

# **Option: Pension Administered by Retraite Québec**

Member Information Meetings for the  
Nortel Networks Managerial & Non-Negotiated Pension Plan  
Gatineau, Montreal, Laval  
October 2016

(Translated by Morneau Shepell)

# Agenda

## 1. Introduction

- Retraite Québec as Administrator

## 2. Pension Administered by Retraite Québec

- Description
- Personal decision based on your situation

## 3. Question Period

# Introduction

Retraite Québec as Administrator

## Retraite Québec

Pension Plans  
(Pension Funds)

RRQ  
(Public Plan)

Responsible for  
Oversight

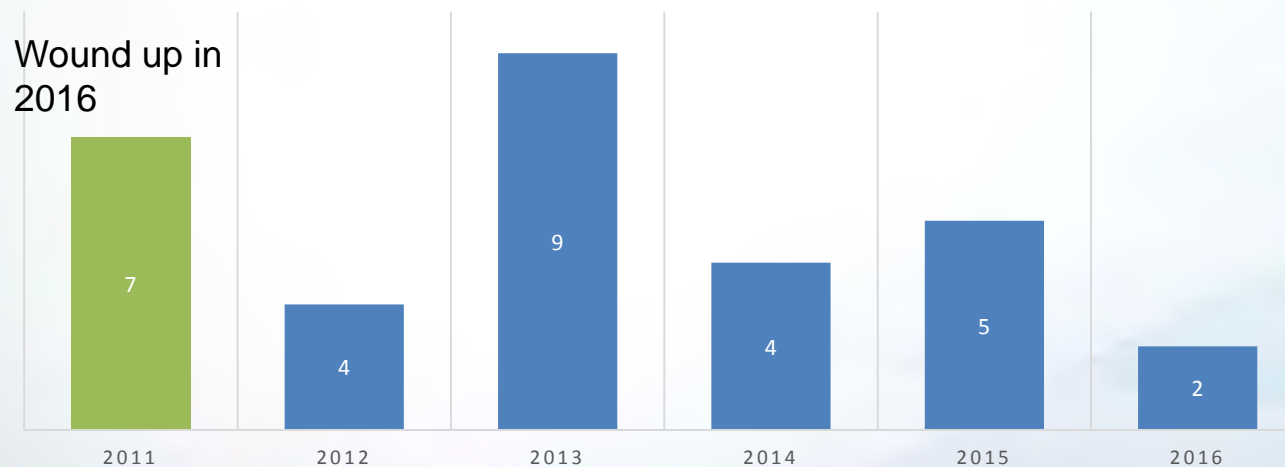
Administration  
of Retiree  
Pensions

# Introduction

## Retraite Québec as Administrator

- Since 2011, 31 pension plans
- \$520 M in assets
- 4,000 retirees whose pensions were reduced when their plans were wound up
- Pensions guaranteed by the government

