EXCERPTS FROM THE SPRING 2017

SUMMARY

Original page in the magazine ( )

Your English excerpts of *Quoi de neuf* available by regular mail or email?

As a member of AREQ, you receive an issue of *Quoi de neuf* magazine quarterly by regular mail. Afterwards, you also receive by regular mail an English translation of selected articles of each issue (English excerpts from QdN).

In order to better suit your needs, it is now possible to get the English excerpts from *Quoi de Neuf* **by email**. Should this option be more convenient for you, simply advise AREQ by writing to quoideneuf@areq.lacsq.org providing your email address and your name. If you wish to continue to get it by regular mail, **there is no action to take**.

Please note that you will continue to get the French version of the issues by regular mail.

A WORD FROM THE PRESIDENT

Pierre-Paul Côté
President

2017, a year marked with conviction, commitment and cohesion

Over the past few months, a great deal of energy was expended in preparation for the 46th Congress of AREQ to be held in Lévis at the end of May.

In the wake of the Executive Council's tour last autumn, the board of directors has considered the various suggestions put forth during these meetings. Following analysis, a consolidated orientations project for the 2017-2020 triennial was completed and transmitted to the sectoral councils. Also, the national committee on the statutes and regulations presented the results of its mandated work, and the board of directors recommended their acceptance.

COLLECTIVE DECISIONS

The sectoral councils, in collaboration with their members and Congress delegations, are responsible for the analysis of the proposed content. In that regard, it is important to mention that the proposed modifications must stem from a collective decision and not an individual preoccupation.

The Executive Council, the Congress content working group, and the board of directors must consider the sectors' proposed modifications and, with an eye to cohesion, make the appropriate recommendations to the National Council.

At this last national council of the 2014-2017 triennial, to be held in Quebec City at the end of March, council delegates will be asked to make useful and necessary recommendations for the upcoming congress.

Despite the intense work needed to prepare for the Association's statutory Congress, the other files of the action plan must resonate with political figures and AREQ resources. Meetings of National Advisory Committees, and of regional heads, have been held since early January 2017. It must also be said that AREQ was invited to present a memorandum to a Parliamentary commission in mid-January. The memorandum deals with Bill 115, that is to say, an *Act to combat maltreatment of seniors and other persons of full age in vulnerable situations*.

MANY THANKS

In this third and final year of the triennial, many have now completed their mandates and will have to step down and let others take up the reins. At the sectoral and regional general assemblies, you will have to fill these positions, which are essential to the continued existence of the Association.

I would like to thank all the volunteers who, over the years, contributed in making AREQ into a credible, committed, and established association. The inclusiveness of AREQ is widely recognized, and we are considered by many Government bodies as an organization for the defence of retirees and seniors.

We can state that all persons working within AREQ are comfortable with the theme of our upcoming Congress, "Conviction Commitment Cohesion".

May the light and the warmth of spring accompany us in the realization of our dearest dreams!

IN THE PUBLIC EYE

Dominic Provost
Communications Advisor

Your association takes action, speaks its mind and makes demands. Here is a summary of AREQ's main public initiatives since the last issue of *Quoi de neuf*.

NOVEMBER 15, 2016
MONITORING DEVICES IN SENIORS' RESIDENCES

AREQ was shocked and displeased about a news item published in *La Presse* according to which the Government had lowered the norms for monitoring seniors' residences.

"For three years now, the Government has fluttered from report to report, and now, from softening to softening of the regulations regarding seniors' residences. We are giving in to the extortion of the residence owners. It's inacceptable!" declared AREQ President, Pierre-Paul Côté.

NOVEMBER 18, 2016
INTERNATIONAL MEN'S DAY

International Men's Day, November 19, provided AREQ with an opportunity to highlight the contribution of thousands of members to their communities and loved ones.

In 2016, the theme AREQ chose for its promotional posters was "Let's share together". The Association organized and supported special activities and conferences dedicated to International Men's Day in many regions. Tributes were paid to certain members for their commitment to the community.

