-back of certain periods of service or absence may allow you to retire earlier.

## **WHAT PERIODS CAN BE BOUGHT BACK?**

### **Service earned as a casual employee**

You may buy back the service earned as a casual employee during the following periods with an employer covered by the plan:

- between July 1, 1973 and December 31, 1986 for casual employees on a recall list in the health and social services sector;
- between July 1, 1973 and December 31, 1987 for all other casual employees in the health and social services sector, the education sector and the public service sector;

The cost of the buy-back will vary according to the period to buy-back, your pensionable salary and your age on the date of receipt of your application.

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## Maternity leave

Since January 1, 1989, maternity leaves are automatically recognized by the plan at no cost for the employee.

For a maternity leave that occurred before that date, you must apply to CARRA for a buy-back. In that case, the service will be credited under certain conditions, usually at no cost.

## Absence without pay

Any absence without pay that started after enrolment in the RREGOP or the PPMP may be bought back totally or in part. Since July 1, 2002, to be purchasable, a full-time absence must last more than 30 consecutive calendar days or, if it's a part-time absence, it must last more than 20% of the regular work schedule of a full-time employee. Shorter periods of absences are subject to regular contributions. The cost of a buy-back varies according to the period to buy-back, your pensionable salary and your age on the date of receipt of your application.

However, if the application is received within 6 months following the end of the absence, the cost of the buy-back is generally equal to twice the contributions you would have paid if you had not been absent without pay, or equal to the contributions you would have paid in case of an absence without pay that was part of a parental leave.

Any absence without pay that occurred before January 1, 2011 may be offset at no cost up to a maximum of 90 days. From that date, only absences without pay related to a parental leave can be offset by the 90-day bank.

## Compassionate care leave

If you do not continue to pay your contributions to your employer when a compassionate care leave is under way on January 1, 2012 or began after that date, you can buy-back the service related to that absence.

If we receive your buy-back application within 6 months following the end of the absence, the buy-back cost is equal to 100% of the contributions you would have paid if you had not been absent without pay. If your buy-back application is received more than 6 months following the end of the absence, the buy-back cost varies according to the period to be bought back, your pensionable salary and your age on the date of receipt of the buy-back application.

The years of service refunded under the RREGOP cannot be bought back.

To apply for a buy-back, you must fill out the *Application for Buy-Back form (727A)*, and the employer concerned by the periods to be bought back must fill out the *Attestation of a Buy-Back Period form (728A)*. Both forms are available on CARRA's website ([www.carra.gouv.qc.ca/ang](http://www.carra.gouv.qc.ca/ang)) under the "Forms" tab.

## WHAT IS PHASED DEPARTURE?

At the end of your career, you may reduce your work hours before retiring.

Phased departure must have been agreed upon with your employer and the term of the agreement must be for at least 1 year, but not more than 5.

Your new work schedule must not be less than 40% of a full-time schedule and you must retire at the end of the agreement.

The RREGOP will recognize the service and the salary that would have been credited to you if you had not reduced your work schedule, and your contributions will be calculated on that salary.

Seasonal and casual employees are not eligible for phased departure.

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## WHAT BENEFITS ARE PAYABLE IN CASE OF DEATH?

<b>Persons not eligible to an immediate pension</b>	<b>Persons eligible to an immediate pension</b>	<b>Pensioner</b>
<b>with less than two years of service</b> Refund to spouse or, if no spouse, to heirs, of contributions with interests	<b>with spouse</b> 50% <sup>1</sup> of the QPP coordinated pension and life annuity for pension credit service. At spouse's death, guaranteed minimum <sup>2</sup> applies.	<b>with spouse</b> 50% <sup>1</sup> ou 60% <sup>3</sup> of the QPP coordinated pension and life annuity for pension credit service. At spouse's death, guaranteed minimum <sup>2</sup> applies.
<b>with two or more years of service</b> Refund to spouse or, if no spouse, to heirs, of the higher of contributions with interests or actuarial value of indexed deferred pension	<b>without spouse</b> Refund to heirs of contributions with interests	<b>without spouse</b> Guaranteed minimum <sup>2</sup>

1. If you obtained a pension credit following the transfer of a Supplementary Pension Plan (SPP) or a transfer agreement, your spouse is generally entitled to 50% of that pension credit. However, if you have a pension credit resulting from a buy-back, we will refund, with interests, the amount paid for the pension credit, minus any benefit already paid to the retiree.
2. Refund to the heirs of the difference between your contributions with interests and any benefits already paid.
3. In order for your spouse to receive 60% of your pension, you must choose this option in the document entitled *Your Options* that you will have received following your application for a pension. Your pension will then be permanently reduced by 2%. This choice becomes irrevocable when payment of the pension begins.

## CAN MY SPOUSE WAIVE HIS OR HER RIGHTS?

Your spouse may waive his or her rights as surviving spouse in favour of your heirs. However, he or she would be able to subsequently revoke his or her waiver. The notice of waiver or revocation must be received by CARRA before your death. The waiver will automatically be cancelled and your spouse will still be able to receive a surviving spouse's pension if, at the time of your death, the guaranteed minimum is zero.

## CAN I GO BACK TO WORK AFTER I HAVE RETIRED?

Yes. If you go back to work in the public or parapublic sector, you will no longer participate in the pension plan, and payment of your total pension will continue.

This document is a summary of your pension plan. The information it contains does not replace the related acts and regulations and applies only to the more general cases.

To learn more about your pension plan, you can ask your employer.

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### To contact us

[www.carra.gouv.qc.ca](http://www.carra.gouv.qc.ca)

475, rue Saint-Amable  
 Québec (Québec) G1R 5X3

418 643-4881 (Québec region)  
 1 800 463-5533 (toll free)

Persons with a hearing impairment  
 418 644-8947 (Québec region)  
 1 855 317-4076 (toll free)

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