Number of pension administered by Retraite Québec



# Introduction

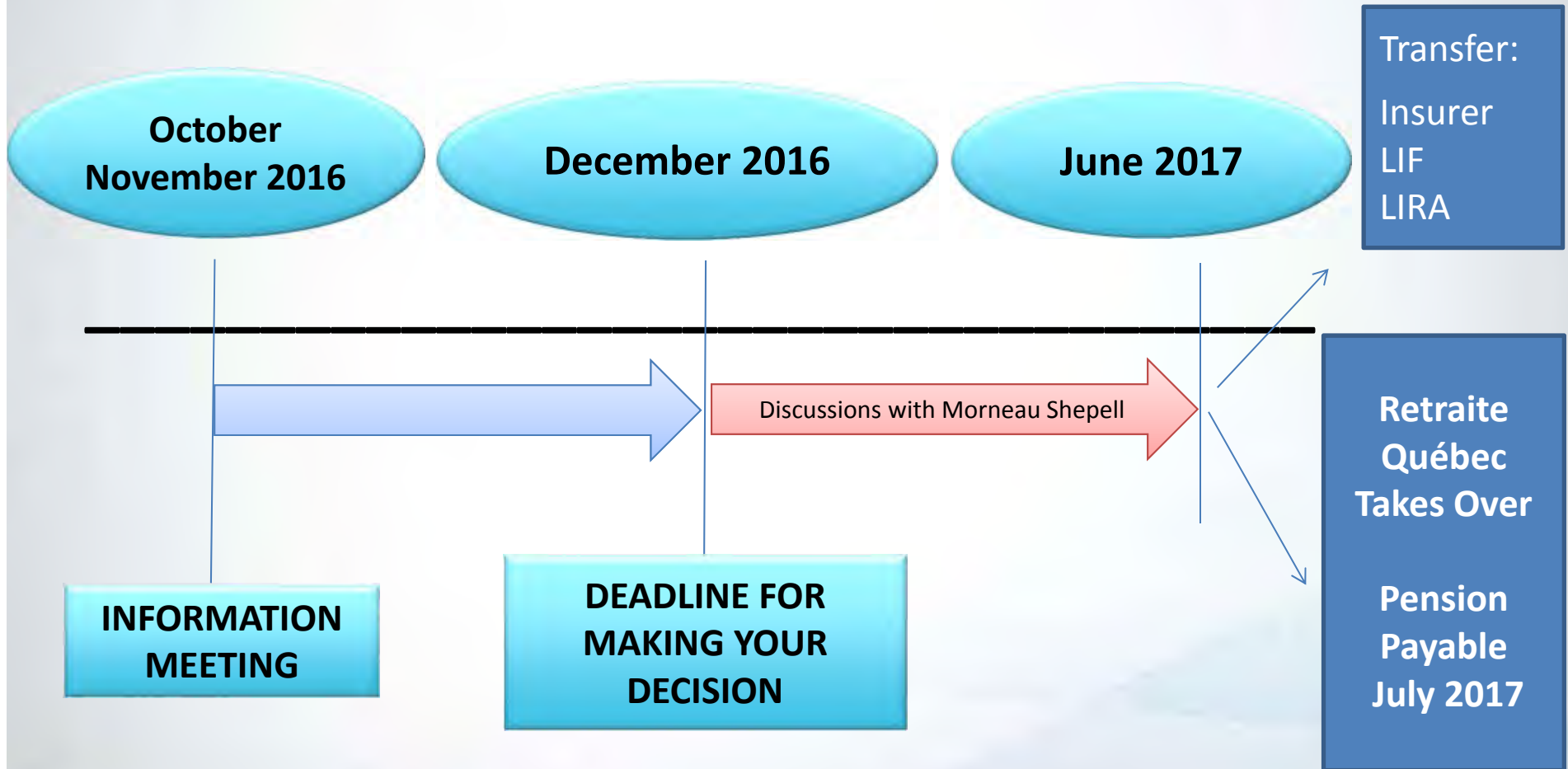
## Retraite Québec as Administrator

Who is this option for?

- Members of the Nortel Networks Managerial and Non-Negotiated Pension Plan at plan wind up on October 1, 2010:
  - Who were receiving a pension or
  - Could have been receiving a pension if they had applied for it.
- Deadline for making a decision: December 2016
- IF YOU DON'T CHOOSE, you will be assigned a default option
  - Retiree: non-indexed, higher pension with Retraite Québec
  - Not retired: transfer of the pension value to an account you haven't chosen yourself.

# Introduction

## Retraite Québec as Administrator – Timeline



# Payment Options

Retired	Not Retired
<ol style="list-style-type: none"> <li>1. <b>Indexed</b> pension administered by Retraite Québec</li> <li>2. <b>Higher, non-indexed</b> pension administered by Retraite Québec</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Indexed</b> pension administered by Retraite Québec</li> <li>2. <b>Higher, non-indexed</b> pension administered by Retraite Québec</li> </ol>
<ol style="list-style-type: none"> <li>3. <b>Indexed</b> pension with an insurer</li> <li>4. <b>Higher, non-indexed</b> pension with an insurer</li> </ol>	
<ol style="list-style-type: none"> <li>5. Transfer to a life income fund (LIF)</li> </ol>	<ol style="list-style-type: none"> <li>3. Transfer – Annuity purchased from an insurer <b>by the plan member</b></li> <li>3. Transfer to a life income fund (LIF)</li> <li>3. Transfer to a locked-in retirement account (LIRA)</li> <li>3. Transfer – to another employer’s pension plan</li> </ol>

