PENSION PLAN

Ready to Retire

Ontario

www.csspen.com

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I'm Ready to Retire!

On the road to retirement you're in the driver's seat

Congratulations!
You and your employer have been contributing to the Co-operative Superannuation Society (CSS) Pension Plan for your retirement. Over the years these contributions have grown, and now that you're ready to retire you have to decide how to use your accumulated pension funds for a retirement income that best suits you! You're in the driver's seat, so to make an informed decision you should take the time to read this booklet and understand your options.

A. PREPARING TO CHOOSE

WHAT IS THE DIFFERENCE BETWEEN LOCKED-IN AND NON-LOCKED-IN FUNDS?

Your CSS pension account contains either locked-in funds or non-locked-in funds, or both. Please refer to your most recent annual statement to determine your position. For most retiring members, the bulk of the funds in their CSS pension account will be locked-in.

Locked-in funds are employee and employer contributions that are locked-in by pension legislation. Pension legislation states that locked-in funds must be used to provide a "lifetime" retirement income. Some of the options for your locked-in funds at retirement ensure that you (and your spouse) will receive a lifetime income, while others do not.

Non-locked-in funds are employee contributions that are not locked-in by pension legislation. All employee additional voluntary contributions are non-locked-in.

WHAT ARE THE OPTIONS FOR MY LOCKED-IN FUNDS?

There are different types of retirement income options. For Ontario members[1] they are as follows:

1. A monthly pension from the CSS Pension Plan. This option ensures a lifetime retirement income.
2. A Life Annuity, available from a life insurance company. This option also ensures a lifetime retirement income.
3. A Life Income Fund (LIF), from a financial institution of your choice.
4. A combination of the above options.

WHAT ARE THE OPTIONS FOR MY NON-LOCKED-IN FUNDS?

1. Combine them with locked-in funds to set up a monthly pension from the CSS Pension Plan.
2. Combine them with locked-in funds to set up a Life Annuity from a life insurance company.
3. Transfer to a Registered Retirement Savings Plan (RRSP) from a financial institution of your choice.
4. Transfer to a Registered Retirement Income Fund (RRIF) from a financial institution of your choice.
5. A cash withdrawal, subject to income tax. The income tax withholding rates for cash withdrawals are:
   10% for amounts up to and including $5,000;
   20% for $5,000.01 up to and including $15,000; and
   30% for amounts over $15,000.
6. A combination of the above options.

[1] An Ontario member is someone who is currently working or last worked for an Employer of the CSS Pension Plan in Ontario, and whose pension funds are therefore subject to the Ontario pension legislation.

When must I decide?

Canada Revenue Agency (CRA) requires that you convert your funds in the CSS Pension Plan into retirement income (as outlined above) no later than December of the year you turn Age 71. Until then, you can choose when to set up a retirement income with your funds in the Plan.

When you terminate employment, if you don't need retirement income right away, your pension funds can remain invested in the Plan's Balanced Fund and/or Money Market Fund. You'll receive the rate of return generated by each Fund, just the same as other members of the Plan.

Please note that you may not start a retirement income, or transfer/withdraw any of your funds from the Plan until you've terminated employment with all Employers[2] of the Plan. Also, in most cases, you must be at least Age 50 before you can start a retirement income.

Must I decide all at once?

If you wish to withdraw or transfer non-locked-in funds from the CSS Pension Plan, then all of your non-locked-in funds must be withdrawn and/or transferred at the same time.

In the case of locked-in funds, you may set up a CSS pension on a portion, or transfer out a portion to a Life Annuity or LIF and leave your remaining funds in the Plan. However, each subsequent transfer will be subject to an administration fee.

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[2] An Employer of the Plan is a co-operative or credit union that is a member of the Co-operative Superannuation Society.

B. RETIREMENT INCOME OPTIONS

WHAT ARE THE DIFFERENT CSS PENSION OPTIONS?

There are three basic types of pensions offered by the CSS Pension Plan: the Prescribed Pension, the Single Life Pension and the Joint & Last Survivor Pension.

