

# When You Retire

Retirement pensions under the Québec Pension Plan  
and other sources of income during retirement



# It's all online

The information contained in this document is also available on our Web site. There you can find the most up-to-date information and amounts.

**You can consult your file at the Régie at any time using the My Account online service.**

Take advantage of our other online services:

- Statement of Participation in the Québec Pension Plan;
- CompuPension, SimulR and LIF Quick Calc, our retirement income simulator tools;
- Application for a Retirement Pension;
- Application for Survivors' Benefits;
- Consultation of pension plans supervised by the Régie;
- Electronic bulletins.

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

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# The Québec Pension Plan

The Québec Pension Plan is a compulsory public insurance plan administered by the Régie des rentes du Québec. Its purpose is to provide workers and their families with basic financial protection in the event of retirement, death or disability. The Plan is funded by contributions from workers and employers.

If you contributed for the number of years required and if you meet the eligibility requirements, you could receive various benefits under the Québec Pension Plan:

- **In retirement:**
  - retirement pension.
- **In the event of death:**
  - death benefit;
  - surviving spouse's pension;
  - orphan's pension.
- **In the event of disability:**
  - disability pension;
  - pension for a disabled person's child;
  - additional amount for disability for retirement pension beneficiaries.

# Retirement pensions under the Québec Pension Plan

Are you thinking about retiring? If you have contributed to the Québec Pension Plan, the income you can count on includes a retirement pension payable under the Plan. It is important to carefully assess your financial situation so that you can choose the best time to apply for your pension.

To receive a retirement pension, you must have contributed to the Plan for at least one year. Your contributory period begins at age 18 and ends when you begin receiving your retirement pension.

If you begin receiving your retirement pension at age 65, it will replace about 25% of the earnings on which you contributed.

Your retirement pension provides a basic retirement income. As much as possible, it must be complemented by other sources of income. In this booklet, we briefly describe other sources of retirement income, including the federal Old Age Security program, private pension plans and personal savings.

## Eligibility requirements for a retirement pension

**To be eligible for a retirement pension, you must:**

- be at least age 60;
- have contributed to the Plan for at least one year.

**You cannot receive a retirement pension before the age of 65 if:**

- you are receiving an unreduced income replacement indemnity from the Commission de la santé et de la sécurité du travail (CSST);  
\_\_\_\_\_ or \_\_\_\_\_
- you are entitled to an indemnity from the Société de l'assurance automobile du Québec (SAAQ) and you are deemed to be disabled by the Régie des rentes du Québec for the same disability.

### **Important!**

As of age 60, you could receive a retirement pension and continue to work part time or full time.

## Disability and retirement

If you are disabled or if you have stopped working for health reasons, you could be entitled to disability benefits until you turn 65. For details on the eligibility requirements for disability benefits, see our Web site.

## Retirement pension amount

The amount of a retirement pension depends on the number of years you contributed to the Plan, the employment earnings on which you contributed and the age at which you begin receiving your retirement pension. The amount is adjusted according to whether payment of your pension begins before or after your 65th birthday.

### Between the ages of 60 and 65

#### If you were born before 1 January 1954

Your pension will be reduced by 6% for each year preceding your 65th birthday (0,5% a month).

**For example**, if you start receiving your pension at age 63, it will be 12% (2 years x 6%) less than it would be if you were to start receiving it at age 65. This reduction applies for as long as the pension is paid.

#### If you were born in 1954 or later

The retirement pension you receive will be reduced by 6% to 7,2% (depending on the amount of your retirement pension and the year in which you start to receive it) for each year (0,5% to 0,6% a month) before your 65th birthday.

**For example**, if you start receiving your pension at age 63, it will be 12% (2 years x 6%) to 14,4% (2 years x 7,2%) less than it would be if you were to start receiving it at age 65. This reduction applies for as long as the pension is paid to you.

## At age 65

The normal retirement age is 65. This means your pension will not be reduced or increased if you start receiving it at age 65. You will be entitled to the full amount of your pension.

## Between ages 65 and 70

Your pension will be increased by 8,4% for each year (0,7% per month) after your 65th birthday.