# Pension Administered by Retraite Québec

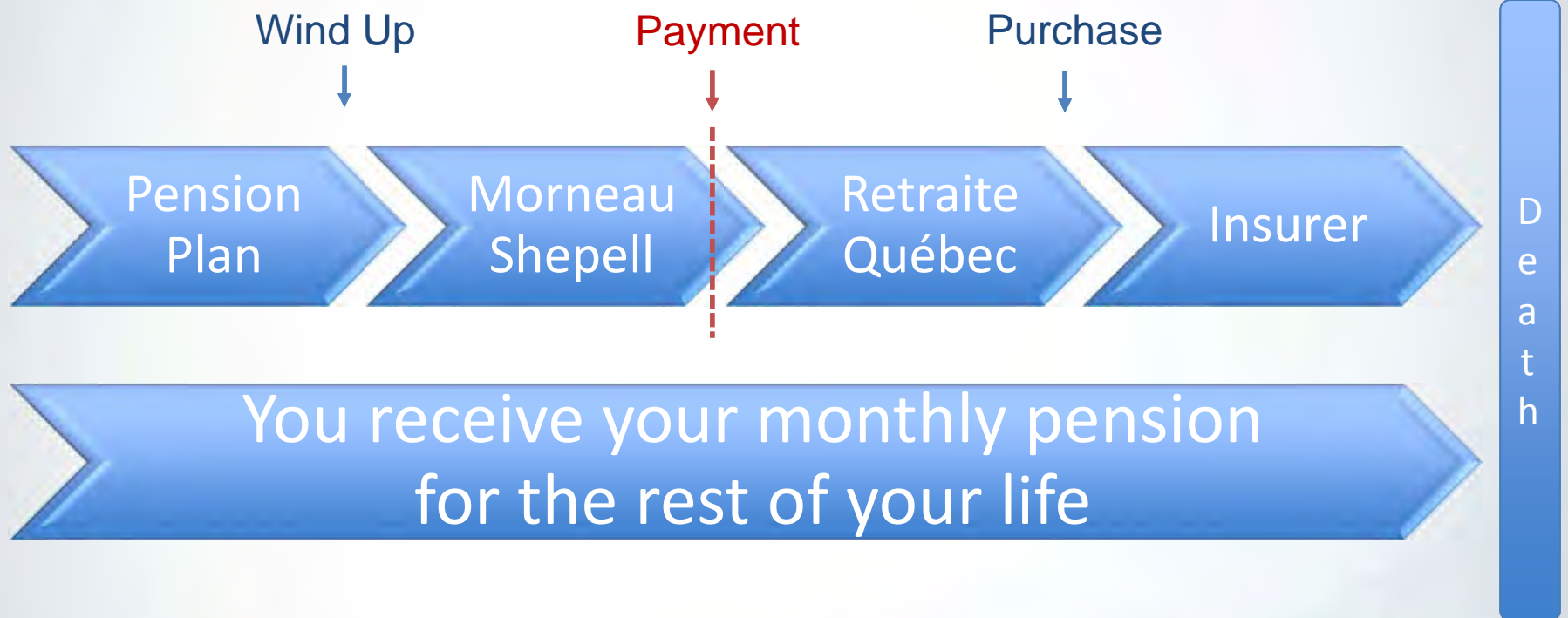
## Description

- From the time Retraite Québec takes over your reduced pension, it will not decrease
- Guaranteed by the government
- Your pension may increase in the future
- You do not have to worry about investing and investment volatility
- At death, the usual rules apply
- Temporary administration by Retraite Québec (5 years, maximum 10 years)



# Pension Administered by Retraite Québec

## Description



With the Retraite Québec option, your monthly pension will not decrease.

# Pension Administered by Retraite Québec

## Description – Roles and Responsibilities

Retraite Québec becomes the Administrator:

- Makes sure pensions are paid
- Chooses the service providers and experts
- Sets up an investment policy
- Meets regulatory requirements
  - Audited annual financial report
  - Annual actuarial valuation
- Keeps retirees and beneficiaries informed
  - Annual statement and annual meeting