All of these pensions provide a pension to you for as long as you live, that is, a lifetime pension. In the case of the Prescribed Pension and the Joint & Last Survivor Pension, upon your death, your surviving spouse will receive a pension for the rest of his/her lifetime as well.

When we refer to "spouse", we mean spouse as defined by the pension legislation for the province/territory where you last worked for an Employer of the CSS Pension Plan (see page 26). This includes common-law relationships in certain circumstances.

What is the Prescribed Pension?

If you have a spouse, Ontario pension legislation requires you to choose the Prescribed Pension. Therefore, if you have a spouse you must consider this type of pension. You may choose a different pension only if the applicable Waiver form is completed.

The Prescribed Pension will provide a lifetime pension to you. Upon your death the amount of pension paid to your spouse drops immediately to the 60% level and will continue for the rest of his/her lifetime. Once both you and your spouse have died, there are no more pension payments. This holds true even if only a short time has passed since you started pension.

If you wish to take any pension other than the Prescribed Pension, the applicable Waiver form must be completed.

What is a Single Life Pension?

A Single Life Pension will provide a lifetime pension to you. After your death, if you have a surviving spouse, it does not provide a lifetime pension to him/her.

Single Life Pensions can have guarantee periods of 0 years (i.e., no guarantee), 10 years and 15 years. The longer the guarantee period, the lower your monthly pension.

A Single Life Pension, guaranteed 0 years (i.e., no guarantee), will provide a lifetime pension to you for as long as you live. Once you pass away, the pension stops. In other words, the pension dies with you.

A Single Life Pension guaranteed 10 years, or 15 years will provide a lifetime pension to you for as long as you live, and it is guaranteed to be paid for at least 5, 10 or 15 years **(depending upon your choice).** If you pass away before the guarantee period expires, your pension will continue to be paid to your beneficiaries or estate for the balance of the guarantee period. If you outlive the guarantee period, there would be no payments to your beneficiaries or estate upon your death.

Assume, for example, that you select a Single Life pension with a 15-year guarantee period. You would receive your monthly pension for as long as you live. If you were to pass away 7 years after your pension starts, your monthly pension would continue to be paid to your beneficiaries or estate for 8 years, and then the pension would stop.

If a member with a spouse chooses a Single Life pension, they usually name their spouse as beneficiary.

What is a Joint & Last Survivor Pension?

A Joint & Last Survivor Pension will provide a lifetime pension to you, and after your death, your surviving spouse will receive a lifetime pension as well. Joint pensions pay less than Single Life pensions, because they cover two lives, yours and your spouse's.

Joint & Last Survivor pensions can be guaranteed for 10 years or 15 years. If both you and your spouse die before your selected guarantee period expires, the pension will continue to be paid to your beneficiaries or estate for the balance of the guarantee period.

The longer the guarantee period, the lower the monthly pension.

Suppose, for example, that you select a 15-year guarantee period, and both you and your spouse pass away 6 years after your pension starts. In that case, the full monthly pension would continue to your beneficiaries or estate for 9 years, then the pension would stop.

With a Joint & Last Survivor Pension, there are also different Spousal Benefit percentages to choose from (i.e., the amount of the pension that your surviving spouse receives after the guarantee period is over). The Spousal Benefit percentages are 60%, 75% and 100%.

For example, assume that you and your spouse select a Joint & Last Survivor Pension, guaranteed 15 years, with a 75% Spousal Benefit level. You will receive the full amount of the pension for the rest of your life.

If you die before the 15-year guarantee period is over, your surviving spouse would receive the full pension for the balance of the 15-year guarantee period, and then he/she would receive 75% of the pension for the rest of his/her life. If you die after the 15-year guarantee period is over, your surviving spouse would immediately receive 75% of the pension for the rest of his/her lifetime.

Once the guarantee is over and both you and your spouse have passed away, the pension stops.