**For example**, if you start receiving your pension at age 68, the amount will be 25,2% (3 years x 8,4%) greater than it would be if you were to start receiving it at age 65. The increase applies for as long as the pension is paid to you.

## As of age 70

If you start receiving your pension at age 70 or after, it will be increased by 8,4% for each year (0,7% a month) between your 65th and 70th birthdays. It will be the maximum amount, that is, 42% (5 years x 8,4%) greater than it would be if you were to start receiving it at age 65. Note that the retirement pension stops being increased as of age 70.



## A retroactive pension

If you are age 65 or over and have not yet applied for your retirement pension, your pension can be paid retroactively. Retroactive payments can cover a maximum of 12 months as of the date on which you applied and cannot begin before your 65th birthday.

### **Important!**

If you choose to receive a retroactive pension, the monthly amount will be lower than it would be if you were to start receiving it later.



## Calculating with your needs in mind

The Régie excludes a certain number of months in which your earnings were low or nil from the period during which you could contribute to the Québec Pension Plan. This has the effect of raising your average monthly employment earnings, thus increasing the amount of your pension.

### **The months that can be excluded are:**

- starting in 1966, the months for which you received Québec family benefits or a Canada Child Tax Benefit in your own name for a child under age 7 or the months during which you were eligible for such benefits but none were payable;
- the months during which you received a disability pension under the Québec Pension Plan or Canada Pension Plan;
- the months during which you received an unreduced income replacement indemnity from the Commission de la santé et de la sécurité du travail (CSST) for more than 24 consecutive months;
- the months in which your earnings were lowest, up to 15% of your contributory period.

If you have contributed to the Canada Pension Plan, the Régie des rentes du Québec will take those contributions into account when determining your entitlement to benefits and when calculating the amount of your retirement pension.

## To find out the amount of your retirement pension under the Québec Pension Plan

Consult your Statement of Participation in the Québec Pension Plan. It will give you an estimate of:

- the current monthly amount of the retirement pension to which you will be entitled at age 60 and at age 65 if you decide to apply for your pension;
- the projected monthly amount of the retirement pension that you will receive at age 60 or 65 if you continue to contribute at the same rate at which you have contributed during the last few years.

Visit our Web site at [www.rrq.gouv.qc.ca](http://www.rrq.gouv.qc.ca) to find out the maximum monthly amounts for retirement pensions.

### **Important!**

You can consult your Statement of Participation using our online My Account service. You can also request a copy online or by telephone.

## If you receive an indemnity from another organization

If you have already received or expect to receive benefits from a public or private agency (insurance company), you should verify with that agency whether or not receiving a pension from the Régie will reduce your payments from that agency.

For example, a retirement pension can be considered a source of income for the purposes of calculating employment insurance benefits. However, in certain cases, it can be to your advantage to receive your pension even if your employment insurance benefits are reduced.

## Payment of your retirement pension

The retirement pension is paid on the last working day of the month. The amount is indexed each January on the basis of the cost of living.

## The best time for you to apply

The possibilities are as varied as the people who contribute to the Québec Pension Plan. You have to assess your personal situation. For some, it might be best to apply before age 65. For others, it would be better to wait until after that age. Remember that the amount of your pension, for the entire time it is paid, will depend on when you choose to have it begin.

To make an informed decision, you should consider a number of factors, including:

- your income (from work, private pension plans, personal savings, etc.);
- the adjustment factor applied to your pension based on your age and the amount of your pension;
- the potential effects of your QPP pension on income from other programs;
- your life expectancy;
- whether you are receiving a surviving spouse's pension.

A financial planner can help you choose the best time for you to apply for your retirement pension, taking into account your financial resources and your overall needs.

To simulate your retirement income, use the SimulR and CompuPension tools available on our Web site at [www.rrq.gouv.qc.ca/tools](http://www.rrq.gouv.qc.ca/tools).

## How to apply

To receive your retirement pension, you must apply for one. You can do so, up to a year in advance, using one of the following methods:

- online at **[www.rrq.gouv.qc.ca/myaccount](http://www.rrq.gouv.qc.ca/myaccount)**;
- by obtaining the form from our Web site or from Services Québec;
- by telephone.

### Important!

If you live in Québec and have contributed to both the Québec Pension Plan and the Canada Pension Plan, you must apply for your pension through the Régie des rentes du Québec.

