

Changes Coming to Old Age Security Federal Budget March 2012

To assist you with your retirement planning, it is important to understand our overall Canadian retirement income system. There are three main sources of retirement income you may be able to draw from:

- Government retirement benefits
- Your employer plans
- Your personal savings and investments

The Government of Canada provides the following benefits to eligible individuals:

- Canada Pension Plan (CPP) retirement pension;
- Old Age Security (OAS) benefit;
- Guaranteed Income Supplement (GIS); and
- Allowance and the Allowance for the Survivor

The Government of Canada has proposed changes to the Old Age Security (OAS) program. The proposed changes will NOT affect individuals already receiving OAS nor does it affect those 54 years of age and older as of March 31, 2012. These changes will not come into effect until they are passed by Parliament.

In April 2023, the Federal Government is proposing to:

- Raise the eligibility age for OAS pension and Guaranteed Income Supplement (GIS) by two years, from age 65 to 67
- Increase by two years, the eligibility age for the Allowance and the Allowance for the Survivor from age 60-64 to 62-66. This provides temporary benefits to living or deceased spouses of OAS recipients

The eligibility age for the OAS program will gradually be raised starting in 2023, with full implementation by 2029.

- Individuals born between April 1, 1958 and January 31, 1962, will be part of the phase-in period and will have an eligibility age between 65 and 67.



- Individuals born on or after February 1, 1962, will have an eligibility age of 67 and will start collecting OAS in 2029.

Other proposed Government changes include:

- “Proactive Enrollment Regime” to be phased in between 2013 and 2015. This will automatically enrol eligible individuals for OAS and GIS without completing the necessary forms.
- Voluntary deferral of OAS benefits for up to five years. This will commence on July 1, 2013 and applies to individuals age 65 and over; allowing for an adjusted higher pension payment in later years. For example, an individual turning age 65 in September 2013 will be able to delay their OAS until they reach age 70. This results in an annual benefit increase of 7.2% per year or 0.60% per month past their 65th birthday. The deferral option is not available for the GIS benefit.

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Some of the reasoning behind the Government's proposed changes include demographic and fiscal challenges:

- We are living longer and healthier lives (life expectancy is in the mid-80s)
- 4.7 million recipients in 2010 increasing to 9.3 million in 2030 – a 97% increase!
- Program sustainability (OAS cost \$36.5 billion in 2010 and will be around \$48 billion in 2015 and \$108 billion in 2030)
- We may prefer working past age 65
- Gives us time to plan and prepare for the new OAS eligibility age

Government benefits provide a modest base on which to build your retirement income. Going forward, if the proposed OAS changes are passed in Parliament, they will place even more financial responsibility on us to save more for retirement, work longer or both.

To maintain your pre-retirement standard of living, you may require the majority of your retirement income to come from personal savings/investments and your employer-sponsored plans.

The new equation might just be live longer = work longer.

To find out more about the proposed changes, please visit www.servicecanada.gc.ca/retirement or call **1.800 O CANADA** or **1.800.622.6232**.

Do you know your rights and responsibilities as a group plan member?

As a member of a group retirement plan, you have a number of responsibilities when it comes to managing your retirement account, including a clear understanding of how your plan works. Below is a list to help you understand these responsibilities (if applicable):

- Take advantage of the information and tools made available to help you make your investment decisions.
- Make investment decisions on your contributions with the understanding that those decisions will affect the amount of money accumulated over time.
- Make the actual investment decisions and inform CUMIS of any changes.
- Check to see how your investments are performing and revisit your investment strategy if your personal circumstances change.
- Monitor your investment decisions and inform CUMIS of any changes.
- You may also be responsible for determining how much you contribute to your plan.
- Ensure you are contributing an amount to receive the maximum matching contribution from your Employer or Plan Sponsor.

You have the right to:

- Access information about the nature and features of the plans.
- Request paper copies of member statements if normally provided in another format.

Note: CUMIS Retirement Services automatically supplies annual paper statements in addition to quarterly electronic copies.

The following tools are available to help assist you:

- Plan provisions are outlined in your plan booklet which is posted online under "Documents" through your CUMIS member account website (you can review this information at www.cumis.com).
- Investment options are described in your plan booklet, Fund Fact Sheets and through CUMIS Retirement Services' website.
- Decision-making tools are accessible in the "Life Events Planner Guide", available online through CUMIS Retirement Services' website.
- Plan education is available through an Investment & Savings Guide, group update sessions and the Education Centre on the CUMIS Retirement Services website.
- Ongoing information through account statements, website and call centre access through CUMIS Retirement Services.

Taking full advantage of your group plan can empower you to make the most of what retirement has to offer. Take the opportunity now to explore or revisit www.cumis.com and see how easy it is to take control of your investments!

CUMIS is committed to providing the best products and services to help you meet your personal financial goals. We recommend you seek investment advice only from a qualified investment representative. You are encouraged to use the information and investment tools provided by your plan sponsor and CUMIS Retirement Services.



At CUMIS Retirement Services, we welcome your feedback and are happy to answer any questions you may have.

Please call, email or write to our Customer Service Contact Centre at:

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