"With these various actions, we hope to showcase the human qualities of men that inspire them to care for loved ones and share their experiences, knowledge, and values" declared AREQ President, Pierre-Paul Côté.

DECEMBER 2, 2016
PETITION FOR THE ABOLITION OF PLASTIC BAGS

On December 2, 2016, AREQ presented to the National Assembly a petition of 3,864 names asking the Quebec Government to forbid the distribution of single-use plastic bags in businesses.

Presented by an intermediary of Ms. Manon Massé, MLA for *Sainte-Marie– Saint-Jacques*, the petition garnered 2,286 digital signatures and 1,578 on paper. It specifically mentions that over a million single-use plastic bags are distributed in Québec each year and that less than 15% are recycled in the province. Indeed, many countries have banned the distribution of these bags on their territory. Many Quebec municipalities have also done so or plan on doing so shortly.

DECEMBER 9, 2016
GAG ORDER FOR BILL 106 (HYDROCARBONS)

AREQ strongly denounced the Government's use of a gag order to force through Bill 106, one aspect of which touches on the exploitation of hydrocarbons in Québec.

“Bill 106 will have a profound impact on the development of fossil fuels in the decades to come. Indeed, the opposition, various groups, and individual citizens have voiced their deep concerns. They received no satisfactory answers. The Government could have at least split the draft in two and removed the more controversial elements. It rather chose to cut short the debate and impose its adoption with a gag order. “This is undemocratic! ” deplored the AREQ president.

AREQ shares many of the objections voiced by the *Front Commun* regarding energy transition. The association is especially concerned that we might grant businesses licences to explore and exploit hydrocarbons in our soil. Businesses might even gain the right to expropriate landowners who could hinder the development of a project.

In addition, AREQ is shocked that, under this bill, the Government leaves it up to the industry to set the standards that would ensure the safety of people and their goods, as well as the protection of the environment.

CALCULATE THE LOSS OF YOUR PURCHASING POWER

Working together with its actuary, Mr. Robert Cyr, AREQ recently updated its tool that calculates the loss of purchasing power resulting from the de-indexation of pension plans since 1982.

In the form of a chart, this tool is useful to both retirees and those still working. It allows for calculating not only your existing loss but also your future loss. Also, it allows you to estimate, as a function of various parameters, what your pension would be today and in the future had it retained indexation

You can make these calculations right now by simply clicking on “L’indexation et vous” on the home page of the AREQ website at: areq.lacsq.org.

RETIREMENT

Johanne Freire
Social Security Advisor

MODIFICATIONS TO THE MANAGERIAL STAFF'S PENSION PLAN

It was last November, within the framework of consultations on the renewal of working conditions for employees of the RRPE (*Régime de retraite du personnel d'encadrement* / managerial staff pension plan), that the Government presented a proposition regarding their pension plan. In this undertaking, associations representing working and retired managers were consulted, including AREQ.

According to the Government, important changes must be made to the plan in view of its disastrous financial situation. The most recent actuarial evaluation set the plan's deficit at $1.8 Billion.

JOHANNE FREIRE

SOCIAL SECURITY ADVISOR

Talks between the Treasury and various consulted associations led to a tentative agreement on December 9, 2016. The resulting bill should be submitted to the National Assembly and ratified by March 31, 2017.

The agreement provides for modification of the RRPE eligibility criteria for those retiring as of July 1, 2019. As for those already retired (including surviving spouses), as well as those who will retire before June 30, 2019, a five-year suspension of indexation is planned as of 2018 or 2021, and this, no matter the financial health of the plan. Moreover, changes will be made to the method of calculating the indexation when this last is back in force at the end of the suspension period.