If you live elsewhere in Canada, contact **Service Canada at 1 800 277-9914** (toll-free) to apply for your retirement pension under the Canada Pension Plan.

If you currently live outside Canada, you retain all the benefits you accumulated under both plans, and you can file your application for your retirement benefits with the plan that applied in your last place of residence in Canada.

## If you worked outside Canada

If you have worked in another country, even if it was only for a few months, you may be entitled to a retirement pension from that country. If Québec has a social security agreement with that country, the Régie can help you look into this.

Note that receiving a pension from another country in no way reduces the amount of a pension under the Québec Pension Plan. However, pensions from another country may be reduced if you are receiving a pension under the Québec Pension Plan.

For further information about social security agreements, see our Web site or call:

Montréal region: **514 866-7332, ext. 7801**

Toll-free: **1 800 565-7878, ext. 7801**

## Other important information

### Phased retirement

If you are an employee age 55 or over but under age 70, you can work less while contributing as much to the Québec Pension Plan.

You cannot receive a retirement pension under the Plan before age 60. As of age 55, you can, however, reduce your work hours without reducing the amount of the pension you will eventually receive, but you and your employer must sign an agreement.

Depending on your work situation or the provisions of your private pension plan, you may not be able to choose phased retirement. Ask your employer whether such an agreement is possible in your case.

Note that self-employed workers are not eligible for phased retirement, but the owner of a business that is incorporated and who contributes to the Plan as a worker may.

If you are eligible and interested in this measure, the Régie offers, on request, a simulation of the effects that phased retirement has on contributions.

### Retirement pensions and taxes

Your retirement pension is taxable. If you prefer to have income tax deducted at source, you must inform the Régie of the amount you would like to have deducted.

You can reduce the amount of your income taxes. If you wish to do so and you and your spouse are both at least age 60, you can apply to the Régie for pension sharing. A single pension can be shared even if one of the spouses did not contribute to the Plan. However, if both spouses contributed, they must both be receiving their pensions in order to be eligible. Pensions are not necessarily shared equally.

The Régie will share the pension according to how long you have been spouses. Pension sharing is also available to de facto (common-law) spouses. Note that if you wish to do so, you can later request that sharing of your pension be terminated.

## Retirement pensions and returning to work

As of age 60, you can continue to work and receive your retirement pension. However, you must contribute to the Plan if your annual income exceeds 3 500\$. Those contributions will entitle you to a **retirement pension supplement**. No application needs to be filed because the Régie will automatically pay it once we receive the pertinent information from Revenu Québec. Your pension will be increased for the rest of your life by 0,5% of your pensionable earnings (recorded under the Québec Pension Plan) for the previous year.

The pension supplement is indexed annually on the basis of the cost of living, as is the retirement pension to which it is added. If you work for several years, the amounts are cumulative.

**For example**, Louise is receiving a retirement pension of 750\$ per month. This year, her employment earnings are 22 700\$. She contributes to the Plan based on employment earnings of 19 200\$ (22 700\$ minus the basic exemption of 3 500\$). On 1 January of the following year, Louise will be entitled to a supplement of 8\$ a month ( $19\,200\$ \times 0,5\% = 96\$$  a year) because of the contributions she made. If she continues to work in the following years, new supplements will be added to her pension for each year worked.

# Other sources of retirement income

Along with the federal government's Old Age Security program, the Québec Pension Plan provides a basic retirement income that must be complemented by private sources of income and personal savings.

## The federal Old Age Security program

At age 65, you could be eligible for an Old Age Security pension from the federal government. That program also includes other benefits for persons with low incomes: the Guaranteed Income Supplement, the Allowance and the Allowance for the survivor. In order to receive an Old Age Security pension, you must apply for one.

**As of 1 April 2023**, the age of eligibility for the Old Age Security pension and Guaranteed Income Supplement will gradually increase to 67 in January 2029.

For more information on the Old Age Security program, consult Service Canada's Web site at **[www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)** or call them toll-free at **1 800 277-9914**.