Note that, if you and your spouse select the 100% Spousal Benefit level, your spouse will receive 100% of the pension for the rest of his/her lifetime, regardless of when the guarantee period ends.

If I decide to take a CSS monthly pension, which one should I take?

Everyone's situation is different, so the CSS monthly pension you (and your spouse) choose should be based on your personal circumstances. Below are examples of certain basic situations and appropriate pension selections:

- Spouse requires lifetime coverage from the pension: Joint & Last Survivor Pension, guaranteed 10 or 15 years, with 60%, 75% or 100% Spousal Benefit level.
- Spouse requires lifetime coverage from the pension, and there are dependent children: Joint & Last Survivor Pension, guaranteed 10 or 15 years, with 75% or 100% Spousal Benefit level.
- No Spouse, but there are dependents: Single Life Pension with 10 or 15-year guarantee and dependents designated as beneficiaries.
- No spouse or dependents: Single Life Pension with 0, 10 or 15-year guarantee.
- Spouse does not require lifetime coverage from the pension: Single Life Pension with 10 or 15-year guarantee, and spouse designated as beneficiary.

PLEASE NOTE: Once you have applied for a CSS monthly pension, and the payments have started, you CANNOT change your pension or stop the payments. Please choose carefully!

What are some important points to keep in mind about CSS monthly pensions?

- A CSS monthly pension provides a fixed amount of monthly income for the rest of your life, and also to your surviving spouse in the case of the Prescribed Pension or a Joint & Last Survivor Pension. Your income will not vary as interest rates and investment returns fluctuate.
- However, for this certainty of income, you give up flexibility and control of your pension funds.
- A CSS monthly pension is not indexed for inflation.
- Your beneficiaries/estate will not receive any survivor benefits if you (or your spouse in the case of a Joint and Last Survivor pension) outlive the guarantee period.
- A CSS monthly pension is worry-free and requires no further action or decisions on your part.

WHAT IS A LIFE ANNUITY?

Life Annuities are very similar to the monthly pension options available from the CSS Pension Plan. A Life Annuity provides a fixed monthly payment to you for as long as you live. In the case of a joint life annuity, upon your death, a fixed monthly payment is also provided to your spouse.

Life Annuities are available from life insurance companies. If you decide to use your pension funds for a Life Annuity, you must transfer your funds from the CSS Pension Plan to your chosen life insurance company.

Once you transfer your funds out of the CSS Pension Plan to a Life Annuity, you cannot transfer them back.

What is a Life Income Fund?

A Life Income Fund (LIF) is for your locked-in (restricted) pension funds. In addition to a minimum annual withdrawal limit, the LIF has a maximum annual withdrawal limit.

Withdrawals from a LIF are taxable as income[3].

What is the minimum annual withdrawal for the LIF?

The minimum annual requirement is the amount you must withdraw each year in accordance with the *Income Tax Act*.

The minimum for LIF payments is the same as the RRIF minimum (see table on page 15). The minimum can be based on your age, or if you have a spouse (as defined under the *Income Tax Act*) it can be based on his/her age. However, the minimum for the first year of your LIF is zero.

What is the maximum annual withdrawal for the LIF?

Under Ontario pension legislation, effective January 1, 2008 there are new rules for LIFs. The maximum annual limit is greater of the previous year's investment earnings, or the balance in your LIF at the beginning of the year of the year multiplied by the Life Income Fund (LIF) Maximum Withdrawal Percentage as indicated in the table on the next page. If you withdraw the maximum annual limit each and every year, your LIF may not provide enough income for your lifetime, as the money would be all used up by age 90.

[3] Starting at age 65, LIF withdrawals qualify for the pension income amount when calculating your non-refundable tax credits, and the pension income splitting provision.

