Nursing Homes and Related Industries Pension Plan

NHRIPP NOW

JANUARY 2019

LOOKING BACK AT 2018

A message from your Trustees

The end of the year is the perfect time to review the events of the past year and look ahead to the future. While 2018 had its ups and downs, due to volatile political and investment markets, your Nursing Homes and Related Industries Pension Plan (NHRIPP) experienced a few positive changes and developments. Here are some highlights.

Our January 1, 2018 valuation showed that the Plan is fully funded on a going-concern basis, meaning it is well-positioned to provide pension benefits for the foreseeable future. Your Trustees also continue to monitor the Plan's investment managers to ensure Plan money is managed prudently (see our April 2018 issue of *NHRIPP Now* for details).

In addition to keeping your Plan financially healthy, our teams have also been working hard on serving our members better. To that end, the Fund Office became InBenefits and started several initiatives to revitalize the current pension administration system based on its four pillars of service: *Integrity, Innovation, Commitment and Excellence*. For example, you now have access to an upgraded Call Centre where you can ask Plan-related questions, and you will soon have an updated Plan website and "on demand," 24/7 access to enhanced online tools.

We've also been providing answers to your most common questions in the **You asked – we answered** section of our quarterly newsletters. As always, our goal is to give you the tools you need on your path to retirement. You can find the latest FAQs on page 3.

Looking to the future, your Plan will play an important role in your retirement, but it won't be your only source of retirement income after you stop working. In this newsletter, you'll read about how personal savings, such as Tax-Free Savings Accounts (TFSAs) and Registered Retirement Savings Plans (RRSPs), can help you reach a comfortable standard of living in your post-employment years. You'll also find a few important reminders leading up to tax season in early 2019.

On behalf of the Board of Trustees and InBenefits, we wish you and your loved ones a very happy new year!

Help us reach out!

Do you know any Plan members who might be ready to retire in 2019? Kindly remind them to contact InBenefits to make sure their personal information is up to date so that they can start their pension on time. If we can't contact members, we can't provide them with the benefits they've earned!

InBenefits' contact information is as follows:

Email: information@nhripp.ca
In Toronto: 905-889-6200 (Option 1)
Outside Toronto: 1-800-287-4816

WHAT'S INSIDE

THE ROLE OF **PERSONAL SAVINGS**

More money in = More money for retirement

Your NHRIPP pension and any government benefits you may be eligible to receive [such as the Canada Pension Plan (CPP), Old Age Security (OAS) and Guaranteed Income Supplement (GIS)] are key sources of retirement income – but it's still a good idea to save on your own. It's never too late to start saving for a more financially secure future!

Two useful options are to invest in a Tax-Free Savings Account (TFSA) or a Registered Retirement Savings Plan (RRSP). TFSAs and RRSPs are available at all major banks and other financial institutions, and it doesn't cost anything to open either of these accounts.

Tax-Free Savings Account (TFSA)

All Canadian residents age 18 or older can contribute up to $6,000 a year to a TFSA. Like an RRSP, a TFSA lets you save and invest your money without having to pay tax on investment income or capital gains. However, unlike an RRSP, withdrawals from a TFSA are tax-free.

Going forward, the annual contribution limit of $6,000 in 2019 will increase in line with inflation (in $500 increments), and you can carry forward any unused contribution room to future years. Make sure you monitor your TFSA contributions carefully to avoid over-contributing, since any amounts above the annual limit are subject to a 1% monthly penalty.

You can contribute to a TFSA regardless of your income level, and you can make withdrawals at any time. When you make a withdrawal from your TFSA, contribution room equal to the withdrawal is restored on January 1 of the next calendar year.

Registered Retirement Savings Plan (RRSP)

Any Canadian resident who files income taxes and is under age 71 can save in an RRSP. Contributions are deductible and will reduce your taxable income, thereby reducing the amount of tax you pay, and the money invested in your RRSP grows tax-free.

Tax law limits the amount you can put aside in an RRSP each year. Here's how your annual contribution room is calculated:

18% of your previous year's earned income up to a dollar maximum ($26,500 in 2019)

– Pension contributions made by you and your employer(s) during the previous year

+ Any RRSP room carried forward from previous years

= Your annual RRSP contribution room

For the purposes of RRSP contribution limits, "earned income" is your total income, including employment income, alimony payments received, and business or rental income (if applicable). Earned income is reduced by any alimony payments made and business or rental losses.

As with the TFSA, if you contribute more than your allowable contribution room, you'll be subject to a 1% monthly penalty on the amount of your excess contribution. Note that tax law allows a lifetime over-contribution of $2,000.

You can keep making RRSP contributions until the end of the year in which you turn age 71, as long as you have available RRSP contribution room.

When combined with your NHRIPP and government pension benefits, your personal savings can help you reach your retirement goals. We strongly recommend that you speak with an independent financial advisor about what's right for you.

Government pension benefits: Tips

Canada Pension Plan (CPP) – When you retire, you won't automatically start receiving CPP benefits; you'll need to apply online or mail a completed application to Service Canada, along with all the required information. You can apply for a CPP pension at any time from age 60 to age 70.

Old Age Security (OAS) – In the month after you turn age 64, if you are eligible, you should receive a letter from Service Canada letting you know that you'll be automatically enrolled in the OAS program. If you don't receive this letter, you must apply for OAS benefits by mailing an application to Service Canada.

Guaranteed Income Supplement (GIS) – This government program provides additional support to low-income Canadians earning an income below $18,216 for singles, or with a combined income of below $24,048 for couples. You must apply for the GIS benefit through Service Canada (by mail) and renew your application each year when you file your tax return.