FIVE-YEAR SUSPENSION OF INDEXATION (RRPE)	
Date of retirement	**Period of suspension**
Before January 1, 2017	January 1, 2018 to December 31, 2022
Between January 1, 2017 to June 30, 2019	January 1, 2021 to December 31, 2025

NEW CALCULATION OF RRPE PENSION PLAN INDEXATION AS OF 2023 AND 2026		
Periods	**Current Indexation**	**New Indexation**
Years contributed before July 1, 1982	Indexation at 100% of the RIAI*	Indexation at 50% of the RIAI
Years contributed between July 1, 1982 and December 31, 1999	Indexation at the RIAI-3%	0%
Years contributed since January 1, 2000	Indexation at 50% of RIAI or RIAI-3% (most advantageous)	Indexation at 50% of the RIAI

* RIAI : Rates of Increase in the Annuity Index

AREQ SAID NO

With some 150 retired managers in its ranks, AREQ is one of the associations the Government consulted, and one that strongly objects to the proposed measures. Having for years actively campaigned against the loss of purchasing power of its members resulting mainly from the de-indexation of pensions for the years of service from 1982 to 2000, AREQ could not lend its support to the proposed measures, such as the suspension of indexation, no matter the length of the suspension period.

AREQ quickly informed its affected members of the proposed modifications. The modifications do not affect RREGOP, RRE, RRF, and RRCE pension plans.

SHARING THE FINANCIAL BURDEN OF REDUCING THE DEFICIT

According to the Government, the result of these measures will be to share the pension plan's shortfall between current managerial staff, retired managers, and the Government. As for the Government's financial contribution, it most notably consists in taking financial responsibility for those having retired before January 1, 2015. This means that, up to September 30, 2017, these 28,000 retirees (including surviving spouses), will be removed from the plan and their pensions paid by the Government with monies from the consolidated fund.

The agreement foresees that the savings resulting from the indexation suspension and the new pension plan eligibility criteria will be reinvested in the participants' fund.

The financial effort to reduce the plan's deficit will be shared as follows:

- **Current managerial staff**
  Modifications to the retirement eligibility criteria (almost the same as RREGOP's)
- **Retired managerial staff**
  Indexation suspension for a 5-year period and new method of calculating indexation at the end of the suspension period
- **Government**
  Taking responsibility for pre-January 1, 2015, retirees and surviving spouses
- The savings resulting from the indexation suspension and the new pension plan eligibility criteria will be reinvested in the participants' fund.

The fight against the loss of purchasing power of retirees is a priority at AREQ, and the indexation file remains an important preoccupation. The proposed measures in the agreement regarding the RRPE fly in the face of the Association's many years of efforts and will undoubtedly have a permanent effect on the financial situation of RRPE retirees as a solution to a problem that is presented as temporary.

Doris Dumais
Financial Analysis and Planning Advisor

THE REVERSE MORTGAGE (CHIP)

Buy now, pay later, or leave your heirs the bill

Many retired individuals own a primary residence, which often represents a major asset. To settle every day and unexpected expenses, the reverse mortgage might look like an interesting avenue and possible long-term solution. Let's see what it's all about!

THE REVERSE MORTGAGE

A reverse mortgage, also called a Canadian Home Income Plan (CHIP) is a way for seniors to keep their home and maintain an acceptable quality of life for a certain amount of time.

To be eligible, you must be at least 55 years old (applicable to both spouses) and own your home. If your home already serves as collateral for certain loans, you will have to pay them off before you can obtain monies by way of a reverse mortgage.

The reverse mortgage is a loan guaranteed by your residence and, contrary to a conventional mortgage, it is normally reimbursed only at the sale of your home or upon your death. You can borrow up to 55% of the value of your home. For example, if the market value of your home is $300,000, you could qualify for a loan of up to $165,000.

INTEREST ON BORROWED CAPITAL

There is no negotiating the interest rate on a reverse mortgage. You must pay the established interest rate, which basically means you end up paying the most expensive mortgage rate on the market.

PAYING BACK THE CAPITAL AND INTEREST

As we are dealing with a reverse mortgage loan, the homeowner can choose to:

- pay back nothing until he/she dies or as long as he/she lives in the home;
- leave the residual value of the house to his/her heirs, if, in fact, there is any;
- pay back the outstanding loan at the sale of the house.