2018 LIF Maximum Withdrawal Percentage							
Age	*%*	*Age*	*%*	*Age*	*%*	*Age*	*%*
50	6.26	60	6.85	70	8.22	80	12.81
51	6.31	61	6.94	71	8.45	81	13.87
52	6.35	62	7.03	72	8.71	82	15.19
53	6.40	63	7.14	73	9.00	83	16.89
54	6.45	64	7.25	74	9.33	84	19.18
55	6.50	65	7.37	75	9.71	85	22.39
56	6.56	66	7.51	76	10.14	86	27.22
57	6.62	67	7.66	77	10.65	87	35.29
58	6.69	68	7.83	78	11.25	88	51.45
59	6.77	69	8.01	79	11.96	89	100.00

Can I withdraw less than the maximum?

Yes, you can withdraw the minimum for the year, the maximum for the year or any amount between the minimum and maximum. Each year you will need to advise the issuing financial institution how much you want to withdraw from the LIF for the year.

If you withdraw less than the Maximum Withdrawal Percentage each year as indicated in the above table, the money in your LIF could last past age 90.

Can I make lump sum withdrawals?

Once you set up a LIF you will have only 60 days to apply to the financial institution issuing your LIF for a one-time opportunity to withdraw of up to 50% of the money transferred into the LIF[4]. The 50% withdrawal can be as a taxable lump sum or as a transfer to an RRSP or a RRIF (see page 14).

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[4] The 50% withdrawal only applies to money transferred into the LIF from a pension plan (such as the CSS Pension Plan), a LIRA (Locked-In Retirement Account), an LRIF (Locked-in Retirement Income Fund), or an old LIF (i.e., a LIF established before January 1, 2008).

The 50% withdrawal is over and above the maximum withdrawal for that year[5].

Can the payments from a LIF be stopped?
No, but you can reduce your payment to the minimum.

Do I have to buy an annuity with the money in a LIF?
No, under the new Ontario rules, the owners of LIFs established after January 1, 2008 do no not have to purchase an annuity by age 80. You can however, purchase an annuity with the money in your LIF if you like.

What happens to the money in my LIF when I die?
Your surviving spouse is automatically entitled to your LIF upon your death (the spouse can waive this entitlement), as a lump sum or as a transfer to an RRSP or RRIF (see page 14).

If you don't have a surviving spouse (or your spouse has waived this entitlement), then upon your death the balance of the LIF is paid as a taxable lump sum to your estate or named beneficiary(ies).

What are some important points to keep in mind about LIFs?

- A LIF may not provide lifetime income for you (or your spouse).
- The LIF offers flexible income subject to the annual minimum and annual maximum withdrawal amounts.
- You direct and control the investment of your funds.
- If the investments in your LIF do well, your payments may be higher or last longer than anticipated. However, the opposite holds true if your investments do poorly.

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[5] If you take the 50% withdrawal then your balance at the beginning of the following year will be that much less, and thus so will your maximum withdrawal.

- Once you pass away, the funds remaining in your LIF would roll over to your spouse, or be paid as a taxable lump sum to your estate or named beneficiary(ies).
- At any time you can convert some or all of the funds in your LIF to a Life Annuity.
- If your retirement plan requires that your LIF provide for a certain level of income for a certain length of time or last for your lifetime (and your spouse's), **you must monitor the performance of your investments and control your withdrawals.**

WHAT IS A REGISTERED RETIREMENT INCOME FUND?

A Registered Retirement Income Fund (RRIF) is similar to a LIF, except it's for your non-locked-in funds. There is no maximum annual withdrawal limit for a RRIF. RRIFs are available from financial institutions.

If you have any Registered Retirement Savings Plans (RRSP), you may also transfer these funds into a RRIF.

Withdrawals from a RRIF are taxable as income[6].

Is there a minimum annual withdrawal for the RRIF?

The Income Tax Act sets the minimum annual withdrawal for the RRIF (see chart below). You don't have to withdraw money in the calendar year in which you open the RRIF, but after that you must withdraw at least the minimum, which can be based on your age or your spouse's age.

[6] Starting at age 65 RRIF withdrawals qualify for the pension income amount when calculating your non-refundable tax credits, and for the pension income splitting provision.