For more information, visit the Government of Canada website.

YOU ASKED – **WE ANSWERED**

As a Plan member, your questions and concerns are important to us. Below are answers to a few of your frequently asked questions about when you can retire and how your retirement date impacts your income.

Q: What's the normal retirement age in the Plan?

A: The normal retirement age in your Plan is 65. You'll be entitled to your full accrued pension on the first day of the month after you turn age 65.

Q: Can I retire early?

A: You can start collecting a pension from the Plan as early as age 55. However, there will be a permanent reduction of approximately 0.5% in the monthly pension amount for every month you start your pension before age 65, to account for the extra pension payments you will receive.

For example, let's say Mary has a spouse and selects the "60% spouse's pension" option, where her monthly pension starting at age 65 is **$400**. If Mary retires at age 60 (five years early), then her pension will be permanently reduced by **6% per year**.

Here's how this is calculated:

Mary's initial pension (starting at age 65)	$400 / month
Early retirement reduction	6% / year x 5 years = 30%
Monthly retirement reduction	$400 / month x 30% = $120
Mary's reduced pension (starting at age 60)	$400 – $120 = $280 / month

This pension will be paid for Mary's lifetime, with 60% of her monthly pension continuing to her spouse after her death. In other words, if Mary dies, **$168** will continue to be paid to her spouse for life ($280 x 60% = $168).

Q: What happens if I retire later?

A: You can work past age 65 and continue to accrue a pension, as long as you are working for a contributing employer. If you start your pension after age 65, your pension effective date is the first of the month after your retirement date. In any event, employee and employer contributions will stop on November 30th of the year you turn age 71.

Q: How do I apply for my pension?

A: For members who are at least age 55 and are considering retirement, you can call InBenefits to request a pension estimate, showing your monthly pension amount at the date or age requested.

Please call InBenefits three months before your planned retirement date to request a pension application. Confirmation of your retirement date from your employer is also required before your pension application can be processed.

Q: I've submitted my application. When will my pension start?

A: Your pension start date depends on a number of factors, but it is normally the later of:

1. the termination date confirmed by your employer;
2. the pension start date requested; or
3. the date of receipt of your pension application and completion of all related documents.

Catch-up payments can be made if the administrative process has gone beyond the first regular payment date.

Still have questions? Our recently upgraded Call Centre is available to respond to your Plan questions quickly and efficiently. We encourage you to call us at **905-889-6200 (Option 1) or toll-free at 1-800-287-4816 (Monday to Friday, 8 a.m. to 5 p.m. EST)**. Note that your call will be recorded to ensure quality control.

KEEP IN **TOUCH**

Got a question about your Plan? Contact us!

Email: information@nhripp.ca

In Toronto: 905-889-6200 (Option 1)
Outside Toronto: 1-800-287-4816

Fax: 905-889-7313

Address: Nursing Homes and Related Industries Pension Plan c/o InBenefits
105 Commerce Valley Drive West, Suite 310
Thornhill, Ontario L3T 7W3

You can also access Plan information online anytime at www.nhripp.ca

GET A HEAD START ON TAX SEASON

A useful guide to the forms you'll need

In the coming months, watch your inbox or mailbox (depending on the options available from your employer) for your annual tax slips. They contain crucial information on your working hours, pay and pension contributions, which you'll need to report to the Canada Revenue Agency (CRA) when you file your tax return.

Whether you've just joined the NHRIPP or are getting ready to retire, here's a reminder of the forms you may receive and what you'll need them for:

Tax slip	What it's for
T4	Your employer prepares a T4 to show how much you were paid in 2018. Total contributions made to the Plan in 2018 by you and your employer are shown in a box called "pension adjustment." Contributions reported on your T4 may be different from those reported on your annual pension statement, depending on the timing of your final pay period for the year.
T4A	InBenefits will send you a T4A if you made self-payments to the Plan in 2018, or if you've been on WSIB. A T4A will also be sent to anyone who has received any payments from the Plan, including pension payments and cash lump-sum termination or death benefits.
NR4	An NR4 is prepared by InBenefits for retirees who live outside of the country at any time during the year.

Other important tax information

To make sure you're prepared, here are a few other helpful details:

- Any Plan contributions you make are automatically deducted from your before-tax pay and are sent to InBenefits with your employer's contributions.
- You pay no tax on these contributions. However, your RRSP contribution limit for 2019 will be reduced by the total amount of Plan contributions made by you and your employer in 2018 – called a pension adjustment (PA).
- You'll find your RRSP contribution limit on your most recent Notice of Assessment from the CRA.
- Once you start receiving your pension, the money you get will be taxed as income.
- Your taxable income in retirement includes any amounts you receive from the CPP and OAS, any money you withdraw from your RRSPs, and any income you earn from post-retirement employment (if applicable).
- GIS, if you're eligible for it, is not taxable.

Key dates to remember

- To reduce your taxable income for the 2018 tax year, make any RRSP contributions by **March 1, 2019**.
- To avoid paying a late penalty on any income tax you owe, be sure to file your 2018 tax return with the CRA by **April 30, 2019.**

Final word

This newsletter provides summary information about the Nursing Homes and Related Industries Pension Plan in simple terms. It is not intended to be comprehensive or to provide advice. If there are any differences between the information provided in this newsletter and the legal documents that govern the Plan, the legal documents will apply. In accordance with applicable legislation, the NHRIPP Trustees may modify the Plan rules at any time, including changing benefit amounts, the types of benefits offered, the eligibility requirements and terminating the Plan.