WEIGHING THE ADVANTAGES AND INCONVENIENCIES

Although this option allows you to remain the owner and occupant of your house, it also requires that you pay the municipal taxes, the upkeep and insurance. The advantage of this choice is increased retirement revenues with the possibility of making no payments toward capitol and interest up to the date of sale of the house or upon the death of the lender. But the drawbacks outweigh the advantages.

Here are the main drawbacks:

- The required fees reduce the amount the program provides:
    - fees for the evaluation of the house and the titles search;
    - fees for the new mortgage, notary, and evaluation certificate;
    - management fees;
    - a premium on the regular mortgage rate of about 2%.

- Fees may be required in the case of prepayment.
- Not all financial institutions offer CHIP loans.
- The net value of the house steadily decreases as the amount of the debt rises.
- If the accumulated interest is not paid every year, the resulting debt can increase very quickly, and this, up to the total market value of the residence.
- Upon the lender's death, the estate must pay back the loan and interest within a set amount of time. The time needed to settle the estate is often longer than the time allowed to reimburse the reverse mortgage debt.
- If interest rates rise and house values remain flat, this will negatively impact the proceeds of the house's sale.

"The reverse mortgage is a loan secured by your residence and [...] it is normally paid back when you sell the house or upon your death."

OTHER OPTIONS

There are other options you should consider before taking a reverse mortgage, you could:

- Get a credit line secured by a mortgage, where the interest is calculated only on the amount you truly use
- Sell your house and deposit the proceeds in a savings account with a systematic withdrawal plan at your financial institution

We suggest you meet with a financial consultant to evaluate all the possibilities open to you.

THE REVERSE MORTGAGE, A LAST RESORT

The reverse mortgage often represents a remedy of last resort because of its drawbacks. However, it could be an interesting solution for people who want to live as long as possible in their home even if doing so significantly reduces the capital they leave their heirs.

References:
Financial Consumer Agency of Canada (FCAC)
Retraite Québec
Autorité des marchés financiers

Doris Dumais
Financial Analysis and Planning Advisor

PROVINCIAL TAX CREDITS

Income tax filing season is upon us and, as in past years, I will briefly outline the refundable and non-refundable tax credits, including the principal changes since 2016.

A refundable tax credit is an amount that maybe granted to you if you have no income tax to pay. A non-refundable tax credit, also called "a credit reducing the income tax you must pay," is an amount that reduces or eliminates the income tax you owe in a given situation.

<u>REFUNDABLE TAX CREDITS</u>

Seniors' activities
Caregivers
Independent living for seniors
Medical expenses
Home support services for seniors
Recognition of volunteer respite services
Specialized respite services
Solidarity

SENIORS' ACTIVITIES
You can claim a tax credit for seniors' activities if:

- you were a resident of Québec on December 31 2016;
- you were 70 or more on December 31, 2016;
- your revenue (line 275 of your return) was no more than $40,865;
- you or your spouse paid fees to register for a physical, artistic, recreational or cultural activities program in 2016.

This tax credit is equal to 20% of the registration fee or membership giving rise to this credit. The maximum credit is $40.

CAREGIVERS
You can claim a refundable tax credit for caregivers if:

- you care for your elderly spouse who is unable to live alone;
- you provide housing to an eligible relative;
- you live with an eligible relative who is unable to live alone.

To claim the tax credit, you must meet certain conditions including both of the following:

- You must be a resident of Québec on December 31 of the year covered by the claim;
- No one other than your spouse is claiming any of the following with respect to you:
  - an amount for a child under 18 enrolled in post-secondary studies, an amount transferred by a child 18 or over enrolled in post-secondary studies or an amount for dependants,
  - an amount for expenses for medical services not available in your area,
  - an amount for medical expenses.

This income tax credit moves from $925 to $1,000 in 2016.