RRIF MINIMUM ANNUAL WITHDRAWAL PERCENTAGES (No withdrawal is required in the year you set up a RRIF) (The minimum for age 94 is 18.79% & 20% each year thereafter)							
Age	%	Age	%	Age	%	Age	%
50	2.50	61	3.45	72	5.40	83	7.71
51	2.56	62	3.57	73	5.53	84	8.08
52	2.63	63	3.70	74	5.67	85	8.51
53	2.70	64	3.85	75	5.82	86	8.99
54	2.78	65	4.00	76	5.98	87	9.55
55	2.86	66	4.17	77	6.17	88	10.21
56	2.94	67	4.35	78	6.36	89	10.99
57	3.03	68	4.55	79	6.58	90	11.92
58	3.13	69	4.76	80	6.82	91	13.06
59	3.23	70	5.00	81	7.08	92	14.49
60	3.33	71	5.28	82	7.38	93	16.34

NOTE: THE MINIMUM ANNUAL WITHDRAWAL FORMULA FOR THE RRIF IS ALSO USED TO CALCULATE THE MINIMUM ANNUAL WITHDRAWAL FOR A LIF.

How much income will I receive from my RRIF each year?
As long as you take out at least the minimum each year, you can set up your RRIF to pay you whatever amount you want. However, once your money in the RRIF is used up, that's it!

Can I make lump sum withdrawals from a RRIF?
Yes, subject to any investment restrictions imposed by the issuing financial institution.

Can the payments from a RRIF be stopped?
Yes, until you are age 71 and after you have withdrawn at least the required minimum for the year, you can convert your RRIF to an RRSP.

What happens to the money in my RRIF when I die?

If you have a surviving spouse at the time of your death, and if he/she is named as the beneficiary of your RRIF, the RRIF rolls over to your spouse. If you do not name your spouse as beneficiary (or if your spouse has pre-deceased you) the RRIF is paid as a taxable lump sum to your estate or named beneficiary(ies).

What are some important points to keep in mind about RRIFs?

- A RRIF may not provide lifetime income for you (or your spouse).
- The RRIF offers flexibility. Other than withdrawing at least the “annual minimum payment” each year, you may choose your payment plan. You can also make lump sum withdrawals.
- You direct and control the investment of your funds.
- If the investments in your RRIF do well, your payments may be higher or last longer than anticipated. However, the opposite holds true if your investments do poorly.
- Once you pass away, the funds remaining in your RRIF would roll over to your spouse, or be paid as a taxable lump sum to your estate or named beneficiary(ies).
- If your retirement plan requires that your RRIF provide for a certain level of income for a certain length of time or last for your lifetime (and your spouse's), **you must monitor the performance of your investments and control your withdrawals.**

C. CHOOSING

The choices you make will depend on your objectives, your personal situation, and the economic environment.

The decision on how to use the funds in your CSS pension account is a far-reaching one, which concerns others besides yourself. Below you will find some basic factors to consider. Not all of them may apply to your situation.

What is your objective for the pension funds? If having a stable income for the rest of your life is important to you, then a monthly pension from the CSS Pension Plan would be an appropriate choice. Also, if you don't want the worry of managing your pension funds, a monthly pension from the CSS Pension Plan would free you from that responsibility. If leaving your unused pension funds to your heirs is very important to you, then a LIF/RRIF may be the best option for you. However, you must be willing to manage your pension funds, and accept fluctuations in your income.

If you would like a stable income and also like to leave some money to your heirs, then a combination of a CSS monthly pension along with a LIF/RRIF may be the way to go.

What is your tolerance for risk? With a monthly pension from the CSS Pension Plan, you receive the same amount of monthly income for the rest of your life regardless of what happens to investment rates.

If you choose a CSS pension, be aware that the long-term interest rate environment on your starting date has a direct effect on the amount of your monthly payment.

Once you start your CSS pension, your payment will not increase if long-term interest rates increase in the future. Neither will your payment decrease if long-term interest rates decrease.