## Private pension plans

If you are a member of a private pension plan such as:

- a supplemental pension plan (SPP) offered by an employer, also known as a pension fund;
- a voluntary retirement savings plan (VRSP);
- a group registered retirement savings plan (RRSP);
- a deferred profit sharing plan (DPSP);

you are entitled to a retirement income under that plan. For more information, see your statement of benefits under your plan or contact the plan's administrator.

## Supplemental pension plans

A supplemental pension plan (SPP) is a plan to which an employer makes contributions to provide employees who are members of the plan with a retirement income. Employees can contribute if the plan allows. The plan can be either a defined benefit plan or a defined contribution plan.

The Régie monitors SPPs subject to the *Supplemental Pension Plans Act* and ensures that they operate and are administered in accordance with the *Act*. The SPPs in question include plans offered by employers in the private, municipal and university sectors as well as those offered by certain employers in the parapublic sector whose activities fall under provincial jurisdiction.

## Voluntary retirement savings plans

A voluntary retirement savings plan (VRSP) is a new type of plan for Québec workers who do not have access to an employer-sponsored pension plan. VRSPs are subject to the new *Voluntary Retirement Savings Plans Act*, which came into effect on 1 July 2014. Employers who meet certain requirements must offer a VRSP.

VRSPs are available to all individuals, including self-employed workers and workers whose employers do not offer this type of plan. VRSPs are administered by insurance companies, trust companies or investment fund managers.

The Régie monitors VRSPs and ensures that they operate and are administered in accordance with the *Act*.



## Converting your retirement savings into income

You have until 31 December of the year in which you turn 71 to convert your savings from your private plan into retirement income. For example:

- if you have an SPP, you can apply for your retirement pension or request the transfer of the value of your benefits to a life income fund (LIF) to draw an income;
- if you have a VRSP, you can draw variable payments, if the plan allows, or transfer your VRSP to an LIF or a registered retirement income fund (RRIF) to draw an income;
- if you have a locked-in retirement account (LIRA), you can transfer it to an LIF to draw an income;
- if you have a group RRSP or a DPSP, you can transfer it to a RIFF to draw an income;
- you can purchase an annuity from an insurer.



Be sure to determine the amount of your retirement income and prioritize your withdrawals according to the applicable tax rules (tax bracket, income splitting, pension income tax credit, etc.). You can contact a financial planner for help.

**You can also consult our Web site.** There you will find:

- information about SPPs, LIRAs and LIFs subject to the *Supplemental Pension Plans Act*;
- Consultation of pension plans supervised by the Régie, our online service for finding the name and contact information of the representative of your SPP's administrator;
- LIF Quick Calc, our online service for determining the amount of income you could draw from your LIF;
- information about VRSPs and contact information for the administrator of any VRSP registered with the Régie.

## Personal savings

You can also grow your personal savings using various types of investment vehicles, including:

- individual registered retirement savings accounts (RRSPs);
- tax-free savings accounts (TFSA);
- individual voluntary retirement savings plans (VRSPs).

For further information, contact a financial planner.

## The Régie's commitments

The Régie is committed to offering high-quality services that meet your expectations. To find out more about our commitments, consult the *Service Statement* on our Web site or call us to receive a copy.

## Protection of personal information

The Régie des rentes du Québec obtains personal information from citizens, government departments and public agencies. The Régie protects that information and makes sure that it is used by duly authorized personnel in carrying out their duties.

However, the Régie can transmit the information to certain government departments and public agencies in accordance with written agreements, approved by the Commission d'accès à l'information du Québec.

# The Services Commissioner

## **If you are not satisfied with the results obtained**

The Services Commissioner handles complaints and comments with complete independence and confidentiality. The Services Commissioner can make recommendations to improve our programs and services.

To reach the Services Commissioner, simply call the Régie. You can also use our Web site.



# How to reach us



Online

**MyAccount** > RRQ

Access your file **24/7**

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



By telephone

Québec region: **418 643-5185**

Montréal region: **514 873-2433**

Toll-free: **1 800 463-5185**

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This publication does not have force of law. In cases of conflicting interpretation, consult the *Act respecting the Québec Pension Plan*, the *Supplemental Pension Plans Act* or the *Voluntary Retirement Savings Plans Act* and their regulations.

This publication is available in alternate formats by calling **1 800 463-5185**.

*Version originale française disponible sur demande.*