INDEPENDENT LIVING CREDIT FOR SENIORS
You can claim a refundable tax credit for a given tax year if:

- you were 70 or more on December 31;
- you were a resident of Québec on December 31;
- you incurred expenses for either or both of the following:
    - purchase, rental or installation of equipment and fixtures used to continue living independently in your residence,
    - a stay in a functional rehabilitation unit.

These expenses have to have been paid for by you or your spouse.

MEDICAL EXPENSES
You can claim a refundable tax credit for a given tax year if you meet the following conditions:

- you were a resident of Québec and were 18 or older on December 31 of the year covered by the claim;
- you lived in Canada throughout the year;
- your work income was greater than or equal to the minimum amount for this year;
- you claimed an amount for medical expenses or the disability supports deduction in your return.

HOME SUPPORT SERVICES FOR SENIORS
If you are 70 or older, the tax system provides for financial assistance in the form of a refundable tax credit for expenses relating to home-support services.

VOLUNTEER HOME RESPITE SERVICES
You can claim a refundable tax credit if you meet the following conditions:

- you were a resident of Québec on December 31 of the year covered by the claim;
- you must have provided, as a volunteer, home respite services (at least 400 hours) to the caregiver of a person with a significant disability;
- you received from the caregiver a *Relevé 23 (RL23) – Reconnaissance des services de relève bénévoles* documenting the services provided.

A VOLUNTEER CANNOT BE :

- the spouse of the person under care;
- the father, mother, child, brother, sister (or their spouse) of the person under care.

RESPITE FOR CAREGIVERS
You can claim a refundable tax credit for a given tax year if you meet the following conditions:

- you were a resident of Québec on December 31 of the year covered by the claim;
- you were a caregiver;
- you paid expenses to obtain specialized respite services for the care and supervision of a person with a significant disability.

SPECIALIZED RESPITE SERVICES
Specialized respite services consist in providing, in your place, home care to a person with a significant disability.

The person providing the services must hold a recognized diploma in the field.

SOLIDARITY
The tax credit for solidarity is a refundable tax credit for low- to middle-income families.

The amount of your credit is based on your situation on December 31 of the preceding year. Therefore, the amount for the period of July 2017 to June 2018 will be based on your situation on December 31, 2016.
To receive this refundable tax credit you must meet all the related conditions and claim it when you file your tax return.

NON-REFUNDABLE TAX CREDITS

- **Age amount**
- **Medical expenses**
- **Medical services not available in your area**
- **Workers 64 and over**

AGE AMOUNT, AMOUNT FOR A PERSON LIVING ALONE, AMOUNT FOR RETIREMENT

You can claim a non-refundable tax credit if any of the following statements applies to you:

- you or your spouse on December 31 was born before January 1,1951;
- you maintained and ordinarily resided in a dwelling in which you lived alone throughout the year covered by the claim (or only with one or more people under 18 or your children 18 or over who were full-time students);
- you or your spouse on December 31 received eligible retirement income (or your spouse transferred his or her eligible retirement income to you);
- in 2016, the age of eligibility for the age amount passed from 65 to 66.

MEDICAL EXPENSES

You can claim a non-refundable tax credit if you paid medical expenses that exceed 3% of your net income (line 275 of your return). If you had a spouse on December 31, you must add his or her net income to your own.
The medical expenses must have been paid over a period of 12 consecutive months for:

- yourself
- your spouse
- a dependant

PERIOD OF 12 CONSECUTIVE MONTHS
To be eligible for the medical expenses amount, the expenses have to have been paid over a period of 12 consecutive months that you have chosen and which ends in the year covered by the claim.

If the period you choose is other than the calendar year, you must declare it in your return. From year to year you can choose the period that is most advantageous to you, provided it does not overlap a previously chosen period.