# Pension Administered by Retraite Québec

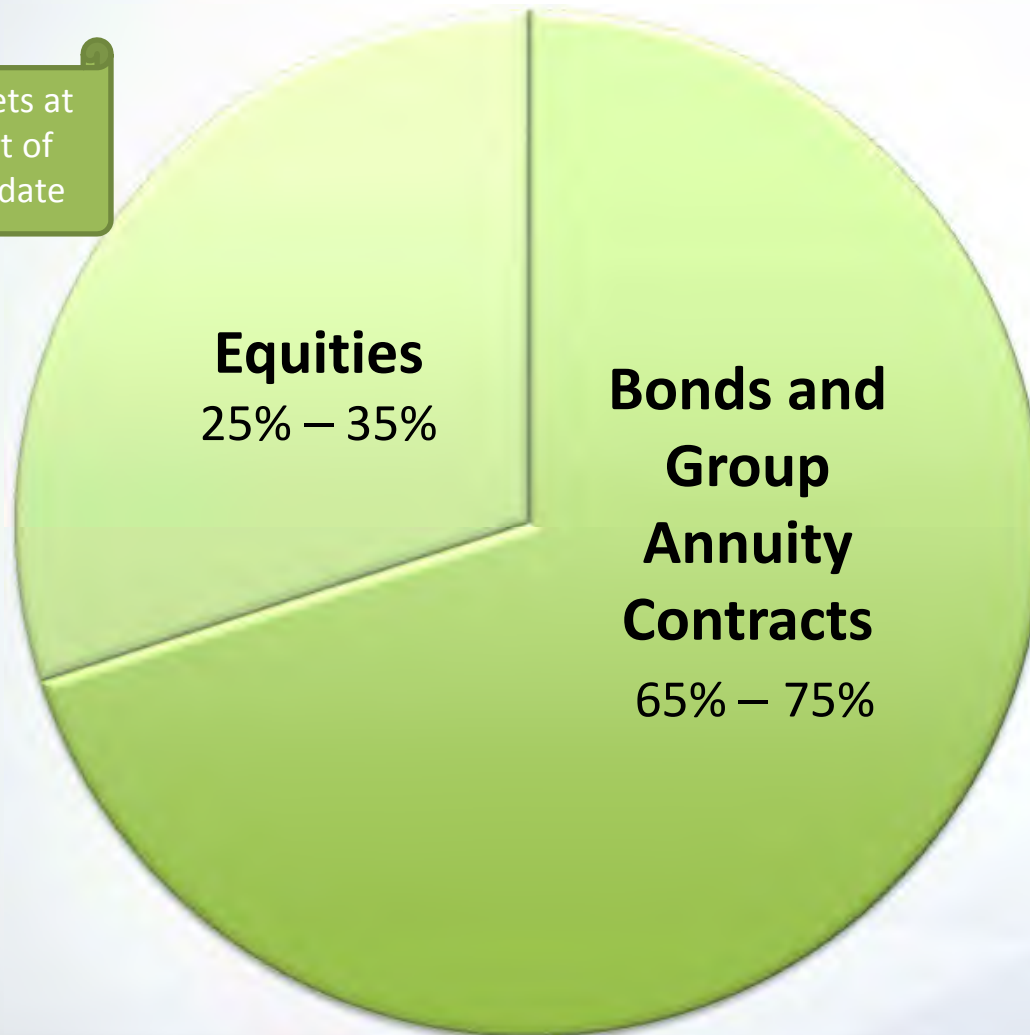
## Description – Administration Fees

- All the options involve fees (insurer, LIRA, LIF and the Retraite Québec option)
- Administration fees are paid by the Pension Fund
- Retraite Québec fees are kept as low as possible
- There will be a full report at the annual meeting (commitment to transparency)

