The University of Guelph, Queen’s University and University of Toronto, together with their faculty associations, the USW locals, and other staff groups, have been working together to develop a new, defined benefit pension plan, the University Pension Plan Ontario (UPP). This plan is being designed to cover employees and retirees at all three universities and eventually employees at other universities.

The information provided below is based on the proposed UPP terms. The approval process for establishing the UPP is highly regulated. The UPP will only become effective if at least two-thirds of active plan members give their consent and no more than one-third of former members, retired members and other persons entitled to benefits under the existing plans (e.g., survivor spouse) object. Once this consent process with pension plan members is complete, the universities will need to obtain the necessary regulatory approvals.

**What is the UPP?**

The current University of Guelph plans are defined benefit (DB), single-employer pension plans where the University (the ‘employer’) is both the “Sponsor” and the “Administrator” of the plan. In single employer plans, the employer is responsible for funding shortfalls and for administering the plan.

The UPP is a jointly sponsored, multi-employer DB plan that has two sponsors: one representing employer(s) and one representing all plan members. These sponsors act jointly to determine plan design, benefits, contributions funding policy and who the administrator will be. Decisions of the sponsors must be unanimous. Other large JSPP’s that exist in Ontario include OMERS, Ontario Teachers’ Pension Plan, etc. JSPPs have been recognized globally as highly successful jointly sponsored and governed Defined Benefit pension plans.

The joint employer and member Sponsors appoint an Administrator, typically a “Board of Trustees”. This Board has a fiduciary obligation to act in the best interest of all plan members, not just their appointing constituency and deal with actuarial valuations, investment of assets and payment of benefits.

**What do I get?**

- The UPP is a contributory Defined Benefit plan that will provide benefits comparable to the largest defined benefit plans in the public sector in Ontario.
- Like your current plan, your UPP pension will be based on your earnings and years of service from the time you commence being a member of the UPP. Pension you have accrued in your current plan up to the date you are a member of the UPP is protected.
- Currently pension benefits under the Guelph plans are based on the average of your best consecutive 36 months of pensionable earnings during the time you were a member of the pension plan. In contrast, under the UPP, your pension benefit will be based on the average of your best 48 months of pensionable earnings.
Will the pension I earned in my original plan be reduced in the UPP?

- No. Accrued pensions are protected by law and the UPP design. All pension amounts earned prior to the start of the UPP would be protected.

Will my benefits still be indexed after I retire?

- Yes. The indexation provisions in the current plan will continue to apply for pension benefits earned under the plan.
- Indexation for benefits earned for UPP service is guaranteed to be paid at 75% of CPI for the first 7 years. Indexation after the first 7 years will be funded conditional indexation equal to 75% of CPI. “Funded Conditional Indexation” means that the contribution rates have been set to fund indexation at 75% of the increase in CPI (“75% of CPI”), so if the actual financial and demographic experience of the UPP matches the assumptions underlying the contribution rates, then the indexation will be granted. To the extent that the actual experience turns out to be less favourable than the assumptions, the indexation can be reduced below 75% of CPI, in accordance with the funding policy set by the Joint Sponsors.

When can I retire under the UPP?

- Normal Retirement Date – the normal retirement date upon which a member may retire with an unreduced pension under the UPP will be age 65.
- Early Retirement Date – the earliest retirement date is the first of the month, on or following the date the member turns 55.
- Early Unreduced Retirement Date (EURD) – a member will be able to retire early with an unreduced benefit for service earned under the UPP upon reaching age 62, provided that the sum of the member’s age plus years of continuous service (including service under the current pension plan) equals 80 or more. Where a person retires early without having met the eligibility requirements for early unreduced retirement, their pension will be subject to an early retirement penalty of 5% for each year between the pension start date and Normal Retirement date of 65, strictly on the portion of benefits earned within the UPP.
- The Unreduced Early Retirement provisions of your current University of Guelph pension plan will be applied to benefits you earned up until the effective date of the UPP and the provisions of the UPP as described above will be applied to any benefits you earned under the UPP.
- However, if you are age 52 or above on the date that the UPP starts and if your current Unreduced Early Retirement provisions are better than the new UPP Unreduced Early Retirement provisions, then your current provisions that apply to your pension just prior to the effective date of the UPP will also apply to the pension benefits you earn under the UPP.

I’m a retiree now. How does the UPP impact my pension?

- Current retirees will continue to receive the same amount of pension after conversion to the UPP. The current indexation formula of CPI-2% that applies to your pension, will continue to apply, unchanged. After the start of the UPP current retirees will receive their pension payments on the 1st business day of the month instead of the last business day of the month.

For more information, please visit the University Pension Plan Ontario Website