EXPENSES FOR MEDICAL SERVICES UNAVAILABLE IN YOUR AREA

You can claim a non-refundable tax credit if you incurred expenses in a year to obtain medical services that were not available in your area. The following expenses are admissible:

- travel and lodging expenses paid in Québec to obtain medical services unavailable in within:
  - 250 kilometres of your home if the expenses were incurred before July 1, 2016;
  - 200 kilometres of your home if the expenses were incurred after June 30, 2016 ;
- moving expenses paid to move to within 80 kilometres of a health establishment in Québec:
  - 250 kilometres of your former home if the expenses were incurred before July 1, 2016;
  - 200 kilometres of your former home if the expenses were incurred after June 30, 2016.
- expenses for meals and the use of a motor vehicle during these trips, without having to present receipts.

You, your spouse or your dependant must have paid the incurred expenses.

TAX CREDIT FOR WORKERS 64 OR OVER

You can claim a refundable tax credit for a given tax year if you meet the following conditions:

- you were a resident of Québec on December 31,2016;
- you were 64 years old or more on December 31, 2016;
- you received during the year in question one of the following types of revenue:
  - employment income,
  - income from a business you were actively engaged in,
  - research grants,
  - Wage Earner Protection Program,
  - Amounts received under a work-incentive program.

For 2016, the program was improved, lowering the age of eligibility from 65 to 64.

The summary description of refundable and non-refundable tax credits was taken from the Provincial TP-1 Guide 2016.

You can also find the section on tax credits on the *Revenu Québec* website at www.revenuquebec.ca/fr/citoyen/credits/.

Message to members

In accordance to article 14.04 of the statutes and regulations, the president of your region summons you to the regional general assembly, which will be held at the indicated dates and locations.

01 Bas-St-Laurent–Gaspésie–Les Îles–Côte-Nord **May 18, 2017** Hôtel Rimouski Centre des congrès 225 Boul. René Lepage Est Rimouski QC G5L 1P2 418-725-5000 Registration: 8:30 Meeting: 9:00	**05 Estrie** **May 16, 2017** Hôtel Le Président 3535, King Ouest Sherbrooke QC J1L 1P8 819-563-2941 Registration: 8:30 Meeting: 9:00	**09 Montérégie** **May 16, 2017** Relais Gouverneur 725, Boul. du Séminaire Nord St-Jean-sur-Richelieu QC J3B 8H1 450-348-7376 Registration: 12:30 Meeting: 13:00
02 Saguenay–Lac-St-Jean **May 17, 2017** Hôtel Universel 1000 boul. des Cascades Alma QC G8B 3G4 418-668-5261 Registration: 9:30 Meeting: 10:00	**06 Île de Montréal** **May 18, 2017** Centre d’évènements Le Carlton 8860, boul. Langelier Montréal QC H1P 3C8 514-323-5445 Registration: 8:30 Meeting: 9:15	**10 Laval–Laurentides–Lanaudière** **May 18, 2017** Hôtel Days Inn 1136, boul. Labelle Blainville QC J7C 3J4 450-430-8950 Registration: 8:30 Meeting: 9:00
03 Québec–Chaudière-Appalaches **May 17, 2017** Hôtel Québec 3115, avenue des Hôtels Québec QC G1W 3Z6 418-658-5120 Registration: 9:00 Meeting: 9:30	**07 Outaouais** **May 03, 2017** Golf Kingsway 1461, Chemin de la Montagne Gatineau QC J9J 3S5 819-827-1855 Registration: 9:00 Meeting: 9:30	
04 Cœur et centre-du-Québec **May 16, 2017** Auberge Godefroy 17575, Boul. Bécancour QC G9H 1A5 819-233-2200 ou 1-877-433-7717 Registration: 8:45 Meeting: 9:15	**08 Abitibi-Témiscamingue** **May 03, 2017** Hôtel Le Gouverneur La Noranda 41, 6eme Rue Rouyn-Noranda QC J9X 1Y8 819-762-2341 Registration: 9:30 Meeting: 10:00	

Si non réclamé, retourner à :

Poste-publications :
No : 40007982

AREQ
320, rue Saint-Joseph Est, bureau 100
Québec (Québec) G1K 9E7