

April 24, 2020

To: Members, Former Members, Retired Members and other persons entitled to benefits and Trade Unions that represent Members

Re: **Notice of Exemption from the Pension Benefits Guarantee Fund**

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This notice is being provided by the University of Guelph as the administrator of the following pension plans:

- Pension Plan for Non-Professional Staff of University of Guelph, registration number: 0324632;
- Pension Plan for Professional Staff of University of Guelph, registration number: 0324616; and
- Retirement Plan of University of Guelph, registration number: 0324624 (together the "Guelph Plans").

Due to the COVID-19 pandemic formal notice will be provided at a later date.

### **Background**

Late last year the University filed an application with the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the "CEO") for consent to the conversion of the Guelph Plans to the University Pension Plan Ontario ("UPP"). The UPP is a jointly sponsored pension plan ("JSPP") which is a type of defined benefit pension plan that is jointly sponsored, governed, and funded by the employers and plan members. The UPP was established on January 1, 2020, with the appointment of a 14 member Board of Trustees.

Subject to the consent of the CEO, the assets and liabilities of the Guelph Plans will be transferred to the UPP effective July 1, 2021 (referred to as the "Conversion Date"). On and after the Conversion Date members will accrue benefits under the provisions of the UPP.

As explained in the notices about the proposed conversion of the Guelph Plans to the UPP that were sent to individuals with entitlements under the Guelph Plans on September 30, 2018, the pension benefits of JSPPs, including the UPP, are not guaranteed by the Pension Benefits Guarantee Fund ("PBGF") regardless of whether the benefits are earned before or after the Conversion Date.

### **Guelph Plans Exempt from PBGF Coverage as of March 1, 2020**

Regulation 32/20 under the *Pension Benefits Act* (the "PBA") exempted the Guelph Plans from the PBGF effective March 1, 2020, based on the proposed conversions to the UPP. The exemption means that, unless the proposed conversion of the Guelph Plans to the UPP does not occur, benefits provided under the Guelph Plans are no longer guaranteed by the PBGF. The Regulation also exempts the University from paying assessments to the PBGF for the period starting on March 1, 2020.

This exemption also applies to the single-employer pension plans sponsored by Queen's University and the University of Toronto which are also proposed to be converted to the UPP.

Amounts that the three universities were estimated to save in PBGF assessments are required to be used toward the start-up costs of the UPP incurred on and after March 1, 2020.

## Questions

Please direct any questions about this notice to the University at [upp@uoguelph.ca](mailto:upp@uoguelph.ca).

### **About the Pension Benefits Guarantee Fund (PBGF)**

The Pension Benefits Guarantee Fund (PBGF) provides protection, subject to specific maximums and exclusions, to members and beneficiaries of most single-employer defined benefit pension plans in the event of the insolvency of the sponsoring employer. The Pension Benefits Guarantee Fund (PBGF) is governed by the Pensions Benefits Act (PBA), is administered by the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (CEO) and is funded by the employers who sponsor the defined benefit pension plans that qualify for coverage.