A LIF/RRIF can also provide a relatively stable income if the investment is a guaranteed fixed rate type of investment, such as a 5-year GIC/Term Deposit. Under this type of investment, your interest rate (i.e., investment return) is guaranteed for 5 years, so your income will be relatively stable for this period of time.

However, when this investment matures in 5 years, you have to re-invest the money at the interest rates in effect at that time. Also, because GICs are low-risk, they do not pay a very high interest rate.

With a LIF/RRIF you bear the investment risk. If the investments do poorly, your income will fall or the payments may not last as long as anticipated. However, on the other side of the coin, you will benefit from good investment returns.

Taking on investment risk could allow you to protect some or all of the purchasing power of your retirement income. History suggests that, over the long-term, investing in equities (i.e., stocks) can be a good strategy to hedge against inflation. LIFs/RRIFs will allow you to invest in equities. Inflation will gradually erode the purchasing power of a CSS pension.

With a LIF/RRIF there is the risk you (and your spouse) may outlive your pension funds. Because you don't know how long you will live, making sure the pension funds last for your life (and your spouse's) will require lots of self-discipline, careful planning, and monitoring.

Current statistics say that approximately one out of every four Canadians will live to age 90!

If you think that long-term interest rates are low now and predict they will increase in the future[7], you may not want to set up CSS pension or an annuity now. However, you may need to convert your pension funds to a retirement income. A LIF/RRIF would allow you to delay converting your pension funds to a Life Annuity while still receiving a retirement income.

What if you are not fully or permanently retiring? If you will have employment income and a pension, you may be concerned that you may have more income than you need. With a LIF/RRIF, you can adjust your income, as long as you take at least the required minimum amount. As mentioned earlier, you may also stop a RRIF altogether if you are less than 71.

[7] Generally, if inflation is stable there will be little or no change in interest rates. However, if inflation increases substantially interest rates will usually increase too (the opposite is usually true if inflation decreases).

D. FORMS

TO START A CSS PENSION:

About three months before you want your pension to start, you should contact the CSS Pension Plan for a set of Pension Projections. These Pension Projections will estimate the different monthly pension options available to you. Included with the Pension Projections will be the necessary forms for completion and return.

TO TRANSFER FUNDS TO A LIFE ANNUITY, LIF, LIRA, RRSP OR RRIF:

Please contact the CSS Pension Plan for the necessary forms for completion and return.

If you will be transferring funds out of the CSS Pension Plan, please note the following:

Upon receipt of all properly completed documents, the CSS Pension Plan will send your pension funds (by regular mail) to the financial institution issuing your Life Annuity, LIF, RRSP or RRIF. If you and/or the financial institution want to have your pension funds sent by courier, at your/their expense, prior arrangements must be made with the Pension Plan.

E. ILLUSTRATIONS

The Charts below are designed to illustrate some of your options. Your actual CSS pension payments, VB payments, and/or LIF/RRIF payments will vary from the amounts indicated here. Your retirement income will depend on the amount of your pension funds, your personal situation, and the rates of return.

Chart 1: Examples of CSS Monthly Pensions

The chart below is based on $100,000 of pension funds, and a pension conversion/annuity rate (long-term interest rate factor) of 3.0%. (The CSS Pension Plan's 4-year average pension conversion rate at December 2017 was 3.0%.)

AMOUNT OF MONTHLY PENSION STARTING AT VARIOUS AGES ($100,000 OF PENSION FUNDS)*			
Pension Type	**Age 55**	**Age 60**	**Age 65**
Single Life, 10 Year Guarantee	$437.06	$482.27	$540.39
Single Life, 15 Year Guarantee	$431.89	$471.62	$519.80
Joint & Last Survivor, 75% Spousal Benefit, 10 Yr Guarantee	$402.24	$438.47	$486.87
Joint & Last Survivor, 75% Spousal Benefit, 15 Yr Guarantee	$400.91	$435.452	$480.20
Joint & Last Survivor, 100% Spousal Benefit, 10 Yr Guarantee	$391.84	$425.59	$471.31
Joint & Last Survivor, 100% Spousal Benefit, 15 Yr Guarantee	$391.54	$424.59	$468.31

