APUO PHASED RETIREMENT PROGRAM

SECTION 40.3
EXAMPLES OF CALCULATION

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PHASED RETIREMENT PENSION CALCULATION APUO 40.3- Example 1

AGE:	60 years	**NOMINAL SALARY:**	$140,000
UO SERVICE:	30 years	**FUTURE PENSION SERVICE:**	33 years
REDUCED WORKLOAD:	50%	**TOTAL PAYABLE SALARY:**	75%
TRANSITION DATE:	July 1st, 2010	**RETIREMENT DATE:**	July 1st, 2013

1) **Severance calculation as at July 1st, 2010 at age 60**

Calculation is determined by the Pension Sector at the transition date

i)*$800 X 30 years UO service X 5 years before normal age of retirement* = **$120,000**

2) **Calculation of severance payable (Objective: 75% of total salary)**

i)*Annual maximum receivable as per nominal salary:* *75% X $140,000*= **$105,000**

ii)*Annual payable as per reduced workload:* *50% X $140,000* = **$70,000**

Annual Severance distribution = **$35,000**

The amount of $35,000 will be payable **each year** as a salary for a period of 3 years prior to retirement for a total of $105,000 and the objective will be reach.

3) **Calculation of balance due at retirement, if applicable**

i)*Severance calculation in (1) minus annual distribution: $120,000 - $105,000*=**$15,000**

The difference at the end of the transition period will be transferable/payable at retirement and could be tax exempt as a retirement allowance, under paragraph 60(j.1) of the Income Tax Act (ITA).

4) **Pension Benefit calculation as at July 1st, 2013 at age 63**

Calculation is determined by the Pension Sector and is a projected estimate at retirement as per the pension plan provisions.

5) **Confirmation with the member**

Form 17 Pension to be completed for communication and confirmation of amounts payable by payroll.

PHASED RETIREMENT PENSION CALCULATION APUO 40.3- Example 2

AGE:	63 years	**NOMINAL SALARY:**	$140,000
UO SERVICE:	32 years	**FUTURE PENSION SERVICE:**	34 years
REDUCED WORKLOAD:	60%	**TOTAL PAYABLE SALARY:**	85%
TRANSITION DATE:	July 1st, 2013	**RETIREMENT DATE:**	July 1st, 2015

1) **Severance calculation as at July 1st, 2013 at age 63**

Calculation is determined by the Pension Sector at the transition date

i)*$800 X 32 years UO service X 2 years before normal age of retirement* = **$51,200**

2) **Calculation of severance payable (Objective: 85% of total salary)**

i)*Annual maximum receivable as per nominal salary:* *85% X $140,000*= **$119,000**

ii)*Annual payable as per reduced workload:* *60% X $140,000* = **$84,000**

Annual Severance distribution = **$35,000**

The amount of $35,000 will be payable for **one year** as a salary prior to retirement for a total of $35,000 and the objective of 85% will not be reach for the second year as expected.

3) **Calculation of balance due at retirement, if applicable**

i)*Severance calculation in (1) minus annual distribution: $51,200 - $35,000* = **$16,200**

The difference at the end of the transition period will be transferable/payable at retirement and could be tax exempt as a retirement allowance, under paragraph 60(j.1) of the Income Tax Act (ITA).

4) **Pension Benefit calculation as at July 1st, 2015 at age 65**

Calculation is determined by the Pension Sector and is a projected estimate at retirement as per the pension plan provisions.

5) **Confirmation with the member**

Form 17 Pension to be completed for communication and confirmation of amounts payable by payroll.

PHASED RETIREMENT PENSION CALCULATION APUO 40.3- Example 3

AGE:	60 years	**NOMINAL SALARY:**	$140,000
UO SERVICE:	25 years	**FUTURE PENSION SERVICE:**	28 years
REDUCED WORKLOAD:	50%	**TOTAL PAYABLE SALARY:**	75%
TRANSITION DATE:	July 1st, 2010	**RETIREMENT DATE:**	July 1st, 2013

1) **Severance calculation as at July 1st, 2010 at age 60**

Calculation is determined by the Pension Sector at the transition date

i)*$800 X 25 years UO service X 5 years before normal age of retirement* = **$100,000**

2) **Calculation of severance payable (Objective: 75% of total salary)**

i)*Annual maximum receivable as per nominal salary:* *75% X $140,000*= **$105,000**

ii)*Annual payable as per reduced workload:* *50% X $140,000* = **$70,000**

Annual Severance distribution = **$35,000**

The amount of $35,000 will be payable **each year** as a salary for a period of 3 years prior to retirement for a total of $100,000 and the objective of 75% will not be reach at the end of the third year.

3) **Calculation of balance due at retirement, if applicable**

i)*Severance calculation in (1) minus annual distribution: $100,000 - $100,000*=**$00.00**

The difference at the end of the transition period will be transferable/payable at retirement and could be tax exempt as a retirement allowance, under paragraph 60(j.1) of the Income Tax Act (ITA).

4) **Pension Benefit calculation as at July 1st, 2013 at age 63**

Calculation is determined by the Pension Sector and is a projected estimate at retirement as per the pension plan provisions.

5) **Confirmation with the member**

Form 17 Pension to be completed for communication and confirmation of amounts payable by payroll.