# Pension Administered by Retraite Québec

## Description – Investment Policy

Targets at start of mandate



Target at end of mandate

100% of annuities purchased from an insurer

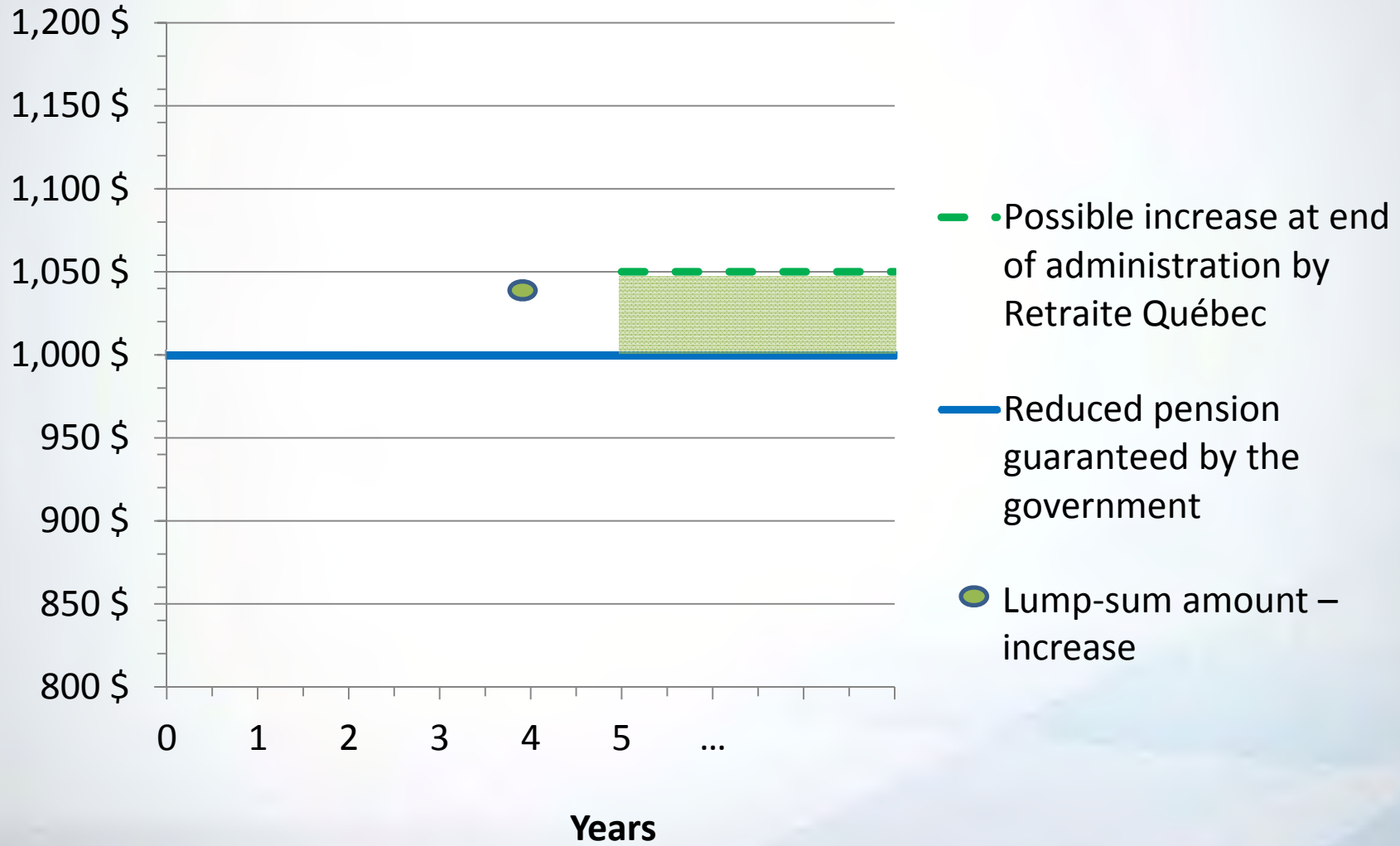
# Pension Administered by Retraite Québec

## Description – Possible Increases

- **Once a year** (during our administration)
  - Lump-sum payment
  - If conditions permit (legal requirements)
  - In 2014 and 2015, we made lump-sum payments to 7 plans
- **At the end of the administration by Retraite Québec**
  - If conditions permit, your lifetime pension will be increased.
  - Under the investment policy, the increase could range from 5% to 7%. This is not a promise, nor a guarantee.
  - In 2016, seven plans were wound up with a 5% to 9% increase.

# Pension Administered by Retraite Québec

## Description – A secure pension that could be increased



# Pension Administered by Retraite Québec

## Personal decision based on your situation

Consider	Lifetime Pension	Transfer of Your Pension Value
Form of Payment	<b>Monthly pension</b> that is fixed (or indexed) Increases possible <b>only</b> with Retraite Québec	<b>Single amount</b> that must be converted into retirement income
Health and Life Expectancy	You will always have a fixed income, whether you live for another 10 or 20 years or longer	You might outlive your capital and run out of money
Death	Depending on the kind of pension chosen at retirement: the pension may continue to be paid to a spouse, depending on the survivor benefit or the guaranteed period selected	Balance goes to your heirs

# Pension Administered by Retraite Québec

## Personal decision based on your situation

Consider	Lifetime Pension	Transfer of Your Pension Value
Your Financial Situation	Your income will remain <b>stable</b> and will not decrease	Your income will be <b>variable</b> and could even decline
Withdrawal Limits	Do not apply, you have a pension	With a LIF, there is a <b>maximum</b> on the amount you can withdraw in any given year
Managing Risk and Understanding Investments	You don't have to worry about investments. <b>The pension is guaranteed.</b>	You're comfortable making investment decisions and with investment <b>volatility</b> and you have confidence in your financial advisor



# Pension Administered by Retraite Québec

## Personal decision based on your situation

To summarize, your options are:

- Monthly pension for the rest of your life
  - Choose a pension that is indexed, or that is higher with no indexing
  - Place your pension with Retraite Québec with a possible increase, or with an insurer
- Transfer the value of your pension
  - Select a financial institution

# QUESTION PERIOD

Questions about your personal statements  
prepared by Morneau Shepell

1 877-392-2074

Questions for Retraite Québec

About the pension paid by  
Retraite Québec option

1 877-744-9278