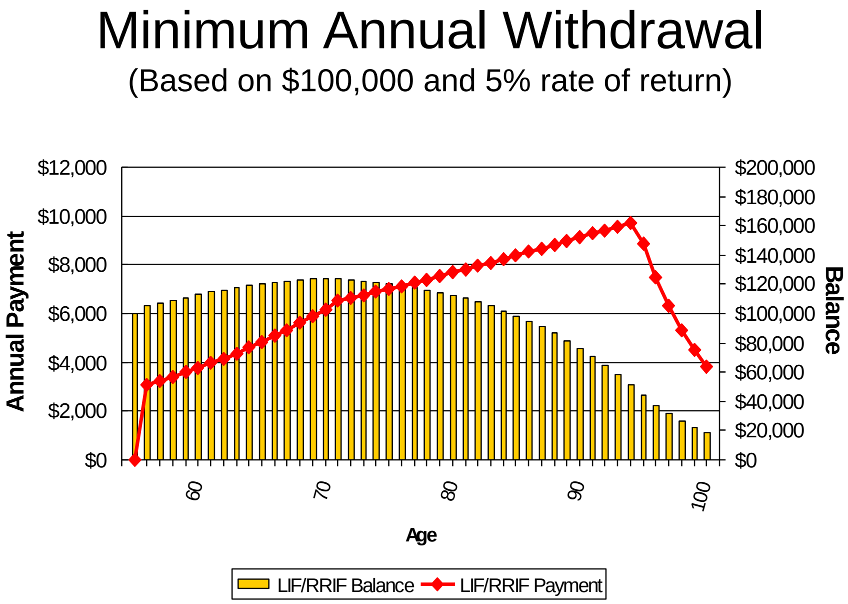
*This chart is for illustrative purposes only. Your actual monthly pension starting at age 55, 60 or 65 will be different than the amounts shown in the chart. The Joint & Last Survivor amounts assume that the pensioner and spouse are the same age.

Observations:

- A Single Life pension pays a higher monthly amount than a Joint & Last Survivor pension.
- The longer the guarantee period, the lower the monthly pension.
- The higher the Spousal Benefit coverage for the spouse, the lower the monthly pension.
- All other factors being equal, the older you (and your spouse) are when you start your pension, the higher will be your monthly pension.

Chart 2: LIF/RRIF Minimum

The chart below illustrates the LIF/RRIF minimum annual withdrawal and also the balance in the LIF/RRIF at the start of each year. It is based on a deposit of $100,000 at Age 55 and a rate of return of 5%, (for December 2017 the 5-year GIC rate is about 2.5%). This illustration assumes that the 5% rate of return continues for the duration.



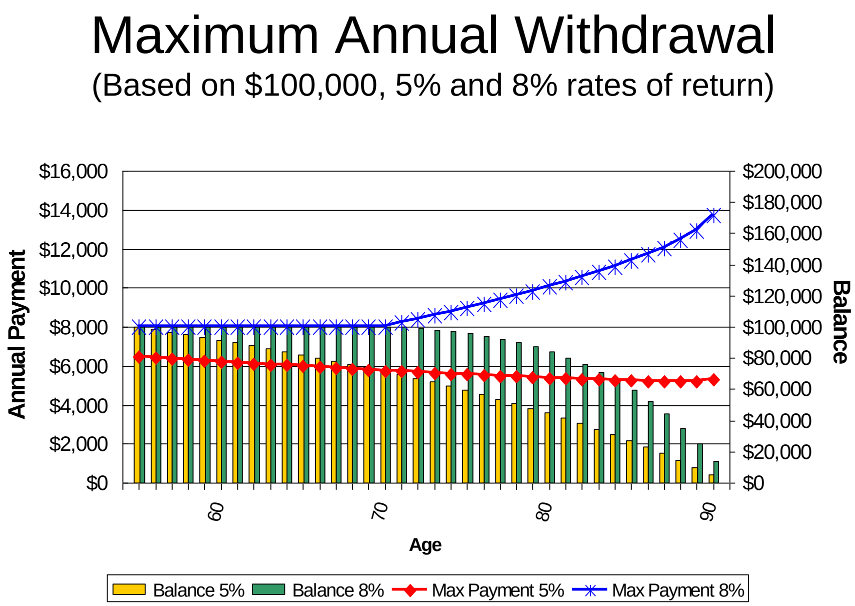
Observations:

- No payment is required in the first year.
- For many years, the minimum annual withdrawal increases each year as the LIF/RRIF owner gets older, then it eventually starts to decrease slightly until age 95 when it starts to drastically decrease.
- The balance in the LIF/RRIF actually increases for a number of years, provided that only the minimum annual amount is withdrawn.

- The LIF/RRIF continues for the lifetime of the owner, even if the owner lives beyond Age 100.

Chart 3: LIF Maximum

The chart below illustrates two LIF maximum annual withdrawals and two LIF balance amounts at the start of each year. One maximum withdrawal and balance amount is based on $100,000 of locked-in pension funds and the investment earning 5% annually (for December 2017 the 5-year GIC rate is about 2.5%). The other maximum withdrawal and balance amount is based on $100,000 of locked-in pension funds and the investment earning 8% annually. This illustration assumes that the 5% and 8% returns are earned indefinitely.



Observations:

- With the investment earning 5% annually, the maximum payment is quite stable, decreasing slightly each year, while the balance also decreases gradually each year.
- With the investment earning 8% annually, the maximum payment is steady each year until age 70, as the investment earnings are greater than the maximum withdrawal percentage as indicated on page 12. After age 70 the maximum withdrawal percentage exceeds the investment earnings and the payment increases each year while the balance decreases each year.
- Obviously, an investment earning 8% annually for your LIF would be more beneficial than an investment earning 5%. To get a higher rate of return you will have to take on some risk, perhaps by investing in stocks and bonds (i.e., mutual funds for a LIF), for example. However, with stocks and bonds, the return is not guaranteed and may fluctuate from year to year. For example, you may earn 12% one year and 4% the next, but the average is 8%. It is also possible for a mutual fund to have a negative return. Therefore, before seeking a higher rate of return, you must first ask yourself if you are willing to accept the volatility and risks associated with this type of investment, which will have a direct impact on your income.
- **If you take the maximum withdrawal each and every year, your money may not provide enough income to last for your lifetime, nor your spouse's lifetime.**

F. DEFINITIONS

SPOUSE

Ontario

"spouse" means either of two persons who, (a) are married to each other, or (b) are not married to each other and are living together in a conjugal relationship, (i) continuously for a period of not less than three years, or (ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the *Family Law Act*.

LOCKED-IN RETIREMENT ACCOUNT (LIRA)

It is sometimes referred to as a "locked-in" RRSP, which is a "special" RRSP for locked-in pension funds.

MUTUAL FUND

Is a pool of money from a large number of individuals, to be invested on their behalf by professional money managers, into specific types of investments, such as common shares (i.e., equities), mortgages, bonds or money market instruments, or invest in a combination of investments such as common shares and bonds (balanced mutual funds).

If you have any questions or want more information about your options, please do not hesitate to contact the Pension Plan's office. Or, you can set up a personal visit to discuss your options (please call in advance to arrange an appointment).

The information in this booklet is designed to give members a better understanding of the retirement income options for their funds in the CSS Pension Plan. This booklet is not intended to replace the official Bylaws, Rules & Regulations of the CSS Pension Plan, nor provincial and federal legislation governing funds in registered pension plans. The CSS Pension Plan does not intend the information in the booklet to be relied upon as professional advice, and expressly disclaim any liability for its contents. You may wish to consult professional advisors to help determine the consequences of the retirement income options available for your pension funds (some of which are not reversible).

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